APRIL 1979

FEDERAL RESERVE BULLETIN

U.S. International Transactions in 1978

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FEDERAL RESERVE BULLETIN

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Washington, D.C.

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U.S. International Transactions in 1978

This article was prepared by Allen B. Frankel of the U.S. International Transactions Section of the Division of International Finance.

Although for the year as a whole the U.S. trade deficit widened slightly in 1978 compared with 1977, the rate of deficit declined during the year. The major factor working to reduce the deficit during the year was a gain in U.S. exports, reflecting the pickup in economic activity abroad. In spite of the declining trade deficit, however, the dollar came under considerable pressure in the foreign exchange markets.

The U.S. and other governments resisted the recurring bouts of dollar weakness during 1978 by purchasing large amounts of dollars in the foreign exchange markets. As in 1977, the investment of the dollars acquired through such purchases was concentrated in U.S. Treasury securities. Once again, the U.S. private sector increased its outstanding net financial claims against the rest of the world. Most of the increase was in the net claims of U.S. banking offices on nonresidents, financed largely by a rise in borrowings by banks in the U.S. money market.

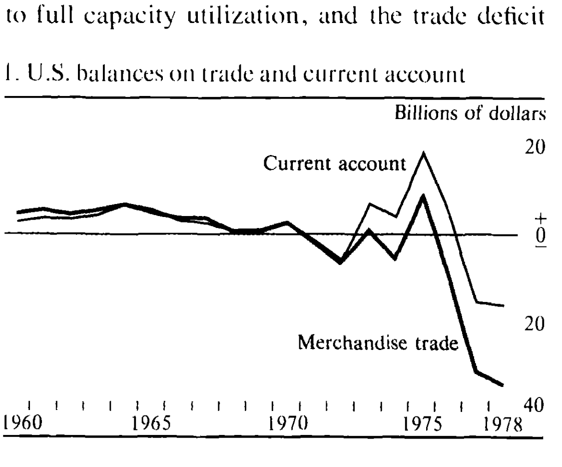
The downward pressure on the dollar in foreign exchange markets that had begun in September 1977 continued into the first quarter of 1978. Then, after a respite in the spring, the dollar came under renewed downward pressure in exchange markets several more times during the year. It reached a low point in late October just before the announcement of a dollar-support package that included domestic monetary actions and the mobilization of resources for the U.S. portion of coordinated U.S. and foreign intervention in the foreign exchange markets. From December 1977 to the end of October 1978, the trade-weighted value of the dollar against 10 major currencies declined about 17 percent; declines against the Swiss franc, the Japanese yen, and the German mark—three of those currencies—were much larger.

Following the November 1 announcement, the exchange value of the dollar rose sharply (10 percent) to about the average level of August and September. Even so, the market remained tentative; and the announcement by the Organization of Petroleum Exporting Countries (OPEC) on December 17 of an increase in oil prices in 1979 that was somewhat larger than expected triggered renewed selling pressure. Since the turn of the year, the dollar has strengthened.

MERCHANDISE TRADE

From the mid-1960s through the early 1970s, the U.S. merchandise trade balance moved gradually from surplus to deficit (chart 1). This movement was interrupted during the 1974–75 worldwide economic slowdown: because the United States suffered a disproportionately sharp economic contraction, the trade balance swung into surplus in 1975, despite an enormous increase in U.S. outlays for imported oil. The surplus proved short-lived; subsequent economic recovery was stronger here than abroad, pushing the United States much closer to full capacity utilization, and the trade deficit

1. U.S. balances on trade and current account



increased steeply from 1976 through early 1978.

Although the trade deficit in 1978, at $34 billion, was about $3 billion larger than in 1977, it showed substantial improvement during the year (table 1). From a peak annual rate of $48 billion in the first quarter of 1978, it narrowed to about $25 billion in the fourth quarter, responding to developments in both imports and exports.

Two special factors figured in the narrowing of the trade deficit. First, the net demand for exports of U.S. agricultural commodities was stimulated by poor harvests in the Southern Hemisphere. The volume of such exports rose nearly 25 percent from the fourth quarter of 1977 to the fourth quarter of 1978. Second, U.S. oil imports fell because higher levels of U.S. petroleum demand were more than met by Alaskan production and by a drawing down of inventories from their unusually high levels at the beginning of the year (chart 2).

More important than these special factors, however, were the renewed strength of economic activity abroad and the improved competitiveness of U.S. goods resulting from the substantial depreciation of the U.S. dollar that had begun in the fall of 1977. From the fourth

1 U.S. international transactions [1]

Billions of dollars

Transaction	1977	1978p	1977	1978			
			Q4	Q1	Q2	Q3	Q4p
Current account	**−15.3**	**−16.0**	**−6.1**	**−7.6**	**−3.3**	**−3.7**	**−1.3**
Merchandise trade balance	−31.1	−34.1	−9.4	−11.9	−7.9	−8.0	−6.4
Exports	120.6	141.8	29.6	30.8	35.3	36.5	39.3
Imports	−151.7	−176.0	−39.0	−42.7	−43.1	−44.5	−45.7
Investment income, net [2]	17.5	19.9	3.8	4.9	4.6	4.9	5.6
Other services	3.0	3.3	.5	.7	1.2	.7	.7
Unilateral transfers, private and government	−4.7	−5.1	−1.1	−1.3	−1.3	−1.3	−1.2
Private capital flows	**−17.0**	**−25.7**	**−9.3**	**−12.1**	**.8**	**1.8**	**−16.2**
Bank-reported capital, net (outflow, −)	−4.7	−17.1	−5.6	−6.6	1.3	2.3	−14.2
U.S. net purchase (−) of foreign securities	−5.4	−3.4	−.7	−.9	−1.1	−.5	−.9
Foreign net purchase (+) of U.S. Treasury securities	.6	2.3	−.3	.9	.8	−1.1	1.6
Foreign net purchase (+) of other U.S. securities	2.9	2.9	.8	.5	1.3	.5	.6
U.S. direct investment abroad [2]	−12.2	−15.4	−3.2	−5.0	−4.0	−2.7	−3.7
Foreign direct investment in the United States [2]	3.3	5.6	.5	.8	1.9	2.2	.7
Other corporate capital flows, net	−1.4	−.6	−.8	−1.7	.5	1.0	−.3
Foreign official assets in the U.S. (increase, +)	**37.1**	**34.0**	**15.5**	**15.8**	**−5.7**	**4.9**	**19.0**
By type							
U.S. Treasury securities	30.3	24.1	12.9	13.0	−5.7	3.0	13.8
Other U.S. government-related liabilities [3]	4.0	3.5	1.4	.9	−.1	.8	1.9
Other	2.9	6.4	1.3	1.9	.1	1.0	3.4
By area							
Industrial countries [4]	28.9	34.6	13.9	13.2	−2.2	6.4	17.2
Members of OPEC	6.7	−.6	1.0	2.0	−2.8	−1.6	1.9
Other countries	1.5	*	.6	.6	−.7	.1	*
U.S. government foreign assets, net (increase, −)	**−3.9**	**−3.7**	**−.8**	**−.7**	**−.8**	**−1.4**	**−.9**
Reserve position in IMF	−.3	4.2	*	.3	.4	.2	3.3
Convertible currencies and other reserve assets	.1	−3.3	*	−.1	−.1	−.1	−3.1
U.S. government foreign credits and other claims, net	−3.7	−4.7	−.8	−.9	−1.2	−1.5	−1.1
Statistical discrepancy	**−.9**	**11.4**	**.8**	**4.5**	**9.1**	**−1.6**	**−.6**

1. Current-account items are seasonally adjusted; seasonal factors are no longer calculated for most capital transactions. Data are from U.S. Department of Commerce, Bureau of Economic Analysis. Details may not add to totals because of rounding.

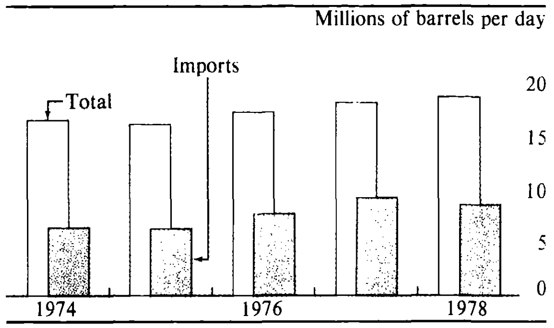
2. Includes reinvested earnings.

3. Includes debt securities of U.S. government corporations and agencies and U.S. government liabilities associated with transactions arranged with or through foreign official agencies.

4. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

* Less than $50 million.

2. U.S. demands for petroleum products



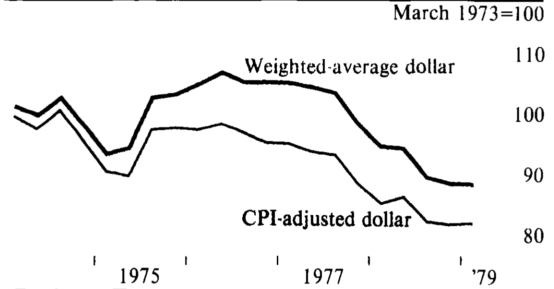
Imports as a percent of total demand

1974	1975	1976	1977	1978
39.5	39.8	44.8	50.5	46.2

quarter of 1977 to the fourth quarter of 1978, the volume of U.S. nonagricultural exports showed a 16 percent increase, in contrast with a slight decline in the preceding year. The fall in the price-adjusted value of the dollar, shown in chart 3, is expected to have a progressively larger impact in 1979. The value of exports both to the major industrialized countries and to the developing countries of Latin America, Asia, and Africa increased one-third from the fourth quarter of 1977 to the fourth quarter of 1978.

For nonoil imports, the 8 percent rise in volume in 1978, on top of very large increases in the two previous years, reflected the continued strength of the U.S. economy. The advance was spread over various major commodity categories: large increases in volume were recorded for industrial supplies, consumer goods, and foods.

3. U.S. international price competitiveness



"CPI-adjusted dollar" is "weighted-average dollar" multiplied by relative consumer prices (U.S. divided by foreign consumer prices).

Investment Income

The U.S. current-account deficit in 1978 was $16 billion, about $1 billion larger than in 1977. As in other recent years, net receipts from service transactions were a substantial offset to the merchandise trade deficit. Earnings on the net international investments of the United States contributed $20 billion to the surplus of service transactions in 1978, $2.5 billion more than in 1977 (table 1). This rise appears to be attributable partly to the impact of the dollar's depreciation on the dollar value of the foreign currency earnings of foreign subsidiaries of U.S. corporations.

U.S. assets abroad generated income of $41.5 billion in 1978, not quite $10 billion more than in 1977. Earnings of foreign-owned assets in the United States were $21.5 billion in 1978, up $7 billion from 1977. Earnings on foreign direct investment in the United States increased $1 billion in 1978 to $4 billion. These earnings still accounted for less than one-fifth of total foreign investment income earned in the United States. Slightly less than half the increase in the income of foreign-owned assets in the United States was accounted for by a rise in U.S. government payments, primarily interest payments on U.S. Treasury securities held by foreign governments. The increase reflects both higher U.S. interest rates and a $57 billion increase in foreign holdings of U.S. Treasury securities over 1977 and 1978.

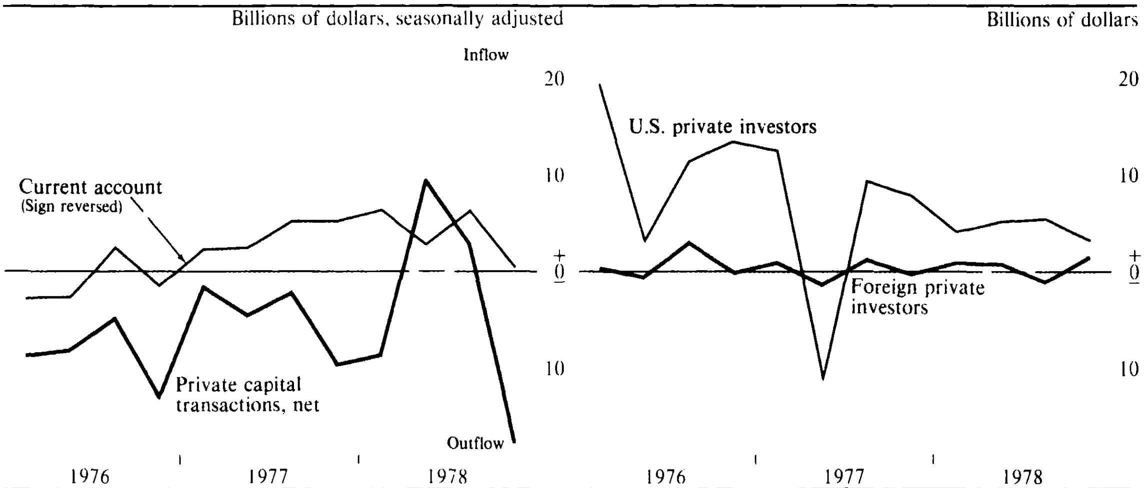
Capital Flows

In 1978, as in 1977, a large deficit in the U.S. current account was accompanied by an even larger increase in foreign official assets in the United States (chart 4). For the two years combined, foreign official assets in the United States rose by $71 billion, some $40 billion more than the combined current-account deficits for those two years.

Recorded transactions resulted in a $26 billion net outflow of private capital in 1978, $9 billion more than in 1977. Partly offsetting this increase was a $12 billion swing in unrecorded

4. Financial flows in U.S. international transactions [1]

Changes in holdings of U.S. Treasury securities [2]



1. U.S. government-related transactions are excluded.
2. Changes in holdings of Federal Reserve Banks are excluded.
"Private capital transactions, net" includes statistical discrepancy (mostly unrecorded capital transactions). "Foreign private investors" includes international and regional organizations and also notes denominated in German marks sold to private German residents in December 1978.

transactions—from a small net outflow in 1977 to a large net inflow in 1978 (table 1).

Official Capital Transactions

The increase in foreign official assets in the United States in 1978 was more than accounted for by the increased holdings of the industrial countries. This official inflow was associated with large purchases of dollars by foreign central banks and additions to dollar holdings as a counterpart to U.S. drawings on swap lines to finance intervention sales of foreign currencies. The $1 billion drop in OPEC official holdings, after a $7 billion rise in 1977, appears to have been a consequence mainly of the reduced current-account surpluses of several of the countries rather than an indication of any marked change in their investment behavior.

Foreign official institutions have continued to demonstrate a strong preference for U.S. Treasury securities over other dollar-denominated financial assets. The increase in their holdings of such securities amounted to $24 billion in 1978 (table 1), slightly less than three-quarters of the official net capital inflow during the year; it was $6 billion more than the increase recorded for all U.S. private investors.

The large-scale foreign official investment in short-term Treasury securities in the first and fourth quarters of 1978 (chart 4) tended to depress yields on Treasury securities relative to those on other dollar-denominated securities, particularly in the maturity range of six months and under. These official purchases of both new and seasoned short-term Treasury securities had the effect of lengthening the average maturity of the holdings of other investors. The public appears to have substituted short-term, private money market instruments (such as bank-issued certificates of deposit) for Treasury bills.

Private Capital Transactions

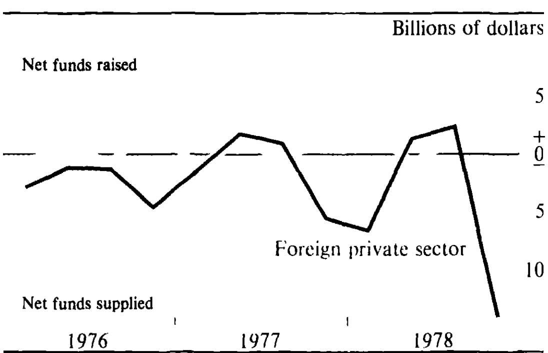
Bank-reported private capital transactions resulted in a $17 billion net outflow in 1978, compared with the $5 billion net outflow for 1977 (table 1). The fourth-quarter surge in lending to foreigners by domestic banking offices may well have been associated with the borrowing of dollars by bank customers in anticipation of a possible depreciation of the dollar (chart 5). The offset to this buildup in private dollar-denominated debt was an increase in official holdings of U.S. Treasury securities.

Strong foreign demand for short-term dollar-denominated financing in the fourth quarter of 1978 was reflected in a 20 percent increase in commercial and industrial loans to non-U.S. residents at U.S. offices of both U.S.-owned and foreign-owned banks, and in an increase of more than 15 percent in bankers acceptances created by U.S. banking offices for foreign accounts. The expansion of acceptance financing may have been associated with the acceleration of the conversion of dollar-denominated trade receivables into foreign currencies. Overall, bank-reported claims on foreign nonbanks increased more than $5 billion in the fourth quarter. In addition, net advances to foreign banking offices (including affiliated offices of U.S. banks) increased $8 billion.

Data now available for bank-reported capital flows in the first quarter of 1979 suggest a strong reversal of the fourth-quarter pattern. Funds returned to domestic banking offices from abroad and holdings of U.S. Treasury securities by foreign monetary authorities were reduced (an official capital outflow), with U.S. repayments of previous swap drawings accounting for part of the reduction. This change in the capital account was accompanied by a narrowing of interest rate differentials between Treasury securities and private money market instruments and an easing of the demand by banks for funds from domestic sources.

Most of the net increase in funds available from abroad to domestic banking offices in early 1979 took the form of transactions with

5. Bank-reported capital transactions



"Net funds supplied" are outflows; "Net funds raised" are inflows.

U.S. banks' own foreign offices. In part, this inflow appears to have been funded by an increase in deposits by U.S. residents (other than banks) at the offshore banking offices of U.S. banks. That is, part of the adjustment by U.S. residents to high nominal U.S. interest rates was to increase their holdings of higher-return deposits in offshore banking offices—both directly, and indirectly through money market mutual funds and short-term unit investment trusts.

The swing to a large positive statistical discrepancy in 1978 probably reflected changes in unreported capital items rather than any substantial changes in the reporting of merchandise or service transactions. It could also reflect, in part, an increase in accounts payable (a net capital inflow), as the higher interest rates prevailing in 1978 may have made it attractive to delay dollar payments to foreign suppliers.

Dollar-Support Package

On November 1, as part of the overall dollar-support package, the government announced that it would mobilize foreign currency resources for possible intervention in foreign exchange markets. Balances of German marks and Japanese yen were to be acquired through a $3 billion drawdown of the U.S. reserve position in the International Monetary Fund and through a sale of a part of U.S. holdings of special drawing rights for foreign currencies; $1.4 billion equivalent of SDRs was sold for balances of German marks and Japanese yen. The government also announced that it would issue to private foreign residents up to $10 billion equivalent in securities denominated in foreign currencies. The first issue was in December and amounted to $1.6 billion equivalent of German marks. Two additional issues totaling $2.5 billion, one denominated in Swiss francs and a second in German marks, were sold in the first quarter of 1979.

These financing activities did not affect the supply of Treasury debt available in U.S. markets. Intervention sales of foreign currency balances (in the fourth quarter of 1978, $1.8 billion equivalent was sold) may affect the amount of Treasury debt held by the public because the Treasury can use the dollars received either to reduce the amount of Treasury debt outstanding or to add to its cash balances.

The government also announced on November 1 that it would increase its gold sales to 1.5 million ounces at each monthly auction starting in December. This was five times the amount offered monthly when sales were resumed in May 1978 and twice the amount offered in November. The stepup in the Treasury's gold sales tends to reduce both the merchandise trade deficit (by reducing the net importation of nonmonetary gold) and the federal budget deficit.

The Outlook

The lagged effects of the substantial changes in dollar exchange rates that have already occurred, along with somewhat stronger growth abroad than in the United States, should result in a continued decline in the U.S. trade deficit in the months ahead. Relative changes in inflation rates here and abroad this year are not expected to erode appreciably the improved competitive position of U.S. industry. The current-account deficit should shrink at least as much as the trade deficit.

The impact of recent events in Iran and the recently announced increases in OPEC oil prices will tend to offset some of the decline in the U.S. current-account deficit that was expected. Exports of U.S. goods to Iran, both military and nonmilitary, will be reduced. Other U.S. trading partners will also be affected both by reduced exports to Iran and by a tighter supply of more costly oil. Any reduction in the rates of growth of these countries will, in turn, reduce their demand for U.S. exports. While these influences will, in part, be offset by an increase in the demand for U.S. goods and services as a result of higher earnings of oil-exporting countries, the net effect is expected to be negative. In any case, the generally strong outlook for the U.S. external position has not been fundamentally altered by these developments.

A reduction in the net inflow of capital to the United States is implicit in the outlook for a decline in the U.S. current-account deficit in 1979. In addition, the composition of the capital account is likely to be quite different from what it was in 1978. Official capital inflows, which were massive in both 1977 and 1978, may be a much less significant part of total capital transactions this year. For a variety of reasons, the United States is expected to attract private capital. With an improved outlook for the dollar, foreign investors will have an incentive to rebalance their positions by purchasing dollar-denominated assets. The improvement in U.S. competitiveness may have also increased the appeal of equity investments in U.S. industry to foreign investors.

The same forces that will tend to move the United States toward a smaller current-account deficit—the ongoing effects of last year's depreciation of the dollar and relatively faster growth abroad—will tend to move those developed countries with large current-account surpluses closer to balance. The net result may be a year in which fewer strains are placed on the international financial system. □

Staff Studies

The 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 professions 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 Studies" that lists the studies for which copies are currently available in mimeographed form.*

STUDY SUMMARY

IMPACT OF THE DOLLAR DEPRECIATION ON THE U.S. PRICE LEVEL: AN ANALYTICAL SURVEY OF EMPIRICAL ESTIMATES

Peter Hooper and Barbara R. Lowrey—Staff, Board of Governors
Prepared as a staff paper in early 1979

The decline in the foreign currency value of the dollar over the past two years and the increase in U.S. price inflation more recently have raised questions concerning the extent to which the dollar depreciation has raised U.S. prices. A number of estimates of the impact of changes in exchange rates on U.S. domestic prices have been made by the staff of the Board of Governors and by others. This paper surveys and analyzes both specific estimates that have been made and models that are capable of addressing this question.

Two basic analytical approaches are identified. The first is partial-equilibrium analysis, which treats the exchange rate as determined exogenously and includes the direct and indirect effects of exchange-rate changes on domestic prices. Models using this approach range from single-price equations to fully specified structural models in which it is possible to assess the price effects of a depreciation under alternative assumptions about macroeconomic policy. The second approach is general-equilibrium analysis, which treats the exchange rate as determined endogenously and allows for consideration of both the independent price effects of factors that caused the exchange-rate change and the feedbacks from changes in domestic prices and other variables to the exchange rate itself. In this framework, price changes should be viewed as associated with rather than directly caused by changes in exchange rates.

The study also illustrates how the estimated sensitivity of U.S. prices to changes in the exchange rate can vary depending upon (1) the manner in which the dollar's average foreign exchange value is measured, (2) the assumed impact of exchange rate changes on oil prices, and (3) the macroeconomic policy response to the depreciation.

Based on an assessment of the empirical work and models surveyed, the authors conclude that the depreciation of the dollar in 1977 and 1978 had raised the level of U.S. consumer prices by 1 percent by the end of 1978, under the assumption that U.S. gross national product would have followed the same path in the absence of the depreciation. If the depreciation is sustained, its eventual full impact could raise prices by 2-1/4 to 2-2/3 percent above the level they otherwise would have been, depending upon the extent to which the recent oil price increases can be associated with the depreciation. □

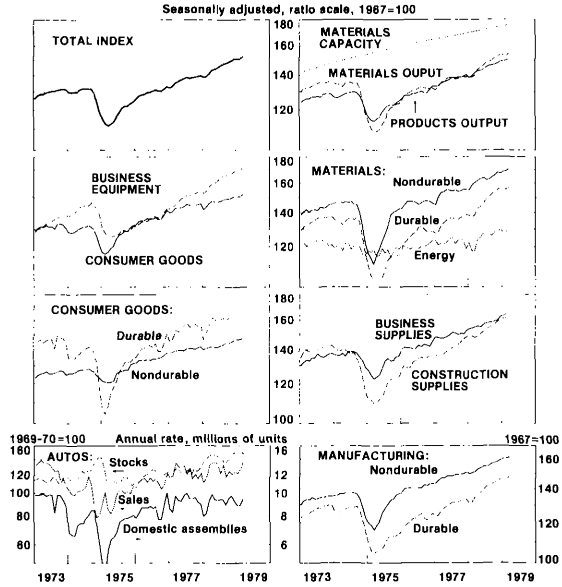
Industrial Production

Released for publication April 13

Industrial production increased an estimated 0.8 percent in March, after two months in which the level of total output was almost unchanged. Advances were widespread among products and materials. Rebounds from the effects of weather contributed significantly to substantial increases in production of motor vehicles and parts, steel, and coal. These increases accounted for a large part of the rise in the total index. Production in March was 0.9 percent higher than that of December 1978, equivalent to an annual rate of growth during the first quarter of 3.5 percent. At 152.2 percent of the 1967 average, the index for March is 8.0 percent above that of a year earlier.

Output of consumer goods increased 0.8 percent in March, reflecting a rebound in automotive products, a moderately large increase in home goods, and a modest gain in consumer nondurable goods such as food. The rate of auto assemblies increased about 6 percent to an annual rate of 9.4 million units. Over the first quarter of 1979 output of home goods, including appliances, TVs, carpeting, furniture, and miscellaneous items, has risen sharply, but the level of output in March was only modestly above that of last fall. Production of business equipment advanced moderately in March, as it had in the two preceding months, with continued strength evident in the output of manufacturing, power, and commercial equipment and a large rise in output of transit equipment. Business equipment production in March was 8.6 percent above that of a year earlier.

Production of materials advanced 1.0 percent in March, after small declines in February and January that were due in part to weather and other production problems. Output of durable materials increased sharply in March, reflecting increases in basic metals and in parts for equipment and consumer durable goods. Coal production rose significantly but was below late 1978 levels.



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

Industrial production	1967 = 100		Percentage change from preceding month to—						Percentage change 3/78 to 3/79
	1979		1978			1979			
	Feb.[p]	Mar.[e]	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	
Total	**151.0**	**152.2**	**.6**	**.6**	**.9**	**.0**	**.1**	**.8**	**8.0**
Products, total	149.7	150.7	.3	.5	.9	.2	.2	.7	6.4
Final products	146.2	147.3	.3	.3	.8	.2	.2	.8	6.0
Consumer goods	150.7	151.9	.1	.3	.6	.0	.1	.8	4.1
Durable	161.0	164.1	.8	.1	.1	.6	.1	1.9	4.2
Nondurable	146.6	147.0	-.1	.3	1.0	.3	-.1	.3	4.0
Business equipment	170.1	171.0	.7	.2	.9	.6	.2	.5	8.6
Intermediate products	162.9	163.4	.6	.8	1.6	.3	.4	.3	7.9
Construction supplies	161.7	162.0	.9	1.3	1.1	.2	.3	.2	9.5
Materials	153.0	154.6	1.1	.9	.7	-.3	.2	1.0	10.5

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

Statements to Congress

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Commerce, Consumer, and Monetary Affairs Subcommittee of the Committee on Government Operations, U.S. House of Representatives, March 22, 1979.

I am pleased to testify this morning on behalf of the Federal Reserve Board concerning the administration of deposit rate ceilings and their effects on the rate of return available to small savers. It has been nearly 13 years since the Congress mandated the establishment of a coordinated set of deposit rate ceilings by the federal financial regulatory agencies. Most economists believe that these ceilings are anticompetitive—amounting to price fixing for the depositary institutions—and that they have a particularly inequitable impact on the small saver. Moreover, though deposit rate ceilings may successfully restrict competition among depositary institutions, when interest rates are high they cannot protect the institutions as a group from exposure to loss of a significant amount of savings business to open market instruments attractive to the small saver.

Even though market developments are rapidly undermining the efficacy of deposit rate ceiling regulations, many of the factors that caused the Congress to establish the framework for such regulations in 1966 are still at work. Savings and loan associations and mutual savings banks, because of constraints on the kinds of assets they hold, are still unable to pay market-oriented rates of return on all deposit liabilities during periods of high interest rates. Before the thrift institutions can pay such rates, without jeopardizing the financial solvency and stability of individual institutions, reform of their asset powers will be necessary. Nevertheless, the board believes it important to make progress whenever possible to restore rate flexibility to the institutional deposit structure, and toward this end it has favored a phase-out of rate ceiling regulations over some reasonable period—say five years or so.

In considering the actions that can be taken by the federal financial regulators to move toward a less constrained deposit ceiling rate structure, I believe it is necessary to understand the institutional and legislative framework in which the current structure was originally established. Developments over the past 13 years underscore the complexity of the conflicting issues surrounding Regulation Q-type ceilings, which include not only equity for the small saver but also the adequacy of mortgage credit flows, competitive balance among various types of depositary institutions, and the financial strength and viability of some institutions. The financial regulatory agencies have been forced, both by law and economic necessity, to attempt to balance these conflicting goals, and hence have been required to make trade-offs.

In mid-1966, as interest rates rose sharply, many thrift institutions faced sizable deposit outflows for the first time in the postwar period, when consumers shifted their savings to higher-yielding market investments and commercial bank accounts. Savings and loan associations and mutual savings banks thus faced the difficult task of trying to meet the competition in deposit markets while their earnings were constrained by portfolios of long-term, slowly amortizing mortgage assets that, on average, provided a net return not much higher than the rates paid on deposits at some commercial banks. Commercial banks were not so hampered because their portfolios were diversified, with an average maturity considerably shorter than that of thrift assets. The rates of return on commercial bank portfolios were thus more responsive to market yields and gave the banks greater flexibility to pay competitive rates on deposits. With the slackening in deposit flows at thrift institutions, residential mortgage lending was sharply curtailed at these institutions, and some savings and loan associations and mutual savings banks faced the specter of outflows that they could not readily meet. It was in this environment that the Congress enacted interest rate control legislation (Public Law 89-597) in the fall of 1966, authorizing the financial regulatory agencies to establish an interrelated structure of deposit rate ceilings.

Commercial bank earnings were not then—nor are they now—a limiting factor in the regulator's ability to set maximum rates payable on deposits. Thus, when establishing the initial schedule of deposit rate ceilings in 1966, the financial regulatory agencies attempted to determine the maximum rates that thrift institutions could afford to pay, given their portfolio returns. This schedule set the thrift institution ceilings. The maximum rates payable by commercial banks were then established at levels up to 1 percentage point below the thrift deposit ceilings. This arrangement was intended to give savings and loan associations and mutual savings banks a premium or differential to help offset their competitive disadvantage vis-a-vis commercial banks—a disadvantage that resulted, in part, from their inability to offer a full range of deposit and lending services to their predominantly consumer customers.

At the time of enactment, deposit rate control legislation was viewed as a temporary but necessary measure to protect the short-run viability of the thrift industry and to encourage an adequate flow of credit to the mortgage market. In this spirit, both the initial legislation and subsequent renewals have been of short duration, never more than two years. Thus, every Congress since 1966 has reconsidered deposit rate ceilings, as will this Congress when the present authority expires at the end of 1980.

Since 1966, the ceiling-rate structure has been revised a number of times. Generally, such action was precipitated by periods of disintermediation when market interest rates rose well above the deposit rate ceilings. The pressure of higher market yields required upward adjustments in ceiling rates if the institutions were to be able to compete for deposits and sustain the flow of residential mortgage credit.

These upward adjustments followed periods during which thrift institution earnings had strengthened again, reflecting in large measure the increasing average return on assets as portfolios turned over and higher-yielding mortgages were acquired. The resultant improvement in the financial condition of thrift institutions permitted the regulatory agencies to increase deposit rate ceilings; however, thrift earnings remained a constraint on the magnitude of ceiling-rate adjustments. Even though the individual increases in maximum rates payable on deposits were moderate, they were followed by significant reductions in the profitability of savings and loan associations and mutual savings banks. And because the ceiling adjustments were moderate, growth of deposits subject to rate ceilings remained depressed as long as the yield on alternative market instruments continued high.

Changes in regulatory ceilings have taken two forms. Ceiling rates on existing account categories have been increased, and new deposit instruments have been introduced. Of these actions, new deposit instruments have been by far the most important. In 1970, 1973, 1974, and 1978 the federal regulatory agencies introduced new longer-term time certificates with relatively modest minimum denominations, in each instance at ceiling rates above those prevailing on existing accounts. This approach limited the cost impact of ceiling-rate increases. The higher rate on the new certificates was paid only to those depositors willing to give up some liquidity for additional yield. Cost increases occurred only as such deposits expanded, in contrast to increases in passbook ceiling rates, which would apply to both new and existing accounts. The 1973 increase in the maximum rate payable on passbook accounts, for example, led to a sharp reduction in thrift earnings with little increase in deposit growth. Thus, the desire of small savers for a short-term deposit instrument paying market-oriented rates of return conflicts with the necessity to permit the institutions to maintain and attract deposits in an environment of high and rising market rates, without putting undue pressure on earnings.

The introduction of successively longer-term certificates has dramatically changed the maturity structure of deposit liabilities of thrift institutions. When rate ceilings went into effect in 1966, 85 to 90 percent of thrift deposits were in passbook form. By mid-1978, only one-third to one-half of total deposits outstanding were in passbook accounts. Since savings and loan associations and mutual savings banks hold predominantly long-term assets, this maturity lengthening has been desirable. Substantial early withdrawal penalties have helped ensure the stability of these longer-term deposits in subsequent periods of rising rates, blunting potential disintermediation.

Since ceilings on thrift institution accounts were first imposed, there has been only one brief period in which small savers were able to earn a market-determined rate of return on a deposit instrument. In July 1973 the regulatory agencies suspended ceilings on four-year time deposits with denominations of $1,000 or more. Reflecting grave doubts about the ability of thrift institutions to meet such market competition without severe financial difficulties, the Congress within three months passed a resolution terminating the experiment and mandating the reimposition of ceiling rates on any time account of less than $100,000. At the end of 1975, in order to protect thrift institutions against the possibility of other regulatory actions that might unduly threaten their competitive position, the Congress enacted legislation (Public Law 94-200) prohibiting the financial regulatory agencies from reducing ceiling-rate differentials on all account categories in existence at that time without the approval of both Houses of Congress. Both of these congressional actions made it abundantly clear that protection of thrift institutions and concern for the mortgage market were still the dominant factors to be considered in determining the structure of ceiling rates.

Meanwhile, the small saver has become increasingly aware of alternative investments that pay returns well in excess of deposit rate ceilings when market yields are high. The public has learned the relative ease with which market securities—particularly Treasury and agency issues—can be purchased. Moreover, innovative instruments have been developed to attract the deposits of the small saver, such as money market mutual funds and unit investment trusts. Shares in these funds are ordinarily quite liquid, bear market rates of return, and are often available in minimum denominations of $1,000 or less. In the last six months, such mutual funds have attracted more than $9.5 billion, and it is a reasonable presumption that a sizable share of this flow might have gone to or remained in depositary institutions if deposit rate ceilings had been more competitive.

In late 1977 and early 1978, deposit inflows began to slacken as market rates of interest moved above regulatory ceilings. Recognizing the threat of increasing disintermediation arising from the growing public awareness of deposit alternatives, the financial regulatory agencies on June 1, 1978, introduced the six-month money market certificate. This instrument represented a significant change in the rate-ceiling structure, providing institutions with a short-term instrument whose ceiling varied with market rates. The thrift institutions were thereby able to compete for funds during periods of high interest rates, and thus to sustain residential mortgage credit flows at relatively high levels.

A minimum denomination of $10,000 was established on the money market certificate—the same as is required on six-month Treasury bills to which the rate ceiling is tied—since it was considered that depositors with relatively large amounts at stake would be the ones most likely to shift into open-market instruments. The new certificate has proven to be extraordinarily popular, providing many savers with their first investment bearing a market-determined rate of return. But this new instrument also has been a very costly source of funds for the institutions. Even with the $10,000 minimum denomination, the board staff estimates that about half of the $116 billion of money market certificates outstanding have remained in lower-cost passbook or fixed-ceiling time accounts. Indeed, the developing earnings pressure on savings and loan associations and mutual savings banks was a major motive underlying the recent regulatory action to reduce somewhat the ceiling rates paid on money market certificates. This was only the second time since 1966 that the regulatory authorities have reduced the ceiling rate on an account category, the first occurring in 1973 when the Congress mandated an end to the "wild card" experiment.

Lowering the minimum denomination on the money market certificate or taking any other action to provide more attractive deposit instruments to the saver with less than $10,000, of course, would serve to heighten the earnings pressure on thrift institutions. After 13 years of ceilings on deposit rates, the same set of problems prevailing in 1966 still constrains the options available to the regulators to increase rates of return paid to small savers. The earnings of thrift institutions are already being squeezed by their effort to compete for funds in a high interest rate period. Even though the average return on mortgage portfolios at thrift institutions is more than 2½ percentage points higher than in 1966, inflation-induced increases in market rates have amounted to more than 3½ percentage points in short-term markets and about 4 percentage points in intermediate-term markets over the same period. And, with small savers' increased awareness of alternative market instruments, the potential threat of disintermediation is even greater today than when ceiling rates were first introduced.

Consumer groups and some members of the Congress have correctly argued that the existing ceiling-rate structure has placed the small saver at an increasing disadvantage. Growing sentiment for relief for the small saver has been voiced simultaneously with mounting pressure by thrift institutions to curb the rising cost of their deposit funds and concern that increasing deposit costs would be reflected in higher mortgage rates. Not only the consideration of equity for the small saver but also the growing threat of disintermediation indicates to us that some regulatory action is becoming imperative. A wide range of suggestions have been made to give the consumer more attractive deposit instruments. For example, some have suggested a reduction in the minimum denomination on the money market certificate, perhaps with a ceiling rate that floats at some fixed differential below the six-month Treasury bill rate. Another alternative might be to introduce a small-denomination long-term certificate whose ceiling either floats with longer-term market rates or is fixed at a reasonably competitive level. Chairman Reuss of the House Banking Committee has recently suggested a small-denomination savings instrument, with attractive liquidity characteristics, whose maximum return to the saver would rise the longer it is held.

I want to assure you that the regulatory agencies in recent weeks have been analyzing and evaluating a large number of such alternatives in an effort to develop a more attractive deposit instrument for the small saver, without putting undue pressure on earnings of thrift institutions. It is the board's hope that constructive action in this area can soon be taken.

The chairman of this subcommittee, in his letter inviting the board to testify, asked what unilateral actions the Federal Reserve could legally take to give small savers a more nearly market-determined rate of return on their savings. The board, after consultation with the other regulatory agencies, has the authority to create new deposit categories for member banks—bearing any deposit rate ceiling believed to be in the public interest—where unique characteristics or conditions exist. In 1977 the board used such authority to create the new time deposit for individual retirement and Keogh accounts to accommodate the congressional objective in the Employee Retirement Income Security Act of 1974. I am also advised that, after consultation, the board could raise the ceiling rate for member banks on any deposit category created since the 1975 enactment of Public Law 94-200, or reduce the minimum denomination on any member-bank account category. This would include the money market certificate. While the board thus could take action on its own to create an attractive instrument for member banks to offer to the small saver, we are aware that such unilateral action would risk shifts of funds from thrift institutions, thereby threatening the flow of mortgage credit.

Regardless of what actions the regulatory agencies may take in the period just ahead, the asset characteristics of savings and loan associations and mutual savings banks will still constrain their ability to pay substantially higher rates on deposits without seriously threatening the viability of some institutions. When inflationary pressures moderate, and market interest rates decline, thrift institutions will be in a much better position to compete. Over the longer run, however, any depositary institution that specializes in fixed-rate mortgages is likely to remain vulnerable to the pressures of disintermediation, which include the risks of illiquidity, insolvency, and possible forced merger. As I have noted, these risks are being heightened by financial innovations facilitating the acquisition by small savers of nondeposit instruments bearing market rates of return.

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In the board's view, these problems can be eliminated only if the Congress acts to liberalize the asset powers of thrift institutions. Increasingly in recent years, banks and other financial intermediaries have insisted that their long-term loan contracts include provisions for rate adjustments keyed to some index of market rates. This stance reflects their desire to avoid the risks associated with extending fixed-rate long-term credit when their cost of funds fluctuates. Restrictions prohibit most savings and loan associations and mutual savings banks from offering variable-rate mortgages (VRMs). The board believes that congressional authorization of nationwide VRMs, with provisions to assure that the mortgage rate varies with market rates in such a way as to protect consumer interests, would allow thrift and other institutions to build up asset portfolios providing earnings more flexibly attuned to market developments. Over time, this would eliminate the major constraint facing the financial regulatory agencies in providing more equitable returns to all savers.

In addition, the board recommends that the Congress consider exempting federally insured depositary institutions from anachronistic state usury ceilings on residential mortgage rates in view of the compelling circumstances that currently prevail. In 14 states, usury ceilings are currently below free-market mortgage yields. If our institutional lenders are restricted from earning market rates of return on assets, then they cannot be expected to pay market rates of return on deposit liabilities. This is the fundamental problem that impedes progress toward unconstrained institutional competition for small-depositor funds—an outcome that the board has long supported and continues to seek.

Statement by Philip E. Coldwell, Member, Board of Governors of the Federal Reserve System, before the Domestic Monetary Policy Subcommittee of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, April 4, 1979.

I am pleased to appear before this subcommittee on behalf of the Board of Governors to testify on proposed legislation dealing with the public release of Federal Open Market Committee (FOMC) minutes, the terms of office of the chairman and vice chairman of the board, and an increase in the number of directors at the Federal Reserve Banks.

Two bills, H.R. 424 and H.R. 2307, have been introduced to amend the Federal Reserve Act to require that detailed minutes be kept of FOMC meetings and that individual participants at such meetings and the views they express be identified. The two bills differ in that H.R. 424 would require the public release of the minutes five years after the meeting to which they relate, while H.R. 2307 would require such release after three years.

The board sympathizes with the concerns that underlie these proposals and has no objection to publication of such minutes provided it is made clear in legislation that no portion of the minutes may legally be released prior to a specified minimum period of at least three years and provided that references to sensitive international financial developments can be screened by the FOMC and withheld for additional periods, if that is deemed advisable in the national interest. The public already receives very current information on the FOMC through a policy record of each meeting, which normally is published with a delay of about a month. This record summarizes the economic information available to committee members, the policy discussion, and the factors influencing the views of members. The votes of all FOMC members are recorded. Information on current monetary policy is also provided to the Congress through the board's reports under the new Humphrey-Hawkins legislation and the chairman's frequent testimony before congressional committees. Detailed minutes of FOMC meetings would not add greatly to these sources of information, although a scholar might gain additional insights.

Three years ago the FOMC discontinued its longstanding practice of having its staff prepare detailed accounts for each meeting. Such reports—referred to as "memoranda of discussion"—were originally intended solely as internal working documents, but during 1964 a decision was reached to make them available to the public after a five-year lag. Delayed public release assured that the memoranda could prudently continue to include a full record of FOMC deliberations. Those deliberations often involve very sensitive matters whose premature disclosure might have a damaging impact on domestic and international financial markets and thereby weaken the ability of the Federal Reserve to implement effectively its monetary policy decisions. Other dangers of premature disclosure include an inhibiting effect on the frank exchange of views during policy debates and a potential for politicizing the decisionmaking process. Moreover, in the international financial area premature release of information on ongoing negotiations and on the views and operations of foreign governments could have an immediately adverse impact on foreign exchange markets and on the future ability of the Federal Reserve to implement its international financial responsibilities.

Over the years there had been little demand for access to the memoranda of discussion by scholars, the press, or others, and the FOMC therefore questioned the desirability of continuing to incur the high costs of preparing this document. A growing concern that early, and possibly immediate, disclosure of the memoranda of discussion would be required was another consideration underlying the FOMC decision to discontinue the document in the spring of 1976. At the same time, the FOMC recognized its obligation to provide thorough information on its decisions, and its staff was instructed to expand greatly the policy record prepared for each meeting, whose present contents I have described.

In the board's judgment, it is vital that legislation requiring the maintenance and eventual public release of a detailed record of FOMC meetings contain safeguards against premature disclosure of sensitive information. The board is especially concerned about material relating to international financial matters and strongly urges a specific exemption of such material in the legislation. The law should provide that no detailed minutes are to be released by the Federal Reserve before the expiration of a specified period, such as three years or five years. The optimal period for withholding detailed FOMC minutes from public disclosure must remain a matter of judgment. The board can endorse a three-year delay, although some board members would prefer five years. However, the board would also need the authority to protect information relating to international financial matters for longer periods if the FOMC judged such a course to be in the national interest.

It is the board's hope that the language of the legislation would provide it with more flexibility as to the form of the detailed minutes. For example, the provision of a lightly edited transcript would have the advantage of preserving the full substance and flavor of FOMC meetings while holding down the heavy costs of preparing the record. We have in mind a transcript similar to that for congressional hearings, which are edited by participants for clarity and correct grammar. As a further means of making the minutes more readable—and also to moderate costs—the legal requirement for minutes might be confined to FOMC discussions of substance relating to economic and financial matters and to monetary policy. Procedural and organizational matters would be incorporated by reference only, as would staff briefings and reports on such matters.

I would now like to turn to the subject of amending the Federal Reserve Act to align more closely the terms of the chairman and vice chairman of the Board of Governors with that of the President. There are currently three bills on this issue before the House. H.R. 2306, which was introduced by Chairman Mitchell, would provide for appointment of both the chairman and the vice chairman of the board at regular four-year intervals, beginning one year following the inauguration of the President. H.R. 423 was introduced by Congressman Hansen and is intended to clarify an ambiguity in the Federal Reserve Act by providing that the chairman or vice chairman shall continue to serve in that capacity after the expiration of the term until a successor is designated and confirmed. Finally, we are pleased to learn that Chairman Mitchell has introduced the board's proposed legislation (H.R. 3257), which substantially incorporates features of both H.R. 2306 and H.R. 423.

At the present time, the Federal Reserve Act provides each newly designated chairman with a full four-year term, whether or not his predecessor served a full term as chairman. This process leaves to chance the point in time during a President's term when the President is able to designate a new chairman. Thus, proposals to align the term of the chairman in some way with the term of the President have been under consideration by the Congress for a number of years.

The board believes that there is a sound basis for closer phasing of the chairman's term with that of the President, and therefore favors making the four-year term of the chairman begin one year following the inauguration of the President. By providing a lag of one year between the commencement of the President's term and the chairman's term, the board believes that the designation of a chairman is not likely to become entangled in presidential election politics and yet it will allow the President the widest possible choice in selecting a candidate whose views are compatible with his own. The board, however, does not favor aligning the vice chairman's term with that of the President in a similar manner. The board believes extending the principle of coterminous terms to that of the vice chairmanship is not necessary to bring about closer communication between the President and the board. Because the desired cooperation with the executive branch will be achieved as a result of the President's ability to name a new chairman at a definite time, the additional factor of associating the vice chairman's term in this process would be an unneeded intrusion into the insulation of the Federal Reserve System from political pressures. Moreover, there is a needed continuity of administration of the board that would be interrupted by simultaneous appointments of both the chairman and the vice chairman. This problem is related to the fact that the four-year terms of the chairman and vice chairman are distinct from their longer terms as members of the board.

The bills being discussed here also contain some useful provisions that are more of a "housekeeping" nature. The board favors specifically authorizing the vice chairman to act temporarily as chairman in the event that the chairman is temporarily absent and either is unavailable to preside or is disabled. In addition, in the event of the death, resignation, or permanent incapacity of a chairman, the vice chairman should be empowered to act as chairman until a new chairman is named by the President.

Finally, the board favors clarifying an ambiguity in the Federal Reserve Act with respect to situations in which the term of a chairman or vice chairman has expired but no successor has been named. In such situations the board would make explicit in the act that the outgoing chairman or vice chairman may continue to serve until a successor has been designated and confirmed. Adoption of this provision would be in conformity with a similar provision in the act that allows board members, upon the expiration of their terms, to continue serving until their successor is confirmed.

Finally, Mr. Chairman, the board is pleased to learn that H.R. 3257, the legislation that you introduced on March 27, would increase the number of class C directors of Federal Reserve Banks from three to six.

As indicated in Chairman Miller's letter of February 22, which transmitted to the Congress the board's request for this legislation, the board has been endeavoring for several years to broaden the representative aspect of the directors of Federal Reserve Banks. These efforts have been accelerated with the passage of the Federal Reserve Reform Act of 1977, which urges the system to include representation from among consumer, labor, and service interests on the boards of directors.

The board, however, has encountered difficulties in achieving the balance contemplated by the Congress. Under present law the board can appoint directly the three class C directors of Reserve Banks, two of whom must also meet the qualifications to serve as chairman and deputy chairman of the board. The number of class C vacancies that occur in any year is further limited since directors are appointed for three-year terms.

In considering this problem, the board has concluded that, in order to implement the Federal Reserve Reform Act of 1977 as expeditiously as possible, additional legislation is desirable to increase the number of class C directors at each Reserve Bank from three to six. Enactment of this legislative recommendation would permit the board to appoint immediately three new class C directors at each Reserve Bank. The terms of office for these new directors would be three years, but initially would be staggered with one director being appointed to a one-year term, one director to a two-year term, and the third director to a three-year term.

By way of contrast, we note that Congressman Hansen has introduced a bill, H.R. 422, that would increase the number of Reserve Bank directors in each of classes A, B, and C from three to four, and would increase the terms of all directors from three to four years. H.R. 422 thereby would add one additional banker as a director, one additional director with the restricted qualifications required of a class B director, and only one additional class C director to be appointed by the Federal Reserve Board. It should be noted that the board has little or no control over nominations or elections of class A and B directors.

While both approaches would increase by three the number of directors on each Reserve Bank board, the board believes that its legislative proposals would go further in implementing the Federal Reserve Reform Act by providing for all three new additions to be representative of the more diverse occupational categories comprising class C directorships.

This concludes my testimony, Mr. Chairman.

Statement by J. Charles Partee, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Financial Institutions of the Committee on Banking, Housing and Urban Affairs, U.S. Senate, April 11, 1979.

I am pleased to testify this morning on behalf of the Federal Reserve Board concerning measures that would increase the rates of return available on small-denomination deposit accounts. The board has long advocated the gradual removal of deposit rate ceilings, recognizing that they are an impediment to free competition and that they have had a particularly inequitable impact on small savers. The two resolutions before this subcommittee would help alleviate these problems, but the board cannot at this time support a proposal that would lower the minimum denomination on money market certificates to $1,000, for reasons that I will explain shortly.

The federal financial regulatory agencies have recently been exploring ways that would reduce the burden of deposit rate controls on small savers and, at the same time, comply with the intent of the Congress in establishing and renewing these controls. We believe that the regulatory actions proposed last week would significantly improve the depositary options available to small savers without threatening the viability of the thrift industry.

Before discussing these proposals and the two resolutions in detail, I believe it appropriate to review briefly the institutional, economic, and legislative constraints that impinge on regulatory decisions concerning deposit rate ceilings. Although market developments are rapidly undermining the efficacy of these ceilings, many of the factors that initially led the Congress to establish this regulatory framework are still at work. A review of these constraints is therefore necessary to an understanding of the regulatory decisions that are currently at issue.

The fundamental constraint is that thrift institutions still cannot pay market-oriented rates of return on all their deposit liabilities during periods of high interest rates. Their inability to do so results from restrictions that limit their investments principally to long-term, fixed-rate mortgages. Because of slow turnover in these mortgage portfolios, the average yield on assets of thrift institutions responds sluggishly to changes in market conditions. For example, average returns on mortgage portfolios have risen only 2½ percentage points since 1966, when deposit rate controls first were introduced, while inflation-induced increases in short- and intermediate-term market interest rates have averaged 3½ to 4 percentage points over the same period. As a result, the earnings of thrift institutions are still squeezed whenever they try to compete for funds by paying market rates during periods of credit stringency. Before thrift institutions can be expected to pay market rates on all their deposits, reform of their asset powers will be necessary. Otherwise, the financial solvency and stability of many individual institutions may be jeopardized.

It should be emphasized that commercial bank earnings have never been a limiting factor in the regulatory decisions on deposit rate ceilings. Banks hold a more diversified portfolio of assets whose maturities are, on average, considerably shorter than those of the thrift institutions. The rates of return on commercial bank portfolios have thus been more responsive to market yields and have given the banks greater flexibility to pay competitive rates on deposits.

In enacting and subsequently extending the authority for coordinated deposit rate controls, the Congress has repeatedly made it clear that protection of the thrift institutions and concern for the mortgage market should be dominant considerations in establishing the structure of deposit rate ceilings on the small-denomination time and savings deposits for which banks and thrift institutions are in direct competition. At the time controls on deposit rates first were enacted in 1966, this legislation was viewed as a temporary but necessary measure to protect the short-run viability of the thrift industry. In this spirit, both the initial legislation and the subsequent renewals have been for short periods, never more than two years. Thus, every Congress since 1966 has had to reconsider the need and justification for deposit rate controls, as will this Congress when the current authority expires at the end of 1980. In all, 13 votes have been taken to renew the authority for deposit rate controls.

In two instances, moreover, congressional actions were taken to increase the protection of the thrift industry beyond the scope originally envisioned in the 1966 legislation. The first such action followed the suspension in July 1973 of deposit rate ceilings on four-year accounts with denominations of $1,000 or more. Barely four months later, a congressional resolution mandating ceilings on all deposits under $100,000 brought an end to this experiment, and with it the only period since 1966 when the institutions were free to offer a market-oriented rate of return to small savers. Two years later the Congress again strengthened the protection of thrift institutions from the possibility of regulatory actions that might unduly threaten their competitive positions when it passed a law (Public Law 94–200) requiring approval by both houses of Congress prior to any reduction in ceiling-rate differentials on accounts then in existence. In short, whenever the Congress has acted in the past on deposit rate controls, the objectives of protecting the thrift industry and sustaining mortgage-credit flows appear to have overshadowed the desire to provide small savers with a market-oriented rate of return.

Meanwhile, small savers have become increasingly aware of alternative investments that pay returns well in excess of deposit rate ceilings when market yields are high. The public has learned the relative ease with which market securities—particularly Treasury issues—can be purchased. Moreover, innovative instruments, such as money market mutual funds and unit investment trusts, have emerged to attract the deposits of small savers. Shares in these funds are ordinarily quite liquid, bear market rates of return, and often are available in minimum denominations of $1,000 or less. In the last six months, these mutual funds have attracted more than $10 billion, and it is a reasonable presumption that a sizable share of this flow might have gone to or remained in depositary institutions if the rates they could pay were more competitive.

These developments make it clear that some action needs to be taken to provide relief to the small saver and thereby to reduce the exposure of the institutions to disintermediation by this group of depositors. Yet it is also clear that such action cannot unduly threaten the earnings of thrift institutions during a period of high market rates. One of the resolutions being considered today (S. Con. Res. 5) calls upon the agencies to provide promptly "an appropriate method under which the interest rate on small savings deposits . . . is increased equitably." We believe that the actions proposed last week meet this requirement within the constraints I have noted. Recognizing the complexity and novelty of some of the proposals, the agencies have solicited comments for a 30-day period; the comments we receive should help us judge whether an appropriate balance has been struck between the needs of small savers and the necessity of maintaining a viable thrift industry and mortgage market. The board fully expects that action on these proposals can be taken shortly after the period for public comments ends in early May.

In advancing this set of proposals, the agencies are seeking to provide savers with instruments that bear higher returns with reasonable liquidity, while limiting the increases in thrift institution costs to manageable proportions. The floating-ceiling certificate would provide a market-oriented rate of return to savers who are willing to commit as little as $500 for the five-year period specified; depositors withdrawing funds after a year or so would be subject to a premature-withdrawal penalty that is considerably less severe than the existing requirement. For savers with an uncertain investment horizon, the rising-rate certificate would offer more flexibility in gaining access to their funds, albeit at some sacrifice in yield. After the first year, there would be no penalty for premature withdrawal from rising-rate certificates; the penalty would be replaced by an incentive to earn a higher yield by keeping funds on deposit. Finally, for savers whose main desire is a better return on liquid deposits, the bonus savings account plan would offer a moderately higher yield on whatever portion of their accounts happens to remain on deposit for a period of one year or more.

This set of proposals represents the end product of intensive study and discussion by the financial agencies of a wide variety of alternatives. Among the options that received careful consideration was the possibility of reducing the $10,000 minimum denomination on existing money market certificates. We also considered introducing a new money market certificate with a lower minimum and a lower ceiling. Although these alternatives were appealing for their simplicity and equity, they had to be rejected because of the potentially severe cost impact on thrift institutions. These cost increases would result mainly from the shifting of funds into money market certificates that the institutions otherwise would retain in lower-cost passbook and short-term time accounts.

Similar reasoning leads the board to believe that it would be unwise for the Congress to approve a resolution like S. Res. 59, which requires regulatory minimum denominations of no more than $1,000 on any deposit whose ceiling rate of interest is tied to yields on U.S. government securities. This resolution would not only mandate a reduction in existing minimum-denomination requirements on money market certificates, but it would also limit the range of options that might need to be considered in future deliberations on interest rate ceilings.

When the money market certificate was introduced last June 1, a minimum denomination of $10,000 was established on the grounds that depositors with relatively large amounts at stake would be most likely to shift into open-market instruments during a high rate period. The choice of $10,000 seemed particularly appropriate since that is the minimum denomination of six-month Treasury bills to which the rate ceiling on money market certificates is tied. Even with this restriction, the new certificate has attracted a huge volume of funds and has provided many savers with their first deposit instrument bearing a market rate of return. But it has also been a very costly source of funds for the institutions. The board's staff estimates that about half of the $116 billion of money market certificates outstanding at the end of February represented funds that otherwise would have remained in lower-cost passbook or fixed-ceiling time accounts. Indeed, the mounting earnings pressure on savings and loan associations and mutual savings banks resulting from the transfer of such funds was a major reason for the recent regulatory action reducing somewhat the maximum yields available on money market certificates.

Lowering the minimum denomination on money market certificates would, of course, expose the thrift institutions to greater adverse earnings effects and could create serious problems of solvency and liquidity for some institutions. If such action were taken, those institutions choosing to offer money market certificates in smaller units would probably experience large transfers from existing accounts. This would directly increase their costs of funds, and—since no additional funds for high-yielding investments are provided by such transfers—earnings would be squeezed more than at present.

On the other hand, those institutions electing not to offer smaller money market certificates would face the prospect of large outflows of small-denomination accounts to other institutions, which could create serious liquidity problems. Given the large number of passbook accounts with deposits of $1,000 or more, as well as the large volume of small-denomination certificates scheduled to mature in the next few quarters, the risks of institutional dislocation associated with a low minimum denomination on money market certificates seem too large to bear.

The board, however, recognizes the pressing need for a deposit instrument offering a market-determined yield that would be available to small savers. We believe the proposed five-year, floating-ceiling certificate meets this need without endangering the short-run viability of the thrift institutions. The relatively long maturity, coupled with the still significant penalty for premature withdrawal, should limit the potential for massive transfers from lower-cost passbook and short-term time accounts. At the same time, ceiling rates of interest somewhat below yields on Treasury issues of like maturity are warranted by the simplicity and convenience of dealing with local institutions rather than going into the market for the placement of small savings balances.

Of course, all of the proposals that have been advanced during the deliberations of the agencies represent only patchwork solutions to the basic problem, which results from the fact that thrift institutions, by law and by regulation, invest mainly in long-term, fixed-rate assets. Regardless of what actions the regulatory agencies may take in the period just ahead, these portfolio characteristics still constrain the ability of thrift institutions to pay substantially higher rates on deposits without seriously jeopardizing the viability of some institutions. When inflationary pressures subside and market rates decline, thrift institutions will be in a much better position to compete. Over the longer run, however, any depositary institution specializing in fixed-rate mortgages will be vulnerable to the pressures of disintermediation and the attendant risks of illiquidity, insolvency, and possible forced merger.

In the board's view these problems can be solved only if the Congress acts to liberalize the asset powers of thrift institutions. Such action would make possible a more flexible return on investments. Increasingly in recent years, banks and other financial intermediaries have insisted that their long-term loan contracts include provisions for rate adjustments keyed to some index of market rates. This stance reflects their desire to avoid the risks associated with extending fixed-rate, long-term credit when their cost of funds fluctuates. Most savings and loan associations and mutual savings banks are prohibited currently from offering variable-rate mortgages (VRMs). The board believes that congressional authorization of nationwide VRMs, with provisions to assure that the mortgage rate varies with market rates in such a way as to protect consumer interests, would allow thrift and other institutions to build up mortgage portfolios providing earnings more flexibly attuned to market developments. Over time, this would eliminate the major constraint facing the financial regulatory agencies in providing more equitable returns to all savers.

In addition, the board recommends that the Congress consider exempting federally insured depositary institutions from anachronistic state usury ceilings on residential mortgage rates in view of the compelling circumstances that currently prevail. In 13 states, usury ceilings are currently below free-market mortgage yields. In place of these restrictions, the Congress might wish to consider a usury ceiling for federally insured institutions tied to an interest rate that is sensitive to market conditions. Without some relief from existing usury restrictions, it seems unreasonable to expect our institutional lenders to pay market rates of return on deposits when they are prevented at the same time from earning market yields on their assets. □

Announcements

Regulation E

The Board of Governors of the Federal Reserve System on March 21, 1979, issued in final form portions of Regulation E (Electronic Fund Transfers) relating to consumer protection under two sections of the Electronic Fund Transfer Act.

The act directs the board to issue implementing regulations and model disclosure clauses. Proposed rules were issued for comment on December 26, 1978, to implement two sections of the act that became effective February 8, 1979. Proposed regulations for other sections of the act that go into effect in May 1980 will be issued later.

The act protects consumers in their use of electronic fund transfer services. Electronic transfer services permit consumers to transfer funds without the use of checks. The use of an EFT card is one means of effecting such transfers. EFT cards may be used by consumers to withdraw cash from their accounts at automated teller machines or to debit their accounts at the point of sale for purchases of goods or services.

The rules issued as part of Regulation E relate to sections of the act that: (1) limit a consumer's liability for unauthorized use of an EFT card; and (2) specify the conditions under which EFT cards may be issued.

The regulation exempts certain transfers, including automatic transfers from savings accounts to checking accounts. Other exemptions may be considered later.

Under the final regulation, a financial institution may issue to a consumer an EFT card that is valid for use only: (1) in response to an oral or written request or application; (2) as a renewal of, or in substitution for, a card that has already been used or accepted; or (3) as a renewal of, or in substitution for, a card issued on an unsolicited basis before February 8, 1979, provided certain disclosures are made.

Financial institutions may distribute unsolicited cards only if all of the following conditions are satisfied:

1. The unsolicited card is not valid for use.
2. The distribution of such cards is accompanied by the following disclosures of the consumer's rights and liabilities that will apply if the card is validated:
    a. Rules of the institution issuing the card concerning the liability of its customers in the event of unauthorized use of the card.
    b. Telephone number at which loss or theft of an EFT card may be reported.
    c. Business days during which such reports can be made.
    d. Kinds of electronic fund transfers the consumer may initiate, including limits on the frequency or dollar amounts of such transfers.
    e. Any charges that will be made.
    f. Conditions under which the issuing institution will disclose information about the consumer's account to third parties.
    g. Whether the issuing institution will provide periodic statements or other documentation of transfers.
    h. Whether the financial institution has error resolution procedures, and if so, a summary of those procedures.
    i. Conditions under which the financial institution will assume liability to the consumer for failure to make electronic fund transfers.
3. The distribution also is accompanied by a clear explanation that the unsolicited card is not valid for use, and how the consumer may dispose of the card if validation is not desired.
4. The card is validated only in response to the consumer's oral or written request or application for validation and after verification of the consumer's identity.

Regulation S: Revocation

The Federal Reserve Board announced on March 5, 1979, that it is revoking one of its regulations in the ongoing program to clarify and simplify all of its regulations.

The board decided to revoke Regulation S (Bank Service Arrangements), which governed the board's power to regulate and examine banking services performed for state-chartered member banks by outsiders. The regulation had been in effect since April 3, 1963, but a recent amendment to the Bank Service Corporation Act has made it unnecessary.

The board also adopted modified interpretations to simplify present interpretations and to conform them to the amended Bank Service Corporation Act. The act creates an exception to the general prohibition in federal banking laws against the purchase of stock by member banks. It allows two or more banks to engage in a joint venture by investing up to 10 percent of their capital and surplus in a "bank service corporation" that provides clerical services to banks.

Changes in Board Staff

The Board of Governors has announced the following appointments in the Legal Division, effective April 3, 1979.

J. Virgil Mattingly, Senior Attorney, to Assistant General Counsel. Mr. Mattingly, who joined the board's staff in June 1974, holds a B.A. from George Washington University and a J.D. from the George Washington University Law Center.

Gilbert T. Schwartz, Senior Attorney, to Assistant General Counsel. Mr. Schwartz, who joined the board's staff in September 1974, holds a B.A. from Temple University, an M.B.A. from the Columbia University Graduate School of Business, and a J.D. from the Temple School of Law.

Revised OTC Stock List

The Federal Reserve Board has published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective March 30, 1979. The list supersedes the revised list of OTC margin stocks that was issued on October 2, 1978.

Changes that have been made in the list, which now includes 1,220 OTC stocks, are as follows: 125 stocks have been included for the first time; 10 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; and 52 stocks have been removed for reasons such as listing on a national securities exchange or acquisition by another firm.

The list is available on request from Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Proposed Actions

The Board of Governors has asked for public comment, through April 30, 1979, on proposed changes in Regulation E (Electronic Fund Transfers) that (1) would require certain disclosures to all consumers with EFT cards regarding their financial responsibility for the use of lost or stolen EFT cards and (2) would make these disclosures a precondition of imposing any liability.

The Federal Reserve Board has extended until May 18 the period for public comment on a proposal before the board from the New York Clearing House Association to establish international banking facilities.

A series of measures designed to help individuals obtain a higher rate of return on their savings was proposed for public comment on April 3, 1979, by the federal regulators of financial institutions. The Federal Home Loan Bank Board, the Federal Reserve Board, and the Federal Deposit Insurance Corporation requested comment by May 4.

Federal bank supervisors on April 11, 1979, proposed a uniform policy for determining how bank examiners should classify past due consumer installment loans held by commercial banks. The Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board requested comment on the proposal by May 18, 1979.

System Membership: Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period March 16 through April 15, 1979:

Florida
Ocala ....Citizens First Bank of Ocala
Illinois
Normal ....Bank of Illinois in Normal
Montana
Billings ....Montana Bank of Billings

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON FEBRUARY 6, 1979

1. Domestic Policy Directive

Growth in real output of goods and services had accelerated to an annual rate of 6.1 percent in the fourth quarter of 1978, according to preliminary estimates of the Commerce Department, from a rate of 2.6 percent in the third quarter. Average prices, as measured by the fixed-weight price index for gross domestic business product, rose at an annual rate of 8.3 percent in the fourth quarter, slightly faster than the rate in the third quarter.

Staff projections for 1979 suggested a marked slowing in the expansion of economic activity by the second quarter of the year and a sustained slow rate of growth during the remaining quarters. Average prices were projected to continue rising at a rapid pace, and the rate of unemployment was expected to increase somewhat from its level in the fourth quarter.

The index of industrial production increased an estimated 0.6 percent in December, close to its average gain in earlier months of the year. Expansion in nonfarm payroll employment, including employment in manufacturing, continued strong in December and January. The January rate of unemployment, at 5.8 percent, was essentially unchanged from the previous five months.

The dollar value of total retail sales expanded considerably further in December, following two months of substantial gains. After declining somewhat in November, unit sales of new automobiles picked up in December and the first 20 days of January to a pace in line with that in the July–October period.

Private housing starts were at an annual rate of 2.1 million units in December and in the fourth quarter as a whole. In November, however, total sales of new and existing single-family houses declined somewhat.

The latest Department of Commerce survey of business spending plans, taken in late November and December, suggested that spending for plant and equipment would expand 11.2 percent from 1978 to 1979. The estimated increase in 1978 was about 12¾ percent. Manufacturers' new orders for nondefense capital goods declined 11 percent over November and December, but orders for the fourth quarter as a whole were considerably above those in the third quarter.

The index of average hourly earnings of private nonfarm production workers rose at an annual rate of 10½ percent in January; this rate of increase represented an acceleration from 8 percent in the fourth quarter and reflected in part a rise of about 9½ percent in the minimum wage to $2.90 on January 1. The consumer price index rose at an annual rate of almost 8 percent, and average prices of producer finished goods at a rate of about 10¼ percent in the fourth quarter; both measures were up about 9 percent from December 1977 to December 1978. In early 1979 there were substantial increases in prices of many farm products and an upward adjustment in oil prices by the Organization of Petroleum Exporting Countries.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies moved generally upward after the turn of the year; by the date of this meeting the advance had about offset the sharp decline that followed the OPEC announcement on December 17 of a larger-than-anticipated increase in oil prices for 1979. The U.S. merchandise trade deficit was at an estimated annual rate of $30 billion in the fourth quarter of 1978, close to the rates recorded in the second and third quarters.

In December growth of total credit at U.S. commercial banks moderated considerably further from its reduced November pace, as the expansion of bank loans slowed sharply and banks continued to liquidate holdings of securities. However, data from large banks suggested a strengthening of business loan growth in January. Outstanding commercial paper of nonfinancial businesses continued to increase rapidly in December.

The narrowly defined money supply (M-1) declined at an annual rate of 1½ percent over the December–January period.[1] This further contraction appeared to reflect, among other influences, the shifts of funds from demand deposits to savings deposits associated with the recently introduced automatic transfer service (ATS) and negotiable order of withdrawal (NOW) accounts in New York State. There was

1. M-1 comprises private demand deposits and currency in circulation.

virtually no growth in M-2 over the December–January period, while growth in M-3 slackened further as relatively high market interest rates continued to curb inflows of time and savings deposits subject to fixed interest rate ceilings.[2] However, growth in other time deposits, including 6-month money market certificates and large-denomination certificates of deposit, remained sizable. From the fourth quarter of 1977 to the fourth quarter of 1978, M-1, M-2, and M-3 expanded about 7¼, 8½, and 9½ percent, respectively; for all three monetary aggregates, growth was substantially less than it had been over the preceding year.

At its meeting on December 19, the Committee had agreed that early in the intermeeting period open market operations should be directed toward attaining a weekly average federal funds rate of 10 percent or slightly higher. This objective represented a slight increase from the prevailing level. Subsequently, the objective for the federal funds rate was to be maintained within the range of 9¾ to 10½ percent. In setting a specific objective for the funds rate, the Manager of the System Open Market Account was to be guided mainly by the relationship between the estimated annual rates of growth in M-1 and M-2 over the December–January period and ranges of tolerance for those two monetary aggregates of 2 to 6 percent and 5 to 9 percent, respectively. If, with approximately equal weight given to M-1 and M-2, their rates of growth appeared to be significantly above the midpoints of the indicated ranges, the objective for the federal funds rate was to be raised in an orderly fashion within its range. On the other hand, the objective was to be lowered in an orderly fashion if the two-month growth rates appeared to be approaching the lower limits of the indicated ranges.

Immediately following the December 19 meeting the Manager of the System Open Market Account began to seek bank reserve conditions consistent with an increase in the weekly average federal funds rate to 10 percent or slightly higher, from a level around 9⅞ percent. However, federal funds traded at somewhat higher levels around the year-end, reflecting uncertainties that affected demands for bank re-

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

serves. By late December, staff projections suggested that growth in M-2 over the December–January period would be at an annual rate well below the lower limit of the range of tolerance specified for that aggregate and growth in M-1 would be in the lower portion of its range of tolerance.

These developments pointed to a reduction in the objective for the federal funds rate toward the 9¾ percent lower limit of the specified range. However, on December 29 the Committee voted to modify its directive by calling for open market operations directed at maintaining the weekly average federal funds rate at about 10 percent or slightly above. This action was taken in view of uncertainties surrounding the interpretation of the behavior of the monetary aggregates and in light of domestic economic conditions and developments in domestic and international financial markets. On January 12 the Committee held a telephone conference to review the situation and to consider whether supplementary instructions were needed, but no change was made in the instruction to the Manager.

Most market interest rates declined on balance during the intermeeting period. Factors apparently contributing to this development included a market sentiment that further tightening in monetary policy had become less likely in light of the behavior of the monetary aggregates and the better performance of the dollar in foreign exchange markets. Another influence appeared to be the recent modest growth of total business credit demands. Commercial banks raised the loan rate to prime business borrowers from 11½ to 11¾ percent during the period, but a few banks later reduced the rate back to 11½ percent.

At this meeting, in conjunction with its discussion of the economic situation and outlook, the Committee reviewed its 12-month ranges for growth in the monetary aggregates. At its meeting in October 1978 the Committee had specified ranges of 6½ to 9 percent for M-2 and 7½ to 10 percent for M-3 for the period from the third quarter of 1978 to the third quarter of 1979. The committee also had indicated that it expected growth of M-1 to be within a range of 2 to 6 percent—a range that reflected uncertainty concerning both the size and the speed of the expected shift of deposits from demand to savings accounts resulting from the introduction of ATS, and of NOW accounts in New York State. The associated range for commercial bank credit was 8½ to 11½ percent. The Committee also had decided that growth of M-1 + within a range of 5 to 7½ percent appeared to be generally consistent with the ranges of growth for the other monetary aggregates. The ranges being considered at this meeting were for the period from the fourth quarter of 1978 to the fourth quarter of 1979.

The Committee's review of its longer-run ranges at this time was undertaken for the first time within the framework of the Full Employment and Balanced Growth ("Humphrey-Hawkins") Act of 1978. That act, which amended section 2A of the Federal Reserve Act, requires the Board of Governors to transmit to the Congress by February 20 and July 20 of each year written reports concerning the objectives and plans of the Board and the Committee with respect to the ranges of growth or diminution of the monetary and credit aggregates for the calendar year during which the report is transmitted and, in the case of the July report, the objectives and plans with respect to ranges for the following calendar year as well. The act also requires that the written reports set forth a review and analysis of recent developments affecting economic trends in the Nation and the relationship of the plans and objectives for the aggregates to the short-term goals set forth in the most recent Economic Report of the President and to any short-term goals approved by the Congress.[3]

With respect to the economic situation and outlook, most members of the committee expressed little or no disagreement with the staff projection of a marked slowing in the expansion by the second quarter of 1979 and of a sustained slow rate of growth over the rest of the year accompanied by some increase in the rate of unemployment. However, a few members questioned whether a very slow pace of growth was sustainable and suggested that the onset of a recession before the end of the year, with a larger increase in the unemployment rate, was the more likely development. Other members thought that over the past few months the probabilities of the development of a recession before the end of this year had declined somewhat. It was also observed that expansion might prove to be stronger than projected by the staff, especially if businessmen believed that effective steps were being taken to moderate the rate of inflation.

The members continued to anticipate a relatively rapid rise in average prices. Inflation was viewed as a distortion that could contrib-

3. The Board's first report under the act was transmitted to the Congress on February 20, 1979.

ute to the development of a recession, and it was noted that forecasters typically had underestimated the strength of inflationary forces. In this connection, it was observed that the economy was operating at a higher rate in relation to its potential than had been thought earlier.

In contemplating ranges for the monetary aggregates for the year ahead, the Committee continued to face unusual uncertainties concerning the forces affecting monetary growth. A staff analysis had suggested that shifts in funds from demand deposits to savings accounts with automatic transfer services and to the NOW accounts in New York would depress growth of M-1 over the year by about 3 percentage points, but that projection was based on only a brief experience. Moreover, it appeared that the publicity associated with ATS and the sustained high level of interest rates had induced the public to reassess more generally the desirability of holding demand deposits. It was expected that such a reassessment would continue over the year ahead, reducing somewhat further the demand for M-1 in relation to income as the public moved funds from demand deposits to interest-bearing assets.

Significant uncertainties existed with respect to growth of M-2 and M-3 as well. It appeared that the level of market interest rates had been inducing the public to divert large amounts of funds from deposits subject to fixed ceiling rates into market instruments. The staff analysis suggested that diversions of funds would continue in the period ahead, although not in the proportions of recent months. Thus, growth of the interest-bearing deposits included in the broader monetary aggregates was projected to pick up but to remain slower during 1979 than during 1978.

In the Committee's discussion, stress was placed on the importance of adopting ranges for monetary growth over the year ahead that would be consistent with a reduction in the rate of inflation, thereby reinforcing the governmental actions over recent months in pursuit of that objective. It was observed that the adoption of ranges for 1979 that, after allowance for ATS, were indicative of slower monetary growth might well influence attitudes and expectations in such a way that the rate of inflation would decline significantly without an adverse effect on the rate of unemployment. In this connection, it was suggested that any indication of a move toward an easing of monetary policy might change expectations so as to aggravate inflationary forces and thus increase rather than reduce the risks of a recession. It was also suggested that lowering the ranges to a degree that contributed to the onset of a recession could lead to developments that in the longer run would be inflationary.

At the conclusion of the discussion, the Committee decided both to lower the ranges for growth of the monetary aggregates over the year ahead and to widen them slightly, reflecting in part the special factors expected to influence monetary growth and the uncertainties with respect to the magnitude of their impact. For the period from the fourth quarter of 1978 to the fourth quarter of 1979, the Committee adopted a range of 1½ to 4½ percent for M-1. After allowance for a dampening effect of about 3 percentage points projected to result from the further shifts in funds from demand deposits to savings accounts with automatic transfer facilities, that range allowed for the possibility of a significant deceleration of growth from the pace of recent years.

The ranges adopted for M-2 and M-3 were 5 to 8 percent and 6 to 9 percent respectively. The associated range for the growth of commercial bank credit was reduced to 7½ to 10½ percent. It was understood that the longer-run ranges, as well as the particular aggregates for which ranges were specified, would be reconsidered in July or at any time that conditions might warrant. It was also understood that short-run factors might cause growth rates from one month to the next to fall outside the ranges anticipated for the year.

The Committee adopted the following ranges for rates of growth in monetary aggregates for the period from the fourth quarter of 1978 to the fourth quarter of 1979: M-1, 1½ to 4½ percent; M-2, 5 to 8 percent; and M-3, 6 to 9 percent. The associated range for bank credit is 7½ to 10½ percent.

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, and Mr. Mayo. Votes against this action: Messrs. Wallich and Willes. Absent: Mr. Winn. (Mr. Mayo voted as alternate for Mr. Winn.)

Messrs. Wallich and Willes dissented from this action because, with the Committee's objective of slowing the rate of inflation in mind, they preferred to specify lower ranges for growth of the monetary aggregates. Mr. Willes believed that the range adopted for M-1, after allowance for the effects of ATS and a possible further downward shift in the public's demand for money, represented an increase from the ranges that had been adopted during

1978. Mr. Wallich thought that, after allowance for the expansion in repurchase agreements and Eurodollars in addition to the other forces affecting growth of M-1, the range adopted represented too much of an increase from the ranges set earlier.

In the discussion of policy for the period immediately ahead, most members of the Committee favored directing operations initially toward maintaining the money market conditions currently prevailing, as indicated by a federal funds rate of 10 percent or slightly higher, but some sentiment was expressed for a slight additional firming in money market conditions. The views of the members differed primarily with respect to the influence that the incoming evidence concerning growth of the monetary aggregates should have on the objective for the funds rate later in the period before the next meeting.

A few members, emphasizing the rate of inflation and the position of the dollar in foreign exchange markets, advocated an approach similar to that in the directive issued at the meeting in December; that directive instructed the Manager to vary the objective for the federal funds rate within its range more quickly in response to relatively high than to relatively low rates of monetary growth. A few others, emphasizing the uncertainties in the outlook for domestic economic activity and for employment and the weakness of monetary growth over recent months, preferred a symmetrical approach in which the objective for the funds rate would be changed no more promptly in response to relatively high than to relatively low rates of monetary growth. A number of members suggested that, in any event, the Committee consult again before any change was made in the objective for the federal funds rate.

The Committee decided to instruct the Manager to direct open market operations toward maintaining the weekly average federal funds rate at about the current level, provided that over the February–March period the annual rates of growth of M-1 and M-2, given approximately equal weight, appeared to be within ranges of 3 to 7 percent and 5 to 9 percent, respectively. The Committee agreed that if growth of M-1 and M-2 for the two-month period appeared to be outside the indicated limits, the Manager was promptly to notify the Chairman, who would then consult with the Committee to determine whether the situation called for supplementary instructions.

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

The information reviewed at this meeting suggests that in the fourth quarter of 1978 growth in real output of goods and services picked up sharply from the reduced rate in the third quarter. In December, as in the preceding two months, the dollar value of total retail sales expanded substantially, and industrial production and nonfarm payroll employment rose considerably further. Employment continued to grow in January, and the unemployment rate, at 5.8 percent, was virtually the same as in the final months of 1978. Over recent months, broad measures of prices and the index of average hourly earnings have continued to rise rapidly.

The trade-weighted value of the dollar against major foreign currencies has tended upward since the turn of the year, returning to about its level in mid-December prior to the OPEC announcement of increased oil prices. The U.S. trade deficit in the fourth quarter of 1978 was at about the same rate as in the second and third quarters.

M-1 increased little in December and appears to have declined in January, in part because of the continuing effects of the introduction of the automatic transfer service (ATS) on November 1, and M-2 and M-3 grew at relatively slow rates. With market interest rates relatively high, inflows to banks of the interest-bearing deposits included in M-2 slowed sharply, and inflows of deposits to nonbank thrift institutions slackened further. Over the year from the fourth quarter of 1977 to the fourth quarter of 1978, M-1, M-2, and M-3 grew about 7¼, 8½, and 9½ percent, respectively. Most market interest rates have declined on balance in recent weeks.

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

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to the program for supporting the foreign exchange value of the dollar and to developing conditions in domestic financial markets. In the period before the next regular meeting, System open market operations are to be directed at maintaining the weekly average federal funds rate at about the current level, provided that over the February–March period the annual rates of growth of M-1 and M-2, given approximately equal weight, appear to be within ranges of 3 to 7 percent and 5 to 9 percent, respectively. If growth of M-1 and M-2 for the two-month period appears to be outside the indicated limits, the Manager will promptly notify the Chairman, who will then consult with the Committee to determine whether the situation calls for supplementary instructions.

Votes for this action: Messrs. Miller, Volcker, Baughman, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Mayo. Vote against this action: Mr. Coldwell. Absent: Mr. Winn. (Mr. Mayo voted as alternate for Mr. Winn.)

Mr. Coldwell dissented from this action because he preferred to direct open market operations early in the coming period toward a slight firming in money market conditions. He felt that the greatest danger currently was an intensification of inflationary pressures and that the longer-range prospects for inflation were unacceptable.

Subsequent to the meeting, at the beginning of March, projections suggested that over the February–March period M-1 would grow at an annual rate moderately below the lower limit of the range of 3 to 7 percent that had been specified by the Committee and M-2 would grow at a rate just below the lower limit of its range of 5 to 9 percent. On March 2 the Committee held a telephone meeting to determine whether the situation called for supplementary instructions. In light of contradictory evidence concerning underlying trends in economic activity following the strong performance in the fourth quarter of 1978, Chairman Miller recommended that the Manager be instructed to continue to aim for a weekly average federal funds rate of about 10 percent or slightly higher. The members concurred in the Chairman's recommendation.

By unanimous vote, the Committee modified the domestic policy directive adopted at its meeting on February 6, 1979, to call for continuance of open market operations directed toward maintaining the weekly average federal funds rate at about 10 percent or slightly above.

Votes for this action: Messrs. Miller, Volcker, Black, Coldwell, Kimbrel, Mayo, Partee, Mrs. Teeters, Messrs. Wallich, and Guffey. Absent: Mr. Balles. (Mr. Guffey voted as alternate for Mr. Balles.)

2. Authorization for Domestic Open Market Operations

At this meeting the Committee voted to set a limit of $5 billion on changes between Committee meetings in holdings of U.S. Government and federal agency securities specified in paragraph 1(a) of the authorization for domestic open market operations, effective for the period ending with the close of business on March 20, 1979. During the period since its meeting on December 19, 1978, the Committee had temporarily increased the limit specified in paragraph 1(a) in two steps, from $3 billion to $5 billion and subsequently to $6 billion until the close of business on February 6, 1979. The action to set the limit at $5 billion for the coming period was taken to provide flexibility for operations in view of the magnitude of float and other factors that might affect reserves in the weeks ahead and in view of the length of the interval until the next Committee meeting scheduled for March 20, 1979.

> Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Mayo. Votes against this action: None. Absent: Mr. Winn. (Mr. Mayo voted as alternate for Mr. Winn.)

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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

IMPLEMENTATION OF REGULATION E

The Board of Governors has adopted in final form portions of Regulation E, Electronic Fund Transfers, to implement two sections of the Electronic Fund Transfer Act that became effective on February 8, 1979.

Effective March 30, 1979, Regulation E is adopted as follows:

Section 205.1—Authority, Purpose, and Scope

(a) *Authority.* This regulation, issued by the Board of Governors of the Federal Reserve System, implements Title IX (Electronic Fund Transfer Act) of the Consumer Credit Protection Act, as amended (15 U.S.C. 1601 *et seq.*).

(b) *Purpose and Scope.* In November 1978, the Congress enacted the Electronic Fund Transfer Act. The Congress found that the use of electronic systems to transfer funds provides the potential for substantial benefits to consumers, but that the unique characteristics of these systems make the application of existing consumer protection laws unclear, leaving the rights and liabilities of users of electronic fund transfer systems undefined. The Act establishes the basic rights, liabilities, and responsibilities of consumers who use electronic money transfer services and of financial institutions that offer these services. This regulation is intended to carry out the purposes of the Act, including, primarily, the protection of individual consumers engaging in electronic transfers. Except as otherwise provided, this regulation applies to all persons who are financial institutions as defined in § 205.2(i).

Section 205.2—Definitions

For the purposes of this regulation, the following definitions apply, unless the context indicates otherwise:

(a)(1) "Access device" means a card, code, or other means of access to a consumer's account, or any combination thereof, that may be used by the consumer for the purpose of initiating electronic fund transfers.

(2) An access device becomes an "accepted access device" when the consumer to whom the access device was issued:

(i) requests and receives, or signs, or uses, or authorizes another to use, the access device for the purpose of transferring money between accounts or obtaining money, property, labor or services;

(ii) requests validation of an access device issued on an unsolicited basis; or

(iii) receives an access device issued in renewal of, or in substitution for, an accepted access device, whether such access device is issued by the initial financial institution or a successor.

(b) "Account" means a demand deposit (checking), savings, or other consumer asset account (other than an occasional or incidental credit balance in a credit plan) held either directly or indirectly by a financial institution and established primarily for personal, family, or household purposes.

(c) "Act" means the Electronic Fund Transfer Act (Title IX of the Consumer Credit Protection Act, 15 U.S.C. 1601 *et seq.*).

(d) "Business day" means any day on which the offices of the consumer's financial institution are open to the public for carrying on substantially all business functions.

(e) "Consumer" means a natural person.

(f) "Credit" means the right granted by a financial institution to a consumer to defer payment of debt, incur debt and defer its payment, or purchase property or services and defer payment therefor.

(g) "Electronic fund transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account. The term includes, but is not limited to, point-of-sale transfers, automated teller machine transfers, direct deposits or withdrawals of funds, and transfers initiated by telephone.

(h) "Electronic terminal" means an electronic device, other than a telephone operated by a consumer, through which a consumer may initiate an electronic fund transfer. The term includes, but is not limited to, point-of-sale terminals, automated teller machines, and cash dispensing machines.

(i) "Financial institution" means a state or national bank, a state or federal savings and loan association, a state or federal mutual savings bank, a state or federal credit union, or any other person who, directly or indirectly, holds an account belonging to a consumer. The term also includes any person who issues an access device and agrees with a consumer to provide electronic fund transfer services.

Two or more financial institutions that jointly provide electronic fund transfer services may contract among themselves to fulfill the requirements that the Act and this regulation impose on any or all of them.

(j) "State" means any state, territory or possession of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any political subdivision of any of the above.

(k) "Unauthorized electronic fund transfer" means an electronic fund transfer from a consumer's account initiated by a person other than the consumer without actual authority to initiate the transfer and from which the consumer receives no benefit. The term does not include any electronic fund transfer (1) initiated by a person who was furnished with the access device to the consumer's account by the consumer, unless the consumer has notified the financial institution involved that transfers by that person are no longer authorized, (2) initiated with fraudulent intent by the consumer or any person acting in concert with the consumer, or (3) that constitutes an error committed by the financial institution.

Section 205.3—Exemptions

This regulation does not apply to the following:

(a) *Check guarantee or authorization services.* Any service that guarantees payment or authorizes acceptance of a check, draft, or similar paper instrument and that does not directly result in a debit or credit to a consumer's account.

(b) *Wire transfers.* Any wire transfer of funds for a consumer through the Federal Reserve Communications System or other similar network that is used primarily for transfers between financial institutions or between businesses.

(c) *Certain securities or commodities transfers.* Any transfer the primary purpose of which is the purchase or sale of securities or commodities through a broker-dealer registered with, or regulated by, the Securities and Exchange Commission or the Commodity Futures Trading Commission.

(d) *Automatic transfers from savings to demand deposit accounts.* Any automatic transfer from a savings account to a demand deposit (checking) account under an agreement between a consumer and a financial institution for the purpose of covering an overdraft or maintaining a specified minimum balance in the consumer's checking account as permitted by 12 CFR Part 217 (Regulation Q) and 12 CFR Part 329.

(e) *Certain telephone-initiated transfers.* Any transfer of funds that (1) is initiated by a telephone conversation between a consumer and an officer or employee of a financial institution and (2) is not under a telephone bill-payment or other prearranged plan or agreement in which periodic or recurring transfers are contemplated.

(f) *Trust accounts.* Any trust account held by a financial institution under a *bona fide* trust agreement.

Section 205.4—Issuance of Access Devices

(a) *General rule.* A financial institution may issue an access device to a consumer only:

(1) in response to an oral or written request or application for the device;[1] or

(2) as a renewal of, or in substitution for, an accepted access device, whether issued by the initial financial institution or a successor.

(3) as a renewal of, or in substitution for, an access device issued before February 8, 1979 (other than an accepted access device, which can be renewed or substituted under paragraph (a)(2) of this section), provided that the disclosures set forth in paragraphs (d)(1), (2), and (3) of this section accompany the renewal or substitute device; except that for a renewal or substitution that occurs before July 1, 1979, the disclosures may be sent within a reasonable time after the renewal or substitute device is issued.

1. In the case of a joint account, a financial institution may issue an access device to each account holder for whom the requesting holder specifically requests an access device.

(b) *Exception.* Notwithstanding the provisions of paragraph (a)(1) of this section, a financial institution may distribute an access device to a consumer on an unsolicited basis if:

(1) the access device is not validated;

(2) the distribution is accompanied by a complete disclosure, in accordance with paragraph (d) of this section, of the consumer's rights and liabilities that will apply if the access device is validated;

(3) the distribution is accompanied by a clear explanation that the access device is not validated and how the consumer may dispose of the access device if validation is not desired; and

(4) the access device is validated only in response to the consumer's oral or written request or application for validation and after verification of the consumer's identity by any reasonable means, such as by photograph, fingerprint, personal visit, or signature comparison. An access device is considered validated when a financial institution has performed all procedures necessary to enable a consumer to use it to initiate an electronic fund transfer.

(c) *Relation to Truth in Lending.* (1) The Act and this regulation govern

(i) issuance of access devices;

(ii) addition to an accepted credit card, as defined in 12 CFR 226.2(a) (Regulation Z), of the capability to initiate electronic fund transfers; and

(iii) issuance of access devices that permit credit extensions only under a preexisting agreement between a consumer and a financial institution to extend the credit when the consumer's account is overdrawn or to maintain a specified minimum balance in the consumer's account.

(2) The Truth in Lending Act (15 U.S.C. 1601 *et seq.*) and 12 CFR Part 226 (Regulation Z), which prohibit the unsolicited issuance of credit cards, govern

(i) issuance of credit cards as defined in 12 CFR 226.2(r);

(ii) addition of a credit feature to an accepted access device; and

(iii) issuance of credit cards that are also access devices, except as provided in paragraph (c)(1)(iii) of this section.

(d) *Transitional disclosure requirements.* Until May 10, 1980, a financial institution may satisfy the disclosure requirements of paragraph (b)(2) of this section by disclosing to the consumer, in a written statement that the consumer may retain, the following terms in readily understandable language:

(1) The consumer's liability under § 205.5, or under other applicable law or agreement, for unauthorized electronic fund transfers and, at the financial institution's option, notice of the advisability of prompt reporting of any loss, theft, or unauthorized transfers.

(2) The telephone number and address of the person or office to be notified in the event the consumer believes that an unauthorized electronic fund transfer has been or may be made.

(3) The financial institution's business days, as determined under § 205.2(d).

(4) The type of electronic fund transfers that the consumer may initiate, including any limitations on the frequency or dollar amount of the transfers. The details of the limitations need not be disclosed if their confidentiality is necessary to maintain the security of the electronic fund transfer system.

(5) Any charges for electronic fund transfers or for the right to make transfers.

(6) The conditions under which the financial institution in the ordinary course of business will disclose information about the consumer's account to third parties.

(7) Whether or not the financial institution will provide documentation of electronic fund transfers, such as receipts or periodic statements, to the consumer.

(8) Whether or not the financial institution has error resolution procedures and, if so, a summary of those procedures.

(9) The conditions under which the financial institution will assume liability for the institution's failure to make electronic fund transfers.

Section 205.5—Liability of Consumer for Unauthorized Transfers

(a) *General rule.* A consumer is liable, within the limitations described in paragraph (b) of this section, for unauthorized electronic fund transfers involving the consumer's account only if the access device used for the transfers is an accepted access device and the financial institution has provided a means (such as by signature, photograph, fingerprint, or electronic or mechanical confirmation) to identify the consumer to whom the access device was issued.

(b) *Limitations on amount of liability.* The amount of a consumer's liability for an unauthorized electronic fund transfer or a series of transfers arising from a single loss or theft of the access device shall not exceed $50 or the amount of unauthorized electronic fund transfers that occur before notice to the financial institution under paragraph (c) of this section, whichever is less, unless one or both of the following exceptions apply:

(1) If the consumer fails to notify the financial institution within 2 business days after learning of the loss or theft of the access device, the consumer's liability shall not exceed the lesser of $500 or the sum of

(i) $50 or the amount of unauthorized electronic fund transfers that occur before the close of the 2 business days, whichever is less, and

(ii) the amount of unauthorized electronic fund transfers that the financial institution establishes would not have occurred but for the failure of the consumer to notify the institution within 2 business days after the consumer learns of the loss or theft of the access device, and that occur after the close of 2 business days and before notice to the financial institution.

(2) If the consumer fails to report within 60 days of transmittal of the periodic statement any unauthorized electronic fund transfer that appears on the statement, the consumer's liability shall not exceed the sum of

(i) the lesser of $50 or the amount of unauthorized electronic fund transfers that appear on the periodic statement or that occur during the 60-day period, and

(ii) the amount of unauthorized electronic fund transfers that occur after the close of the 60 days and before notice to the financial institution and that the financial institution establishes would not have occurred but for the failure of the consumer to notify the financial institution within that time.

(3) Paragraphs (b)(1) and (2) of this section may both apply in some circumstances. Paragraph (b)(1) shall determine the consumer's liability for any unauthorized transfers that appear on the periodic statement and occur before the close of the 60-day period, and paragraph (b)(2)(ii) shall determine liability for transfers that occur after the close of the 60-day period.

(4) If a delay in notifying the financial institution was due to extenuating circumstances, such as extended travel or hospitalization, the time periods specified above shall be extended to a reasonable time.

(5) If applicable state law or an agreement between the consumer and financial institution imposes lesser liability than that provided in paragraph (b) of this section, the consumer's liability shall not exceed that imposed under that law or agreement.

(c) *Notice to financial institution.* For purposes of this section, notice to a financial institution is given when a consumer takes such steps as are reasonably necessary to provide the financial institution with the pertinent information, whether or not any particular officer, employee, or agent of the financial institution does in fact receive the information. Notice may be given to the financial institution, at the consumer's option, in person, by telephone, or in writing. Notice in writing is considered given at the time of receipt or, whether or not received, at the expiration of the time ordinarily required for transmission, whichever is earlier. Notice is also considered given when the financial institution becomes aware of circumstances that lead to the reasonable belief that an unauthorized electronic fund transfer involving the consumer's account has been or may be made.

(d) *Relation to Truth in Lending.* (1) A consumer's liability for an unauthorized electronic fund transfer shall be determined solely in accordance with this section if the electronic fund transfer

(i) was initiated by use of an access device that is also a credit card as defined in 12 CFR 226.2(r), or

(ii) involves an extension of credit under an agreement between a consumer and a financial institution to extend the credit when the consumer's account is overdrawn or to maintain a specified minimum balance in the consumer's account.

(2) A consumer's liability for unauthorized use of a credit card that is also an access device but that does not involve an electronic fund transfer shall be determined solely in accordance with the Truth in Lending Act and 12 CFR Part 226 (Regulation Z).

Appendix A—Model Disclosure Clauses

This appendix contains model disclosure clauses for optional use by financial institutions to facilitate compliance with the disclosure requirements of §§ 205.4(a)(3), (b), and (d). Section 915(d)(2) of the Act provides that use of these clauses in conjunction with other requirements of the regulation will protect financial institutions from liability under §§ 915 and 916 of the Act to the extent that the clauses accurately reflect the institutions' electronic fund transfer services.

Financial institutions need not use any of the provided clauses, but may use clauses of their own design in conjunction with the model clauses. The inapplicable portions of words or phrases in parentheses should be deleted. Financial institutions may make alterations, substitutions or additions in the clauses in order to reflect the services offered, such as technical changes (e.g., substitution of a trade name for the word "card," deletion of inapplicable services), or substitution of lesser liability limits in § A(2).

Section A(1)—Disclosure that access device is not validated and how to dispose of device if validation is not desired (§ 205.4(b)(3))

(a) *Accounts using cards.* You cannot use the enclosed card to transfer money into or out of your account until we have validated it. If you do not want to use the card, please (destroy it at once by cutting it in half).

[Financial institution may add validation instructions here.]

(b) *Accounts using codes.* You cannot use the enclosed code to transfer money into or out of your account until we have validated it. If you do not want to use the code, please (destroy this notice at once).

[Financial institution may add validation instructions here.]

Section A(2)—Disclosure of consumer's liability for unauthorized transfers and optional disclosure of advisability of prompt reporting (§ 205.4(d)(1))

(a) *Liability disclosure.* (Tell us AT ONCE if you believe your (card)(code) has been lost or stolen. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within 2 business days, you can lose no more than $50 if someone used your (card)(code) without your permission.) (If you believe your (card)(code) has been lost or stolen, and you tell us within 2 business days after you learn of the loss or theft, you can lose no more than $50 if someone used your (card)(code) without your permission.)

If you do not tell us within 2 business days after you learn of the loss or theft of your (card)(code), and we can prove we could have stopped someone from using your (card)(code) without your permission if you had told us, you could lose as much as $500.

Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

Section A(3)—Disclosure of telephone number and address to be notified in event of unauthorized transfer (§ 205.4(d)(2))

(a) *Address and telephone number.* If you believe your (card)(code) has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call:

[Telephone number]
or write:
[Name of person or office to be notified]
[Address]

Section A(4)—Disclosure of what constitutes business day of institution (§ 205.4(d)(3))

(a) *Business day disclosure.* Our business days are (Monday through Friday) (Monday through Saturday) (any day including Saturdays and Sundays). Holidays are (not) included.

Section A(5)—Disclosure of types of available transfers and limits on transfers (§ 205.4(d)(4))

(a) *Account access.* You may use your (card)(code) to

(1) Withdraw cash from your (checking)(or)(savings) account.

(2) Make deposits to your (checking)(or)(savings) account.

(3) Transfer funds between your checking and savings accounts whenever you request.

(4) Pay for purchases at places that have agreed to accept the (card)(code).

(5) Pay bills directly (by telephone) from your (checking)(or)(savings) account in the amounts and on the days you request.

Some of these services may not be available at all terminals.

(b) *Limitations on frequency of transfers.*

(1) You may make only [insert number, e.g., 3] cash withdrawals from our terminals each [insert time period, e.g., week].

(2) You can use your telephone bill-payment service to pay [insert number] bills each ([insert time period])(telephone call).

(3) You can use our point-of-sale transfer service for [insert number] transactions each [insert time period].

(4) For security reasons, there are (other) limits on the number of transfers you can make using our (terminals)(telephone bill-payment service) (point-of-sale transfer service).

(c) *Limitations on dollar amounts of transfers.*

(1) You may withdraw up to [insert dollar amount] from our terminals each ([insert time period])(time you use the (card) (code)).

(2) You may buy up to [insert dollar amount] worth of goods or services each ([insert time period])(time you use the (card) (code)) in our point-of-sale transfer service.

Section A(6)—Disclosure of charges for transfers or right to make transfers (§ 205.4(d)(5))

(a) *Per transfer charge.* We will charge you [insert dollar amount] for each transfer you make using our (automated teller machines)(telephone bill-payment service)(point-of-sale transfer service).

(b) *Fixed charge.* We will charge you [insert dollar amount] each [insert time period] for our (automated teller machine service)(telephone bill-payment service)(point-of-sale transfer service).

(c) *Average or minimum balance charge.* We will only charge you for using our (automated teller machines)(telephone bill-payment service)(point-of-sale transfer service) if the (average)(minimum) balance in your (checking account)(savings account)(accounts) falls below [insert dollar amount]. If it does, we will charge you [insert dollar amount] each (transfer) ([insert time period]).

Section A(7)—Disclosure of account information to third parties (§ 205.4(d)(6))

(a) *Account information disclosure.* We will disclose information to third parties about your account or the transfers you make:

(1) where it is necessary for completing transfers.

or

(2) in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant.

or

(3) in order to comply with government agency or court orders.

or

(4) if you give us your written permission.

Amendment to Regulation Q

The Board of Governors has amended its Regulation Q, Interest on Deposits, to prohibit the compounding of interest by member banks on time deposits of $10,000 or more with maturities of 26 weeks whose ceiling rate of interest is equal to the discount rate on the most recently issued six-month United States Treasury bills (auction average).

Effective March 15, 1979, §§ 217.6 and 217.7 are amended to read as follows:

Section 217.6—Advertising of Interest on Deposits

* * * * *

(j) Any advertisement, announcement, or solicitation relating to interest paid by a member bank on a time deposit of $10,000 or more with a maturity of 26 weeks at a rate not in excess of the rate established (auction average on a discount basis) for United States Treasury bills with maturities of six months shall include a clear and conspicuous notice that Federal regulations prohibit the compounding of interest during the term of the deposit.

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

* * * * *

(f) *Variable rate time deposits of less than $100,000.**** Member banks may not compound interest during the term of this deposit.

Rescission of Regulation S

The Board of Governors, as part of its Regulatory Improvement Project, has reviewed Regulation S, Bank Service Arrangements, which implements the Bank Service Corporation Act. Effective

March 10, 1979, the Board has decided to rescind Regulation S as no longer necessary.

In a related action, the Board has decided to revise and update its interpretations of the Bank Service Corporation Act.

Effective March 10, 1979, the table of contents of 12 CFR Part 250 is amended by adding at the end of the table a new heading and three new section titles to read as follows:

Bank Service Arrangements

250.300 Kinds of bank servicers subject to Board examination under the Bank Service Corporation Act.

250.301 Scope of investment authority and notification requirement under the Bank Service Corporation Act.

250.302 Applicability of Bank Service Corporation Act to bank credit card service organization.

12 CFR Part 250 is amended by adding a new section 250.30 immediately after a new heading, "Bank Service Arrangements," to read as follows.

250.300 Kinds of bank services subject to Board examination under the Bank Service Corporation Act.

Summary. The performance of bank services for State member banks is subject to the Board's regulation and examination, regardless of the nature of the bank servicer, including servicers that are national banks; State nonmember insured banks; non-profit, no-stock credit card servicing organizations; and servicing subsidiaries of bank holding companies.

Text. (a) Since the enactment of the Bank Service Corporation Act (the "Act") (12 U.S.C. 1861-65), the Board has on several occasions considered whether performance of "bank services" (as that term is defined in section 1(b) of the Act) for State member banks is subject to regulation and examination by the Board under section 5 of the Act if (1) the bank servicer is not a "bank service corporation" (as that term is defined in the Act), or (2) the bank servicer is a bank itself. In each instance, based on the reasoning set forth below, the Board expressed the view that section 5 of the Act applied to any organization that performed bank services for State member banks, including national banks; another State member bank; State nonmember insured banks; servicing subsidiaries of bank holding companies; and non-profit, no-stock credit card servicing organizations.

(b) The Senate Committee on Banking and Currency stated with regard to section 5 of the Act, as enacted in 1962, that the Federal supervisory agencies "must be able to examine all of the banks' records, and they must be able to exercise proper supervision over all the banks' activities, whether performed by the banks' employees on their premises or by anyone else on or off the banks' premises. This examination and this supervision cannot be frustrated by a transfer of the banks' records to some other organization or by having some other organization carry out all or part of the banks' functions." (S. Rep. No. 2105, 87th Cong. 3 (1962)). Similarly, the Committee on Banking and Currency of the House of Representatives stated that "it would obviously be unwise to permit banks to avoid the examination and supervision of vital banking functions by the simple expedient of farming out such functions." (H.R. Rep. No. 2062, 87th Cong. 3 (1962)).

(c) Section 5 of the Act is not limited by its terms to "bank service corporations" as defined in the Act; nor, in the Board's opinion based on the legislative history of the Act, should such a limitation be implied. The Board concludes that the performance of bank services for State member banks by organizations that are not bank service corporations is also subject to Board regulation and examination.

(d) If the bank servicer is a national bank or a State nonmember insured bank, its performance of bank services for State member banks is subject to Board regulation and examination, despite the fact that the servicer is subject primarily to regulation and examination by one of the other Federal banking agencies. By the same token, the performance of bank services by a State member bank for a national bank or State nonmember insured bank is subject to regulation and examination by the Comptroller of the Currency or the Federal Deposit Insurance Corporation, respectively. The purpose of section 5 of the Act is to make certain that the appropriate Federal banking agency will be able effectively to exercise its responsibilities with respect to a bank subject primarily to its supervision.

(e) It is important to note that the scope of the Board's regulation and examination under section 5 of the Act does not extend to all affairs of the bank servicer, but only to the "bank services" performed for a State member bank and only to the same extent as if the services were being performed by the State member bank itself on its own premises.

12 CFR Part 250 is amended by adding a new section 250.301 to read as follows:

250.301 Scope of investment authority and notification requirement under the Bank Service Corporation Act.

Summary. (a) The authority of State member banks under the Bank Service Corporation Act to invest in bank service corporations is limited to investments in corporations that perform "bank services" solely.

(b) A State member bank is required by the Act to notify the Board only of the performance of "bank services" for it.

(c) "Bank services" will not usually be regarded as including legal, advisory, and administrative services, such as transportation or guard services.

Text. (a) Section 2(a) of the Bank Service Corporation Act (12 U.S.C. 1861-65) provides that "no limitation or prohibition otherwise imposed by any provision of Federal law exclusively relating to banks shall prevent any two or more banks from investing not more than 10 per centum of the paid-in and unimpaired capital and unimpaired surplus of each of them in a bank service corporation." This 10 per cent investment ceiling applies to loans and other advances of funds, as well as the purchase of stock. The Act, however, does not authorize a State bank to invest in a bank service corporation if the bank is not permitted to do so under the applicable State law.

(b) "Bank service corporation" is defined in section 1(c) of the Act to mean "a corporation organized to perform bank services for two or more banks, each of which owns part of the capital stock of such corporation, and at least one of which is subject to examination by a Federal supervisory agency." Section 4 of the Act states that "no bank service corporation may engage in any activity other than the performance of bank services for banks." Thus, the investment authority created by section 2(a) is limited to corporations that are engaged solely in the provision of "bank services" to banks, as that term is defined in the Act.

(c) In addition to its grant of investment authority, the Act also requires State member banks to notify the Board within 30 days of the execution of a contract for "bank services" or the actual provision of such services, whichever occurs first. Moreover, the Act authorizes the Board to regulate and examine the performance of "bank services." Thus, the scope of the Act's notification and examination requirements also is limited to "bank services."

(d) The term "bank services" is defined in section 1(b) of the Act to mean "services such as check and deposit sorting and posting, computation and posting of interest and other credits and charges, preparation and mailing of checks, statements, notices, and similar items, or any other clerical, bookkeeping, accounting, statistical, or similar functions performed for a bank."

(e) Bearing importantly upon the meaning of "bank services" is the following quotation from the Report of the Senate Committee on Banking and Currency: "The authority to examine and supervise banks is broad and must be vigorously exercised. At the same time sound discretion must be used. Banks have always employed others to do many things for them, and they will have to continue to do so, and the bill is not intended to prevent this or to make it more difficult. For example, banks have employed lawyers to prepare trust and estate accounts and to prosecute judicial proceedings for the settlement of such accounts. Banks have employed accountants to prepare earnings statements and balance sheets. Banks have employed public relations and advertising firms. And banks have employed individuals or firms to perform all kinds of administrative activities, including armored car and other transportation services, guard services and, in many cases, other mechanical services needed to run the banks' buildings. It is not expected that the bank supervisory agencies would find it necessary to examine or regulate any of these agents or representatives of a bank, except under the most unusual circumstances. The authority is intended to be limited to banking functions as such." (S. Rep. No. 2105, 87th Cong. 3 (1962)).

(f) On the basis of the Act's definition of "bank services", the limitation contained in section 4 of the Act, and the preceding quotation from the Act's legislative history, it is apparent that the term "bank services" is essentially limited to clerical and similar services. For example, the term would not usually be regarded as including legal, advisory, and adminstrative services, such as transportation or guard services.

(g) Thus, State member banks generally may rely on the Act to justify investment only in a corporation that is engaged solely in performing one or more of the services contained in the definition of "bank services" in section 1(b), or a service similar to one of those services, and only if those services are provided solely to banks. Investment in a corporation providing any other services, such as the type of services described in the above quotation from the Act's legislative history, generally is not permitted on the basis of this Act, unless such services are legitimately incidental to the provision of "bank services" by that corporation.

(h) Since the notification required by section 5 of the Act, as amended, also is based on the provision of "bank services," such notification need only be provided with regard to the provision of one or more of the services enumerated in section 1(b) of the Act or a service similar to one of those services.

12 CFR Part 250 is amended by adding a new section 250.302 to read as follows:

250.302 Applicability of Bank Service Corporation Act to bank credit card service organization.

Summary. Although a non-profit, no-stock service organization in which no bank has made an investment is not a "bank service corporation" as defined in the Bank Service Corporation Act, that organization's credit card servicing activities are "bank services" as defined in the Act and thus subject to the notification requirement of section 5 of the Act.

Text. (a) The Board of Governors has considered whether the Bank Service Corporation Act (12 U.S.C. 1861-65), is applicable where a bank credit card plan of a State member bank and other banks used the facilities of a non-profit, no-stock service organization.

(b) The functions of the service organization include the following: (1) performing cardholder accounting for participating banks; (2) developing information concerning each credit card and holder, including such holder's current balance owing to the card issuing bank and the amount of such balance that is deliquent; (3) assisting in procedures relating to the presentation and settlement of drafts and credit memoranda; (4) developing procedures relating to credit card security control; (5) upon telephonic request, advising merchants and participating banks respecting credit authorizations above certain specified limits; and (6) compiling lists of participating merchants.

(c) The Board expressed the view that because the service organization has no stock and the State member bank does not otherwise "invest" therein by "the making of a loan, or otherwise, except a payment for rent earned, goods sold and delivered, or services rendered prior to the making of such payment" (section 1(d) of the Act), the service organization is not a "bank service corporation" within the meaning of section 1(c) of the Act.

(d) However, the Board concluded that the functions described above do constitute "bank services" as defined in section 1(b) of the Act. Accordingly, the State member bank is required to notify the Board (through the appropriate Federal Reserve Bank) of the performance of the services for the bank in accordance with section 5 of the Act.

Amendment to Regulation Z

The Board of Governors has amended its Regulation Z, Truth in Lending, to extend the prohibition against surcharges to February 27, 1981.

Effective March 5, 1979 § 226.4(i)(4) is amended to read as follows:

No creditor in any sales transaction may impose a surcharge. This paragraph shall cease to be effective on February 27, 1981.

Amendment to Regulation BB

The Board of Governors has amended its Regulation BB, Community Reinvestment, to reflect an amendment to the Community Reinvestment Act of 1977 contained in the Financial Institutions Regulatory and Interest Rate Control Act of 1978 that relates to financial institutions whose business predominantly consists of serving the needs of military personnel who are not located within a defined geographic area.

Effective April 26, 1979, Section 228.3 is amended as follows:

Paragraph (b) is revised by deleting "A" at the beginning of the first sentence of the paragraph and inserting, "Except as provided in paragraph (e) of this section, a".

A new paragraph (e) is added:

* * * * *

(e) A State member bank whose business predominantly consists of serving persons who are active duty or retired military personnel or their dependents and who are located outside of its local community or communities, may delineate a "military community" for those customers, in addition to its local community or communities. Provisions of this part concerning local communities shall also apply to military communities, except that military communities shall be delineated by a written description rather than a map.

Amendment to Rules of Organization

The Secretary of the Board has approved an amendment to the Board's Rules of Organization to reflect recent organizational changes.

Effective October 17, 1978, section 3 of the Rules of Organization is amended as follows:

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

Section 3—Central Organization.
The Board's central organization consists of the following Offices, Divisions and officials;

* * * * *

(c) *Office of Staff Director for Federal Reserve Bank Activities* is responsible for overseeing the Divisions of Federal Reserve Bank Operations and Federal Reserve Bank Examinations and Budgets, assisting the Board's Committee on Federal Reserve Bank Activities, and coordinating the functions of other Board Divisions that relate to Federal Reserve Bank matters.

2. Paragraphs (c) through (p) are redesignated as (d) through (q).

3. Renumbered paragraphs (i) and (j) are amended as follows:

*Section 3—Central Organization.****

* * * * *

(i) *Division of Federal Reserve Bank Operations*,*** provides an appraisal of Reserve Bank communication and automation plans and proposals and recommendations to the Board in such areas and maintains liaison with various interested parties on payments mechanism matters.

(j) *Division of Federal Reserve Bank Examinations and Budgets**** and provides certain centralized financial accounting services. The Division also coordinates the printing and distribution of Federal Reserve notes and is jointly responsible with the Bureau of the Mint for the production and distribution of coin.***

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

Orders Under Section 3 of Bank Holding Company Act

American Pioneer Life Insurance Company, Trumann, Arkansas

Order Approving Retention of Additional Shares of Bank

American Pioneer Life Insurance Company, Trumann, Arkansas, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to retain additional voting shares of First National Bank of Poinsett County, Trumann, Arkansas ("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 one-bank holding company by virtue of its ownership of approximately 54 percent of the outstanding voting shares of Bank.[1] Applicant seeks board approval to retain 1000 newly-issued shares of Bank that were acquired by its wholly-owned subsidiary, Hyneman & Associates, Inc., Trumann, Arkansas, without the board's prior approval.[2]

1. Applicant became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the Act, by virtue of its ownership of more than 25 percent of the outstanding voting shares of Bank. Applicant also engages through subsidiaries in underwriting credit-related insurance, dealing in farm commodities, and leasing real property, pursuant to the provisions of section 4(c)(ii) of the Act.

2. Applicant indirectly acquired the additional shares, representing approximately 13.3 percent of the outstanding voting shares of Bank, in order to increase the capital of Bank. Prior to this acquisition Applicant directly owned slightly less than 50 percent of Bank's shares, and members of the Hyneman family, who control Applicant, owned a slightly smaller percentage of Bank's shares. The violation did not increase the percentage of Bank owned directly and indirectly by the Hyneman family, and Applicant filed this application to retain the additional shares. The board, having reviewed the facts surrounding the violation, concludes that the violation does not reflect so adversely on the managerial resources of Applicant as to warrant denial of the application.

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

Bank, with deposits of approximately $7 million, is the 225th largest commercial bank in the state of Arkansas and controls approximately 0.1 percent of total deposits in commercial banks in the state.[3] Bank is the smallest of seven banks competing in the relevant market, which is approximated by Poinsett County, and holds approximately 7.3 percent of total market deposits. Inasmuch as the proposal involves the retention of shares in a bank that Applicant controlled at the time the shares were acquired, it appears that the retention of such shares would involve neither an expansion of Applicant nor an increase in the banking resources controlled by it. In the board's view Applicant's retention of this stock would not eliminate existing or potential competition or increase the concentration of banking resources in any relevant area. Thus, competitive considerations are regarded as consistent with approval of the application.

The financial and managerial resources of Applicant and Bank are regarded as consistent with approval and their future propsects appear favorable. Accordingly, banking factors are consistent with approval. There is no indication that the convenience and needs of the community to be served are not being met, and such considerations are regarded as consistent with approval of the application. Therefore, it is the board's judgment that retention of the subject shares would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective March 23, 1979.

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

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

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

Delaware Service Co., Inc.,
Manchester, Iowa

Order Approving Retention of Certain Shares and Acquisition of Additional Shares of Bank

Delaware Service Co., Inc., Manchester, Iowa, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to retain certain voting shares of First State Bank, Manchester, Iowa ("Bank"), and to acquire additional voting shares of Bank.

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

Applicant, a one-bank holding company,[1] owns 48.3 percent of the outstanding voting shares of Bank. On September 8, 1977, Applicant acquired an additional 0.3 percent of the outstanding voting shares of Bank without the prior approval of the Board.[2] Applicant now seeks the board's approval to retain these shares and to acquire an additional 1.75 percent share interest in Bank.

Bank (approximately $20.2 million in deposits) is the 221st largest commercial bank in Iowa, holding approximately 0.1 percent of total commercial bank deposits in the state.[3] Bank is the largest of seven banking organizations in the relevant banking market,[4] holding approximately 26.7 percent of total commercial bank deposits in the market. Since Applicant has no other banking subsidiaries and since the proposal involves only the retention of shares and the acquisition of additional shares of Bank, which at all times pertinent hereto was controlled by Applicant, approval of the application will not result in any adverse effects on existing or potential competition, nor increase the concentration of banking resources in any relevant area. Thus, competitive considerations are regarded as consistent with approval of the application.

1. Applicant is engaged in nonbanking activities that are subject to 10-year grandfather privileges. Applicant intends to apply to retain its credit life, accident and health insurance, and fiduciary activities. Its remaining nonbanking activities will be terminated prior to December 31, 1980.

2. Upon examination of all the facts of record, the board is of the view that the facts surrounding the violation of the Act do not reflect so adversely on the managerial factors as to warrant denial of this application.

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

4. The relevant banking market is approximated by Delaware County, Delaware.

The financial and managerial resources and future prospects of Applicant and Bank are satisfactory. Thus, banking factors are regarded as consistent with approval of the application. Although there will be no immediate increase in the services offered by Bank, convenience and needs considerations are regarded as consistent with approval. Therefore, it is the board's judgment that the retention of the shares acquired in violation of the Act and the acquisition of the additional shares of Bank would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective March 5, 1979.

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

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

Jacksonville National Corporation,
Jacksonville, Florida

Order Approving
Formation of Bank Holding Company

Jacksonville National Corporation, Jacksonville, Florida, has applied for the board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 98.6 percent of the voting shares of the Jacksonville National Bank, Jacksonville, Florida ("Bank").[1]

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

Applicant, a nonoperating corporation with no subsidiaries, was formed for the purpose of becoming a bank holding company through the acquisition of Bank. Bank, with total deposits of $103 million, is the 53rd largest bank in Florida, holding 0.4 percent of total deposits in commercial banks in the state.[2] Upon acquisition of Bank, Applicant would control the fourth largest bank in the relevant banking market and 5.2 percent of total deposits therein.[3] The proposal represents a restructuring of the ownership of Bank, and since Applicant has no other banking subsidiaries and Applicant's principals, officers, and directors are not associated with any other banking organizations, consummation of the proposal would not have any adverse effects on existing or potential competition, nor would it increase the concentration of banking resources in any relevant area. Accordingly, the board concludes that competitive considerations are consistent with approval of the Application.

The financial and managerial resources and future prospects of Applicant and Bank are regarded as generally satisfactory. Considerations relating to banking factors are consistent with approval of the application. Although Applicant does not propose any major changes in Bank's services, convenience and needs considerations are also consistent with approval of the application. Accordingly, it is the board's judgment that the proposed acquisition is consistent with the public interest and that the application should be approved.

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

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

1. Applicant has not applied for the board's approval to acquire indirect control of Bank's subsidiary, Charter Mortgage Company, since it appears that Applicant may acquire and hold such shares indirectly through Bank on the authority of section 4(c)(5) of the Act and section 225.4(e) of Regulation Y.

2. All banking data are as of December 31, 1977.

3. The relevant banking market is approximated by Duval County plus the City of Orange Park in Clay County.

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

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

[SEAL]

National City Corporation,
Cleveland, Ohio

Order Approving Acquisition of Bank

National City Corporation, Cleveland, Ohio, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of the successor by merger to The Huron County Banking Company, National Association, Norwalk, 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 section 3(b) of the Act. The time for filing comments and views has expired, and the board has considered the application and all comments received, including those of the Comptroller of the Currency, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the third largest banking organization in Ohio, controls 7 banks with total deposits of approximately $2.2 billion,[1] representing approximately 5.9 percent of the total deposits in commercial banks in the state. Upon consummation of the proposed transaction, Applicant's share of statewide deposits would increase by 0.2 percent, and consummation of the proposal would not have an appreciable effect on the concentration of banking resources in Ohio.

Bank is the largest of seven banking organizations in the relevant banking market,[2] and controls 28.1 percent of total market deposits. None of Applicant's subsidiary banks compete in the relevant banking market and Applicant's nearest banking office is located in an adjacent banking market approximately 12 miles from any office of Bank. From the record, it appears that no significant competition presently exists between Applicant's banking subsidiaries and Bank, and that it is unlikely that competition would develop in the future. The board notes that consumation of the proposal will eliminate some potential competition between Applicant and Bank, inasmuch as Applicant could enter the relevant market *de novo* either by branching[3] or by establishing a new bank. Such entry does not appear likely since the market is not regarded as attractive for *de novo* entry, in view of the relatively low ratios of population and income per banking office in Huron County. Furthermore, while Bank could branch into the seven counties contiguous to Huron County, including three counties where subsidiary banks of Applicant currently operate, it does not appear that Bank currently possesses sufficient additional resources for expansion outside of Huron County. In view of the facts of record, the board does not regard the adverse effects on potential competition that would result from the proposed acquisition of Bank by Applicant as significant, particularly in light of the fact that a number of potential entrants into the relevant banking market remain after consummation of this proposal. Moreover, consummation of the proposed acquisition of Bank by Applicant would not have any adverse effects on existing competition nor would it increase the concentration of banking resources in any relevant market.

The financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are considered satisfactory. Thus, considerations relating to banking factors are consistent with approval of the application. Upon acquisition of Bank, Applicant will assist Bank in providing new and improved services to its customers. In particular, Applicant will cause Bank to increase its marketing of credit services and to expand its consumer lending activities. In addition, Applicant will encourage Bank to increase its involvement in community development programs and its busi-

1. All banking data are as of June 30, 1978, unless otherwise indicated.
2. The relevant banking market is approximated by Huron County, Ohio, including the City of Bellevue and the Village of Plymouth. All data for the relevant banking market are as of June 30, 1977.

3. Under a recently enacted Ohio law, effective January 1, 1979, an Ohio bank may branch *de novo* into counties contiguous with the county in which the bank's home office is located. Three subsidiary banks of Applicant have home offices located in counties contiguous with Huron County.

ness contacts with real estate brokers and home improvement contractors. Finally, affiliation with Applicant also will provide Bank's customers with more convenient access to specialized services offered by subsidiaries of Applicant, including international banking, leasing, automobile floor plan financing, industrial revenue bond financing and trust services. Therefore, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application, and in the board's view, are sufficient to outweigh any anticompetitive effects that would result from consummation of the proposal. Based on the foregoing and other considerations reflected in the record, it is the board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective March 23, 1979.

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

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

SafraCorp,
Miami, Florida

Order Approving Formation of Bank Holding Company

SafraCorp, Miami, Florida ("Applicant"), has applied for the board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) to become a bank holding company through the acquisition of 100 percent of the voting shares of SafraBank, Dade County, Florida ("Bank"). Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act. The time for filing comments and views has expired and the application and all comments received have been considered in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).[1]

Applicant, a nonoperating corporation with no subsidiaries, was recently organized for the purpose of becoming a bank holding company through acquisition of Bank. Bank ($12.1 million in deposits) is the 509th largest banking organization in Florida controlling 0.04 percent of the total deposits held by commercial banks in the state.[2] In the Miami banking market (the relevant market), Bank is the 42nd largest banking organization with approximately 0.2 percent of market deposits.[3]

Principals of Applicant are also associated with Republic National Bank of New York, a subsidiary of Republic New York Corporation, a registered bank holding company. Inasmuch as Republic National Bank of New York is not located in the same market as Bank, and since this proposal essentially represents a restructuring of the existing ownership of Bank, consummation of the proposal would not have an adverse effect on existing or potential competition. Accordingly, it is concluded that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant are satisfactory. The sole shareholder of Bank proposes to exchange all of the outstanding shares of Bank for shares of Applicant, effecting a reorganization with no change in control and no associated debt. The managerial resources of Applicant and Bank are considered satisfactory and the future prospects of each appear favorable. Accordingly, considerations related to banking factors are consistent with approval of the application. Although consummation of the proposal would effect no immediate changes in the banking services offered by Bank, considerations relating to the convenience and needs of the community to be served also are consistent with approval.

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

1. Safra International Trading, Inc., Dade County, Florida ("Protestant"), has objected to this application alleging that unfair competition would result from the infringement of the name "Safra" and the goodwill entailed therein. The board has determined that resolution of such allegation rests with the courts and is not properly within the jurisdiction of the board under §3(c) of the Act.

2. Banking data are as of December 31, 1977.

3. The Miami banking market is approximated by Dade County and that portion of Broward County lying south of the Dania Canal.

transaction shall not be consummated (a) before the thirtieth 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 of Governors or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective March 9, 1979.

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

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

Standard Chartered Bank Limited,
London, England
Standard Chartered Overseas Holdings Limited,
London, England
Standard Chartered Bancorp,
San Francisco, California
Chartered Bank of London,
San Francisco, California

Order Approving Acquisition of Bank, Formation of Bank Holding Companies, Merger of Banks, and Acquisition of Edge Act Subsidiary

Standard Chartered Bank Limited ("SCB"), London, England, a bank holding company within the meaning of the Bank Holding Company Act by virtue of its control of The Chartered Bank of London ("CBOL"), San Francisco, California, has applied under section 3(a)(3) of the Bank Holding Company Act (the "Act") (12 U.S.C. § 1842(a)(3)) to acquire indirectly all the voting shares (less directors' qualifying shares) of Union Bank ("Bank"), Los Angeles, California. In addition, SCB's subsidiaries, Standard Chartered Overseas Holdings Limited ("Holdings"), London, England, and Standard Chartered Bancorp ("Bancorp"), San Francisco, California, have applied under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) to become bank holding companies by acquiring directly and indirectly, as part of the same transaction, all the voting shares (less directors' qualifying shares) of Bank and CBOL.

Applicants have also requested that the board approve, under section 25(a) of the Federal Reserve Act (the "Edge Act") (12 U.S.C. § 619), retention by Bank of voting shares of Union International Bank ("Edge"), Los Angeles, California, a subsidiary organized under that section, after Applicants acquire Bank. Finally, application has been made by CBOL for the board's approval, pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)), to consolidate with Bank, a state member bank of the Federal Reserve System, under the charter of Bank. Incident to the proposed merger the existing offices of CBOL would become branch offices of the resulting bank.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with section 3(b) of the Act, and the time for filing comments and views has expired. The board has considered the applications and all comments received, including those submitted after the close of the comment period by the U.S. Labor Party, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)) and the purposes of the Edge Act. Notice of the proposed merger was duly published, and reports on the competitive factors were requested and received from the United States Attorney General, the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The board has considered the merger application and all comments received in light of the factors set forth in the Bank Merger Act.

SCB is the fifth largest British banking organization and the 70th largest in the world, with total assets equivalent to approximately $18 billion as of September 30, 1978. Approximately 71 percent of its assets are held outside of the United Kingdom, and it conducts operations in 52 countries. SCB and its subsidiaries are active in all aspects of international banking including the financing of trade and foreign exchange dealing worldwide. SBC also engages in consumer finance, merchant banking, equipment leasing, bullion and security dealing, trust, and insurance activities through subsidiaries and branches in the United Kingdom, Africa, South East Asia and Australia. Holdings and Bancorp are nonoperating corporations organized solely to facilitate the proposed transaction, and their acquisition of CBOL represents a restructuring of the existing ownership of CBOL within the SCB organization.

CBOL holds total domestic deposits of $399 million, representing 0.38 percent of commercial bank deposits in California, and is the 21st largest banking organization in the state.[1] Bank is a subsidiary of Union Bancorp, Los Angeles, California, which would be merged with Bancorp and dissolved prior to Bancorp's acquisition of CBOL. Bank holds deposits of approximately $4 billion, representing 3.8 percent of the total deposits in commercial banks in the state, and is the sixth largest banking organization in California. Upon consummation of these transactions, Applicants would become the sixth largest banking organization in the state with total deposits of $4.3 billion.

The financial and managerial resources of Applicants, Bank, and CBOL are regarded as generally satisfactory and the future prospects of each appear favorable. The proposed transaction would provide Bank strong financial support, including $25 million in new capital. Moreover, the board expects Applicants will serve as a continuing source of strength to Bank and Applicants recognize their responsibility to do so. Although Applicants will incur some debt in connection with this proposal, it appears that Applicants will be able to service the debt without adversely affecting the financial position of the resulting bank. In the board's judgment, Applicants will serve as a source of strength to Bank and CBOL and banking factors are consistent with approval.

While the acquisition of CBOL by Holdings and Bancorp would have no effect on competition in any relevant market, the proposed acquisition of Bank would eliminate some existing competition in the Los Angeles, San Diego and San Francisco banking markets.[2] In the Los Angeles metropolitan area, Bank controls approximately 7.7 percent of the market and is the fourth largest banking organization.[3] CBOL controls approximately 0.05 percent of the market and is the 69th largest institution. There are 105 competitors in the Los Angeles market and the four largest competitors control approximately 71 percent of market deposits. The combined institution would control approximately 7.7 percent of market deposits and would remain the fourth largest organization. In the San Francisco market, Bank ranks as the sixth largest banking organization with control of approximately 1.4 percent of market deposits. CBOL is the seventeenth largest banking organization in that market with approximately 0.6 percent of market deposits. There are 58 competitors in the San Francisco banking market and the top four control approximately 79 percent of market deposits. The combined institution would control approximately 2 percent of market deposits and would remain the sixth largest banking organization. In the San Diego metropolitan banking market, Bank is the seventh largest banking organization with approximately 4.1 percent of market deposits. CBOL is the eighteenth largest organization with approximately 0.5 percent of market deposits. There are 29 competitors in the San Diego market and the four largest competitors control approximately 73 percent of market deposits. The combined organization would control approximately 4.6 percent of market deposits and would be the sixth largest banking organization in the market. In view of the fact that Bank is a relatively small competitor compared to the top firms in these markets, and considering the large number of competing instutitions in these markets, the increased market shares of the proposed combined institution are not viewed as significant and the effect of the proposed transaction on existing competition is viewed as only slightly adverse.[4]

With regard to probable future competition, CBOL is represented in three markets, Santa Barbara, Ventura-Oxnard, and Oceanside-Vista, where Bank could establish branches. However, Bank is not viewed as a likely entrant in these three markets. Bank is represented in an additional market, Sacramento, where CBOL could establish branches. However, the effect of the proposed transaction on potential competition in these four markets is not viewed as significant because of the existence of a large number of potential entrants in each of the markets and the high level of existing competition in these markets. Accordingly, based on the facts of record, the board finds

1. Unless otherwise noted all banking data are as of June 30, 1978.

2. The seven markets affected by this proposal are the metropolitan areas, as defined by Rand McNally & Company, in the *1978 Commercial Atlas & Marketing Guide*, of Los Angeles, San Francisco, San Diego, Santa Barbara, Ventura-Oxnard, Oceanside-Vista and Sacramento.

3. Market data are as of June 30, 1977.

4. The United States Attorney General expressed the view that consummation of the proposed transaction would not have a substantial competitive impact. The Comptroller of the Currency expressed the view that although the merger would eliminate some existing competition the effect on competition would not be substantially adverse. The Federal Deposit Insurance Corporation expressed the view that consummation of the proposed transaction would not have a significant effect on competition. In arriving at this conclusion, the board also considered the proportion of banking resources controlled by foreign-owned institutions in the market relevant to this proposal.

that the effect of the proposed transactions on competition would be slightly adverse.

Convenience and needs considerations relating to this proposal are favorable. The additional capital to be injected into Bank is expected to strengthen the organization and allow it to provide new services to the public. As a subsidiary of SCB, CBOL has demonstrated both its ability and inclination to compete effectively in the provision of retail banking services, and the affiliation of Bank with SCB is expected to result in an important broadening of Bank's retail base, including major expansion of its consumer mortgage lending and adoption of an active branching policy, which will benefit the communities Bank serves. Consummation of the proposal can also be expected to produce managerial and operational efficiencies in both the domestic and international area that will contribute to producing a more aggressive firm in retail and wholesale banking in the future. Further, affiliation with a banking organization widely represented overseas will allow Bank to provide better service to customers with international banking needs. The board finds that the considerations relating to the convenience and needs of the communities to be served lend weight toward approval and outweigh the slightly adverse competitive effects of this proposal. It is the board's judgment that, with respect to the applications filed under section 3 of the Bank Holding Company Act and under the Bank Merger Act, that consummation of the proposal would be in the public interest and those applications should be approved.

In reaching this decision, the board has given due consideration to the comments received after the close of the comment period from the U.S. Labor Party, New York, New York. It is the Party's position, elaborated in a 30-page memorandum, a 400-page book, and various other documents filed with the Federal Reserve System, that SCB is among various companies that have been designated as part of an agreement between Mao Tse-Tung and the Royal Institute of International Affairs to act as agent for the British monarchy in the management and financing of the world opium trade. According to the Party, Britain's leading commercial and merchant banks and many of the world's important commercial firms are associated in a world drug cartel, under the direction of the British monarchy, that touches or comprehends, among other things, the American crime syndicate, Zionist financing of international terrorism, and the covert foreign intelligence operations of the People's Republic of China. The Party has asked the board to conduct hearings on these charges.

Substantially the same allegations and arguments were made by the Party in its protest of the applications by The Hong Kong and Shanghai Banking Corporation, Hong Kong, and affiliated companies to acquire Marine Midland Banks, Inc., Buffalo, New York. For the reasons stated in the board's Order on those case, the board has denied the U.S. Labor Party's request for a hearing and is unable to accord the charges made by the U.S. Labor Party sufficient weight or dignity to constitute a determinative adverse consideration relative to these applications.

With respect to Bank's Edge Act Corporation, the public interest in the uninterrupted continuation of its service to customers favors approval of its retention by Bank after Bank's affiliation with Applicants. The financial and managerial resources of SCB are consistent with approval of the affiliation between Edge and SCB, an organization represented broadly in foreign markets, and a strengthening of Bank resulting from this proposal is expected to improve the international services Edge would be able to provide to its customers, consistent with the purposes of the Edge Act to afford to all times a means of financing international trade, to stimulate competititon for international banking and financing services, and to facilitate and stimulate United States exports. Accordingly, the board has approved the application filed under the Edge Act for the retention of Edge.[5]

On the basis of the record, the applications under the Bank Holding Company and Edge Act are approved for the reasons summarized above, and the application to merge and, incident to that merger, to establish branches is also approved.[6] The transactions shall not be made before the thirtieth calendar day following the effective date of this Order or later than three months after the effective date of this Order unless such period is extended for good cause by the board or by the

5. In a related action, the Director of the board's Division of Banking Supervision and Regulation, pursuant to delegated authority, has approved amendments to the articles of incorporation of Edge to permit foreign persons approved by the board to acquire direct or indirect controlling interests in it.

6. As a part of these applications, SCB has agreed to provide on a continuing basis certain financial information and to provide such other information as the board from time to time deems necessary for the proper discharge of its supervisory duties.

Federal Reserve Bank of San Francisco pursuant to delegated authority.

By order of the Board of Governors, effective March 16, 1979.

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

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

Trust Company of Georgia,
Atlanta, Georgia,

Order Approving Acquisition of Bank

Trust Company of Georgia, Atlanta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the voting shares (less directors' qualifying shares) of the successor by merger to Gwinnett Commercial Bank, Lawrenceville, Georgia ("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 is treated in this Order as a proposed acquisition of the shares of Bank.

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

Applicant, the second largest banking organization in Georgia, controls eleven banks with aggregate deposits of approximately $1.6 billion, representing 11.3 percent of the total deposits in commercial banks in Georgia.[1] Acquisition of Bank, with deposits of $17.8 million, would increase Applicant's share of commercial bank deposits by less than 0.1 percent, and would not alter Applicant's ranking in the state.

Bank is the twenty-second largest banking organization in the Atlanta banking market,[2] holding 0.3 percent of the total commercial bank deposits in that market. Applicant is the third largest banking organization in the Atlanta market, with 16 percent of market deposits. While three of Applicant's subsidiary banks operate 46 branches in the market, none of these branches is located in the county of Bank, and state law precludes intercounty branching and *de novo* entry by bank holding companies. While consummation of this proposal would eliminate some existing competition between Bank and Applicant, in view of the nature of the market and Bank's small size, the board does not regard the effects of the proposal on competition as being significant. Although Applicant's mortgage subsidiary originates mortgage loans in the Atlanta market, Bank's operations in that activity are very small and the amount of nonbank competition that would be eliminated by consummation of this proposal is minimal.

The financial and managerial resources of Applicant and its subsidiary banks are regarded as generally satisfactory and the future prospects of each appear favorable. Applicant has committed to provide needed support to Bank, including capital, which will ensure a strengthening of Bank's financial resources. The managerial resources and future prospects of Bank will similarly be strengthened to an important degree as a result of the transaction. Banking factors, therefore, lend weight toward approval.

Applicant plans to introduce a number of new services to customers of Bank, including trust, international banking, factoring, leasing, investment advisory and data processing. A plan for preauthorized transfer from savings to checking accounts will be initiated. Applicant also proposes to open additional branches of Bank in Gwinnett County and would make any necessary capital injections to support the proposed branches. In addition, affiliation with Applicant will give Bank access to management expertise and experienced lending officers who will assist bank in investment portfolio management, legal matters, loan review, control and planning. Considerations relating to the convenience and needs of the community to be served lend weight toward approval, sufficient to outweigh any adverse competitive effects that might be associated with the proposal. Accordingly, it is the board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

2. The Atlanta banking market includes the two central counties of the Atlanta SMSA, Fulton and DeKalb, and six other countries surrounding these: Cobb, Douglas, Gwinnett, Henry, Clayton, and Rockdale.

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

By order of the Board of Governors, effective March 12, 1979.

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

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

ORDERS UNDER SECTIONS 3 AND 4 OF BANK HOLDING COMPANY ACT

The Hongkong and Shanghai
Banking Corporation, Hong Kong
Kellett, N.V.,
Curacao, Netherlands Antilles
HSBC Holdings B.V.,
Amsterdam, The Netherlands

Order Approving Formation of Bank Holding Companies and Acquisition of Nonbank and Edge Act Subsidiaries

The Hongkong and Shanghai Banking Corporation ("HSBC"), Hong Kong, and its subsidiaries, Kellett N.V., Curaco, Netherlands Antilles, and HSBC Holdings B.V., Amsterdam, The Netherlands, have applied under section 3(a)(1) of the Bank Holding Company Act ("the Act") (12 U.S.C. § 1842(a)(1)) for approval of the formation of bank holding companies by acquiring, directly and indirectly, 51 percent of the voting shares of Marine Midland Banks, Inc. ("Marine"), Buffalo, New York. HSBC has been a bank holding company by virtue of its control of The Hongkong Bank of California, San Francisco, California, but HSBC recently sold that bank.

Applicants have also applied under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the board's Regulation Y (12 CFR § 225.4(b)(2)) for permission to acquire indirectly, as an incident to their acquisition of Marine, shares of Marine Midland Realty Credit Corporation, Marine Midland Leasing Corporation, and M.M. Leasing Services, Inc., Buffalo, New York, and American Dimensions, Inc., and The Meairs Company, Irvine, California. These companies are existing nonbank subsidiaries of Marine engaged in mortgage banking, real estate lending, and leasing activities that have been determined by the board to be closely related to banking (12 CFR § 225.4(a)(1), (3), and (5)). Finally, Applicants have requested that the board approve, under section 25(a) of the Federal Reserve Act ("the Edge Act") (12 U.S.C. § 619), the retention by Marine of voting shares of Marine Midland International Corporation, New York, New York, and Marine Midland Interamerican Bank, Miami, Florida, Marine's two indirect subsidiaries organized under that section, after Applicants acquire a controlling interest in Marine.

Notice of receipt of the applications filed under the Act has been given in accordance with sections 3 and 4 of the Act (43 *Federal Register* 44,566 (1978) and the time for filing views and comments has expired. The board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)), the considerations specified in section 4(c) (8) of the Act, and the purposes of the Edge Act.

HSBC is the largest bank incorporated in the British Crown Colony of Hong Kong and the 67th largest banking organization in the Free World, with consolidated deposits equivalent to approximately $13 billion.[1] It operates a retail and wholesale commercial, trust, and merchant banking business through branches, representative offices, subsidiaries, and affiliates in 40 countries in Europe, the Far East, the Middle East, Australia, and the Americas. In addition to these activities, HSBC also performs a number of central banking functions for the British Crown Colony of Hong Kong, either *de facto* or as a matter of law. In the United States, HSBC operates branches in New York, Chicago, and Seattle, two agencies in California, and a representative office in Houston, and it has noncontrolling interests, permissible under section 4(c)(9) of the Act and section 225.4(g) of Regulation Y, in three foreign companies that engage indirectly in nonbanking business in the United States. As stated, HSBC has disposed of its interest in The Hongkong Bank of California. The remaining Applicants are nonoperating cor-

1. Banking data for Applicants are as of December 31, 1977.

porations organized solely to facilitate the proposed transaction.

Marine does not engage directly in any activity except holding shares of its subsidiaries. Its banking subsidiary, Marine Midland Bank ("Bank"), Buffalo, New York, holds domestic deposits of approximately $7 billion, or 4.5 percent of commercial bank deposits in New York, and is the seventh largest banking organization in that state and the twelfth largest in the United States.[2] Bank serves 203 communities in New York through approximately 300 banking offices.

Both HSBC and Bank compete in the metropolitan New York banking market.[3] HSBC operates two branches in Manhattan, holding deposits of $204 million, a total equivalent of less than 0.2 percent of the deposits held by domestic commercial banks in the New York market. Bank operates 64 offices in the market, and it ranks as the ninth largest banking organization there, with 2.5 percent of the market's commercial bank deposits. The board concludes that the impact of the proposed transaction on market concentration would not be significant. Consummation of the proposal would eliminate some direct competition, but there are numerous other competitors in the market and, particularly with respect to HSBC's Chinatown branch, existing competition between the institutions is limited, and the board concludes that the effect of the transaction on competition would be at most slightly adverse.[4] The board does not regard HSBC as a potential entrant in other markets served by Bank, and HSBC does not compete, through any continuing part of its organization, with Marine's nonbank subsidiaries.

The financial and managerial resources and future prospects of Applicants appear satisfactory. The proposed transaction would provide Marine $200 million in new capital and would markedly strengthen the financial resources and future prospects of the institution. Furthermore, the board expects Applicants to continue to serve as a source of strength to Marine in the future, and Applicants recognize their responsibility to do so. It is recognized that Marine needs financial support, including capital, and the added support that would be provided under this proposal would permit Bank to grow in a more orderly way and to become a more aggressive competitor, thereby benefiting the communities it serves. Because of the nature and extent of Bank's operations in New York, the effect of this increased financial and competitive strength would be felt state-wide, but it would also have a significant effect in national and international markets. Access to HSBC's branches in those parts of the world where Bank is not represented would allow Bank to provide better service to its customers with international banking needs. Finally, HSBC's record of meeting the convenience and needs of the communities it serves is consistent with approval of its application to acquire Marine. The board concludes that banking factors and considerations relating to the convenience and needs of the communities to be served favor approval of the applications to become bank holding companies, and the latter considerations are sufficient to outweigh any slightly adverse competitive effects associated with the proposal. It is the board's judgment that, with respect to the applications filed under section 3 of the Act, consummation of the proposal would be in the public interest and those applications should be approved.

In reaching these conclusions, the board has given due consideration to the public comments received on these applications, and has given particular attention to the submission made by the U.S. Labor Party, New York, New York. It is the Party's position, elaborated in a 118-page report and other documents filed with the Federal Reserve System, that HSBC is among various companies that have been designated, as part of an agreement between Mao Tse-tung and the Royal Institute of International Affairs, to act as agent for the British monarchy in the management and financing of the worldwide opium trade. According to the Party, Britain's leading commercial and merchant banks and many important commercial firms are associated in a world drug cartel, under the direction of the British monarchy, that touches or comprehends, among other things, the American crime syndicate, Zionist financing of international terrorism, and covert foreign intelligence operations of the People's Republic of China. The U.S. Labor Party has asked the board to conduct hearings on these charges.

2. Banking data for Marine and market data are as of June 30, 1978.

3. The metropolitan New York market consists of New York City, Nassau, Westchester, Putnam, and Rockland Counties and western Suffolk County, New York, the northern two-thirds of Bergen County and eastern Hudson County, New Jersey, and southwestern Fairfield County, Connecticut.

4. In arriving at this conclusion the board also considered the proportion of banking resources controlled by foreign-owned institutions in the markets relevant to this proposal.

The Labor Party has not alleged that these charges are relevant to the operation of Marine's domestic mortgage banking, real estate lending, and leasing subsidiaries, and the board is not required to hold hearings on applications under section 3 of the Act unless the appropriate bank supervisory authority, in this case the New York Superintendent of Banks, recommends denial, which she has not done. Moreover, the Labor Party has not demonstrated that it would suffer any injury in fact, economic or otherwise, that is arguably within the zone of interest protected or regulated by the Act, as would be necessary for it to establish standing in this matter. The Labor Party's primary and its only definite intention at any hearing is to "present" materials that it has already submitted in writing, and it has failed to show that a hearing is necessary or would usefully add to those written materials. Upon consideration of this matter, the board has denied the hearing request.

With respect to the charges made by the U.S. Labor Party, the board is unable to accord them sufficient weight or dignity to constitute a determinative adverse consideration relative to these applications. The Party's report mixes historical facts and unverifiable allegations, and its contention that HSBC is a current, witting participant in illegal activities is premised wholly on doubtful deductions drawn from ambiguous facts or claims without the support of any allegation of specific, examinable criminal acts by HSBC. The charges have been denied by HSBC, the record contains no independent corroboration of them, and the board does not believe the record raises credible factual issues regarding the integrity of Applicants' management.

With respect to the applications to acquire Marine's nonbank subsidiaries, the board determined that the balance of public interest factors prescribed by section 4(c)(8) of the Act favored approval of Marine's acquisition of American Dimensions, Inc., and The Meairs Company (38 *Federal Register* 33,537 (1973)), and in 1971 and 1972 the Federal Reserve Bank of New York made the same determination under delegated authority with respect to Marine's remaining three nonbank subsidiaries that are the subject of these applications. Nothing in the record suggests that Applicants' acquisition of Marine would alter that balance.[5] In addition, the board views the continued presence of Marine's nonbank subsidiaries as competitors in the markets they serve as a public benefit, and the strengthening of Marine that would result from consummation of this proposal may enable these subsidiaries to assume a more effective competitive role. There is no evidence in the record that consummation of the proposal would, with respect to these applications, result in undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. Accordingly, the board has determined that the balance of public interest factors it must consider under section 4(c)(8) of the Act favors approval of the applications filed under that section, and that those applications should be approved.

Similarly, with respect to Marine's two Edge Act corporations, the public interest in the uninterrupted continuation of their service to customers favors approval of their retention by Bank after Marine is acquired by Applicants. The financial and managerial resources of Applicants are consistent with approval of the affiliation of these two corporations with HSBC, an organization broadly represented in foreign markets, and a strengthening of Marine resulting from this proposal is expected to improve the international services Marine's Edge Act corporations would be able to provide to their customers, consistent with the purposes of the Edge Act to afford at all times a means of financing international trade, to stimulate competition for international banking and financing services, and to facilitate and stimulate United States exports. Accordingly, the board has approved the application filed under the Edge Act for the retention of Marine Midland International Corporation and Marine Midland Interamerican Bank.[6]

As noted, HSBC has sold its interest in The Hongkong Bank of California.[7] Under section 3(d) of the Act, the board could not approve an appli-

5. Applicants' proposal is conditioned upon HSBC's divestiture of its California bank subsidiary, the only component of Applicants' organization that competes with Marine's California nonbank subsidiaries.

6. In a related action the Director of the board's Division of Banking Supervision and Regulation, pursuant to delegated authority, has approved amendments to the articles of incorporation of these corporations to permit foreign persons approved by the board to acquire direct or indirect controlling interests in them.

7. The Hongkong Bank of California was sold in February 1979, and HSBC is in the process of submitting details of that transaction to the board's General Counsel.

cation that would permit any of the Applicants, while HSBC remained a bank holding company, to acquire directly or indirectly any voting shares of an additional bank located outside California, so that without a divestiture of HSBC's California subsidiary these applications could not be approved. Termination of a company's status as a bank holding company is not always automatic upon sale of its bank subsidiaries,[8] and any doubt about whether HSBC terminated its status as a bank holding company before acquiring Marine would raise a doubt of equal strength regarding the validity of the board's approval of these applications. For that reason, it is a condition of this Order that HSBC's proposed acquisition of Marine shall not be consummated before the board or its General Counsel has determined that the divestiture of The Hongkong Bank of California is complete and effective and that HSBC has ceased to be a bank holding company.

Subject to the foregoing condition, the applications are approved based on the record and for the reasons summarized above. The proposed transactions shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order unless such period is extended for good cause by the board or by the Federal Reserve Bank of New York pursuant to authority hereby delegated.[9] The determination as to Applicant's acquisition of Marine's nonbank subsidiaries under section 4(c)(8) of the Act is subject to the conditions set forth in section 225.4(c) of Regulation Y, and to the board's authority to require reports by and make examinations of bank holding companies and their subsidiaries,[10] 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 Orders and regulations issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective March 16, 1979.

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

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

8. See, 12 C.F.R. §§ 225.138(b)(6) and 225.139.

9. The board recognizes that a part of the proposed transactions is not expected to be consummated before December 31, 1980, and the board anticipates that the Reserve Bank may grant successive extensions of this period as necessary, each not exceeding six months.

10. As a part of its applications, both under sections 3 and 4 of the Act, HSBC has specifically agreed to provide on a continuing basis certain financial information and to provide such other information as the board form time to time deems necessary for the proper discharge of its supervisory responsibilities.

National Westminster Bank Limited,
London, England
NatWest Holdings, Inc.,
Wilmington, Delaware

Order Approving Formation of Bank Holding Companies and Retention of Nonbanking Shares

National Westminster Bank Limited, London, England ("NatWest"), and its subsidiary, NatWest Holdings, Inc., Wilmington, Delaware ("Holdings"), have applied for the board's approval under section 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. § 1842 (a)(1)) of formation of bank holding companies through acquisition of 75.1 percent of the voting shares of National Bank of North America, Jamaica, New York ("NBNA"), from C.I.T. Financial Corporation, New York, New York.[1] In this connection, NatWest and Holdings have applied pursuant to section 25(a) of the Federal Reserve Act to acquire all of the shares of North America International Corporation, New York, New York, the Edge Act subsidiary of NBNA. NatWest has also applied, pursuant to section 4(c)(8) of the Act, to retain shares of its indirect subsidiary, C. F. International Inc., New York, New York ("CFI"), a company that is engaged in factoring of accounts receivable in international trade. The board has determined this activity to be permissible for bank holding companies at section 225.4(a)(1) and (3) of Regulation Y (12 C.F.R. § 225.4 (a)(1) and (3)).

Notice of the applications, affording opportunity for interested persons to submit views and recommendations, has been given in accordance with section 3(b) and section 4(c)(8) of the Act. The

1. The board's action with respect to these applications does not address the issue of whether C.I.T. Financial Corporation, a registered bank holding company with respect to NBNA, will cease to be a bank holding company upon its sale of 75.1 percent of the voting shares of NBNA.

time for filing views and recommendations has expired, and the board has considered the applications and all comments received in light of the factors set forth in section 3(c) and section 4(c)(8) of the Act (12 U.S.C. § 1842(c) and 1843(c)(8)).[2]

NatWest, with total assets in United States dollars of approximately $38.5 billion, is the second largest bank in the United Kingdom and the thirteenth largest bank in the Free World.[3] Holdings, a wholly-owned subsidiary of NatWest, is a nonoperating corporation with no activities or subsidiaries that was formed solely for the purpose of acquiring shares of NBNA. NatWest conducts its banking operations in the United Kingdom directly through more than 3,200 branches, as well as through four subsidiary banks, three of which are wholly-owned. In addition, NatWest conducts banking operations outside the United Kingdom through its wholly-owned subsidiary International Westminster Bank Ltd., and its wholly-owned commercial banking subsidiaries located in Hong Kong and Canada, as well as through its holding of direct and indirect interests in banking organizations located in Switzerland, the Netherlands, and the Bahamas. In the United States, NatWest operates a branch office in New York, New York, and Chicago, Illinois, and has an agency office in San Francisco, California; NatWest also has a representative office in Los Angeles, California, and Houston, Texas. NatWest's two principal nonbanking subsidiaries provide installment and lease financing and conduct a merchant banking business outside the United States. With respect to any direct or indirect ownership or control by NatWest of various companies doing business in the United States, including Tower Isles, Inc., RoyWest Holdings Limited, and UK-American Properties Inc., the board notes that, pursuant to section 4(a)(2) of the Act, such ownership or control cannot be retained beyond two years from the date on which NatWest becomes a bank holding company unless an exemption under the Act is applicable to such ownership or control or the board grants an extension for such interests.

NBNA, with total deposits of approximately $2.3 billion, is the thirteenth largest commercial bank in the state of New York. Within the metropolitan New York market, NBNA is the eleventh largest of 108 banking organizations and controls approximately 1.9 percent of the deposits in commercial banks in the market.[4] All but three of NBNA's 142 branches are located within the metropolitan New York market. NatWest also operates one branch office in the market, which does not provide a range of banking services to individuals, but rather offers commercial banking services to large national and international organizations. While NBNA also competes for commercial banking business on a national basis, the aggregate amount of NBNA and the NatWest branch of such commercial banking business in the country or in any other relevant area is not significant. It is the board's view that the proposal of NatWest and Holdings to become bank holding companies would not have any adverse effects on existing competition, nor does it appear from the record that the proposal would have any other adverse affects on competition in any relevant area in the United States.[5] Accordingly, the board regards competitive considerations as consistent with approval of the applications to become bank holding companies.

The board expects that a bank holding company will have the resources to serve as a source of financial strength for its subsidiary banks. On the basis of the record, the board has concluded that the financial and managerial resources of NatWest and its subsidiaries are regarded as satisfactory, and their future prospects appear favorable. As a result of consummation of the proposed acquisition, NBNA's financial and managerial resources and future prospects will be strengthened, particularly in light of NatWest's commitment to inject at least $25 million of capital into NBNA within six months after acquiring NBNA. Furthermore, NatWest has stated its intention to ensure that

2. The board received comments on this application from Mr. Jose Ametller and Mr. L. G. Norman objecting to foreign ownership of NBNA and certain practices of NatWest that are subject to regulation under British law, respectively. Inasmuch as these matters do not appear to relate to the factors the board is required to consider under the Act, and since no hearing has been requested with respect to the comments, the board does not believe that the comments warrant further consideration.

3. All banking data are as of June 30, 1978. As of that date, pound sterling was converted at the rate of $1.86 per pound.

4. The metropolitan New York market, the relevant banking market for the purposes of this application, consists of: New York City, western Suffolk County, and Nassau, Putnam, Rockland, and Westchester Counties in New York; the northeastern two-thirds of Bergen County and eastern Hudson County in New Jersey; and southwestern Fairfield County in Connecticut.

5. In arriving at this conclusion, the board also considered the proportion of banking resources controlled by foreign-owned institutions in the markets relevant to this proposal.

NBNA remains among the more strongly capitalized of the United States banking institutions which are comparable to NBNA in size and in nature of business. Moreover, affiliation with NatWest will provide NBNA with access to the financial and managerial resources of NatWest, and in the board's view, NatWest will serve as a continuing source of financial strength for NBNA. Accordingly, banking factors lend weight toward approval of the applications of NatWest and Holdings to become bank holding companies.

In this connection, in its February 23, 1979, "Statement of Policy on Supervision and Regulation of Foreign Bank Holding Companies", the board stated:

> [T]he Board believes that in general foreign banks seeking to establish banks or other banking operations in the United States should meet the same general standards of strength, experience and reputation as required for domestic organizers of banks and bank holding companies. The Board also believes that foreign banks should meet on a continuing basis these standards of safety and soundness if they are to be a source of strength to their U.S. banking operations.

In applying this principle to NatWest's application to become a bank holding company, the board sought to assure itself of NatWest's ability to be a source of financial and managerial strength and support to NBNA. The board has analyzed the financial condition of NatWest and its subsidiaries, evaluated the record and integrity of management, assessed the role and standing of NatWest in the United Kingdom, and requested the views of the bank regulatory authorities in the United Kingdom. In connection with its financial analysis, the board has required that NatWest provide sufficient information to permit its assessment of the financial strength and operating performance of NatWest. Furthermore, NatWest has committed that it will provide sufficient information to enable the board to monitor and assess its operations on a continuing basis.

Upon consummation of the proposed acquisition, NatWest intends to assist NBNA in providing new and improved banking services to its customers and particularly to NBNA's consumer banking customers. In this regard the board notes that NatWest has particular expertise in the area of retail banking, which will enable it to lend support to NBNA's operations. In particular, NatWest proposes to increase NBNA's branches in its existing markets, as well as to expand its branches to new markets. NatWest will also introduce automated teller machines for use by NBNA's retail customers throughout its branching system. Furthermore, upon affiliation NatWest will cause NBNA to aggressively promote consumer lending, and will cause NBNA to offer extended maturities on automobile loans. In addition, NatWest has indicated that it will provide \$5 million to NBNA for the expansion of its business opportunity loan program, which makes loans guaranteed by the Small Business Administration. Finally, affiliation with NatWest will enable NBNA to provide its customers with improved service in the areas of foreign exchange transactions, overseas credit analysis, and local currency financing for customers with overseas operations. Based on the foregoing, it appears that considerations relating to the convenience and needs of the community to be served lend weight toward approval of the applications to acquire NBNA. Accordingly, the board concludes that the acquisition of 75.1 percent or more of the voting shares of NBNA by NatWest indirectly and Holdings directly would be in the public interest and that the applications should be approved.

With respect to NatWest's application under section 4(c)(8) of the Act to retain shares of CFI, the board notes that CFI is the United States subsidiary of Credit Factoring International Limited ("CFIL"), a direct wholly-owned subsidiary of NatWest. CFIL has eight subsidiaries, which were established *de novo* by NatWest in Great Britain, Western Europe, and the United States, and which engage in the purchase of accounts receivable from exporters. CFI has one office located in New York City and derives a substantial portion of its business from the states of New York, New Hampshire, and North Carolina. On June 30, 1978, CFI had factored accounts receivable of \$5.1 million, 70 percent of which were derived from clients located outside New York state. Inasmuch as CFI's factoring business consists of export-import financing referred from other CFIL affiliates, it does not appear that retention of shares of CFI by NatWest would result in the elimination of any existing or potential competition between CFI and NBNA. On the other hand, NatWest's retention of shares of CFI will ensure the customers of CFI as well as its other CFIL affiliates of a continued source of export-import accounts receivable factoring. Furthermore, there is no evidence in the record indicating that the proposed retention would result in any conflicts of interest, undue concentration of resources, unsound banking practices or other effects adverse to the public interest. Based on the foregoing and other facts and considerations reflected in the record, the board has determined in accordance with the provisions of section 4(c)(8) of the Act that the retention by NatWest of shares of CFI can reasonably be expected to produce benefits to the public that outweigh any possible adverse effects, and that NatWest's application to continue to engage through CFI in export-import factoring should be approved.

On the basis of the record, the applications are approved for the reasons summarized above.[6] The acquisition of NBNA shall not be made before the thirtieth calendar day following the effective date of this Order, or later than three months after the effective date of this Order unless such period is extended for good cause by the board, or by the Federal Reserve Bank of New York pursuant to delegated authority. The approval of the application to retain shares of CFI is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the board finds necessary to assure compliance with the provisions and purposes of the Act and the board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective March 16, 1979.

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

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

Orders Under Section 4 of Bank Holding Company Act

Manufacturers Hanover Corporation, New York, New York

Order Approving Acquisition of Manufacturers Hanover Commerical Corporation (Del.)

Manufacturers Hanover Corporation, New York, New York, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the board's Commercial Corporation (Del.), Los Angeles, California ("MHCC-Del"), a *de novo* company that will engage in the activities of making or acquiring, for its own account or the account of others, loans and other extensions of credit such as would be made by a factoring and commercial finance company, and arranging or servicing such loans and extensions of credit for any person. Such activities have been determined by the board to be closely related to banking (12 CFR § 225.4(a)(1) and (3)). Subsequent to the acquisition, Applicant would transfer the California assets of its existing indirect subsidiary, Manufacturers Hanover Commercial Corporation, New York, New York ("MHCC-NY"), to the proposed *de novo* subsidiary.

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 114). The time for filing comments and views has expired, and the board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is the fourth largest banking organization in the United States and the third largest in New York state. Applicant controls four domestic bank subsidiaries with total deposits of $30.5 billion.[1] Applicant also engages, through various subsidiaries, in a variety of nonbanking activities including mortgage banking, consumer finance, insurance and leasing. MHCC-NY, incorporated in the state of New York in December 1971, was formed by Manufacturers Hanover Trust Company ("Bank"), as an operations subsidiary for the purpose of acquiring, in March 1972, substantially all the assets of Iselin-Jefferson Financial Company, Inc. ("IJF"), a factoring company. MHCC-NY thus became an indirect subsidiary of Applicant pursuant to section 4(c)(5) of the Act. Subsequently, in early 1978, MHCC-NY acquired a portion of the factoring business

6. Inasmuch as the articles of association of North American Investment Company ("NAIC") presently prohibit its acquisition by a company organized under the laws of a foreign country, NAIC must seek the board's approval to amend its articles of association before NatWest can acquire the shares of NAIC. Accordingly, this approval with regard to the acquisition by NatWest indirectly and Holdings directly of shares of NBNA and thereby of shares of NAIC is subject to the filing by NAIC of amended articles of association and the board's approval of such amended articles of association.

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

of United California Bank. The proposed transaction would transfer direct ownership of certain of the assets, including the California factoring assets, of MHCC-NY from Bank to Applicant.

The board believes that when a bank holding company indirectly acquires a nonbanking company through a subsidiary bank, pursuant to § 4(c)(5), and subsequently applies to the board to acquire direct ownership of such nonbanking company and operate it pursuant to the broader authority of § 4(c)(8), the board must consider the transaction as if the nonbanking company was being acquired initially from an independent third party. Accordingly, in such circumstances the board must find that neither the original acquisition of the nonbanking company nor the board's approval of the § 4(c)(8) application would result in an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices.

At the time of the purchase of IJF Company by MHCC-NY, IJF ranked as the 13th largest factoring firm nationwide, with a factoring volume of approximately $400 million in 1971.[2] IJF's factoring business was limited in scope, with approximately 43 percent of its factoring volume accounted for by its textile manufacturing parent. At the time of the acquisition, Applicant neither directly nor indirectly engaged in factoring and, accordingly, no existing competition was eliminated by the acquisition. Although Applicant or Bank could have entered the factoring industry *de novo*, the high fixed cost of operations and the highly specialized nature of the industry made such entry unlikely. On the basis of the facts of record, the board finds that the 1972 acquisition of Iselin-Jefferson did not have any significant adverse effects upon either existing or potential competition in the factoring or commercial finance business. Furthermore, the board finds that 1978 acquisition of United California Bank's factoring assets did not have any significant adverse competition effects. The subject proposal is essentially a corporate reorganization and it is unlikely to have any effect on competition in any market. Accordingly, the board finds that the competitive considerations relating to the proposed transaction are consistent with approval.

There is no evidence in the record to indicate that the proposed acquisition of MHCC-Del would lead to an undue concentration of resources, conflict of interest or unsound banking practices. Consummation of the proposal is expected to produce some public benefits such as increased efficiency by eliminating the need for approval of California-originated transactions in New York. The public would also benefit from the proposed expansion of the West Coast factoring operations by the existence of additional source of such services.

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

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

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

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

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

Old Stone Corporation,
Providence, Rhode Island

Order Approving
Acquisition of DAC Corporation

Old Stone Corporation, Providence, Rhode Island, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the board's approval, under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire, through its newly formed subsidiary, Old Stone Financial Corporation, Providence, Rhode Island ("Finan-

2. *Daily News Record*, February 14, 1972.

cial''), all the shares of DAC Corporation, Jacksonville, Florida (''DAC''), and DAC's wholly owned affiliates: DAC Computer Services, Inc., American Standard Insurance Agency, Inc., and The Motor Life Insurance Company, all of Jacksonville, Florida. Upon consummation of this proposal Applicant would engage, through DAC, in mortgage banking activities including the origination for resale of first and second mortgages and the servicing of such loans; providing data processing services for the operation of DAC and its affiliates and financially related data processing for the general public; acting as agent for the sale of credit life insurance including level-term credit life insurance on single payment loans, and credit accident and health insurance;[1] underwriting as a reinsurer of credit life and credit accident and health insurance; and engaging *de novo* through DAC in consumer finance activities. Such activities have been determined by the board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1), (3), (8)(i) and (ii), (9)(ii)(a), and (10)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Federal Register* 60335 (1979)). The time for filing comments and views has expired, and the board has considered the application and all comments received in the light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is the second largest banking organization in Rhode Island and controls Old Stone Bank, Providence, Rhode Island ($988 million in deposits).[2] In addition, Applicant controls two Morris Plan banks in Massachusetts, an industrial loan company, and a 10-year grandfathered real estate subsidiary.

DAC (consolidated assets of $12.9 million as of May 31, 1978) is presently owned by UniCapital Corporation, Atlanta, Georgia, and operates thirteen offices in Florida and one in Atlanta, Georgia. DAC acts primarily as a mortgage banker in the origination for resale of second mortgages on residential property and the servicing of such loans through eleven of its Florida offices. From one office in Jacksonville, Florida, DAC also originates residential first mortgages for resale and services such loans. DAC provides financially related data processing services for itself, its affiliates and the general public through DAC Computer Services, at DAC's headquarters in Jacksonville. The sale of credit life insurance as agent is conducted through American Standard Insurance Agency (''Agency'') at all the Florida offices from which DAC originates second mortgages.[3] DAC engages as reinsurer in the underwriting of credit life and credit accident and health insurance through Motor Life Insurance Company (''Motor Life'') at DAC's Jacksonville headquarters.[4]

From the record it does not appear that any meaningful competition would be eliminated upon consummation of this proposal, nor does it appear likely that any significant competition would develop in the future between DAC and any of Applicant's subsidiaries. DAC operates in Georgia and Florida, and Applicant operates in Rhode Island and Massachusetts. Although Applicant presently holds an insignificant amount of mortgage loans in DAC's Florida service area, there are numerous competing financial institutions in the relevant market and the proposed acquisition would not result in a significant adverse effect on competition with respect to this activity in any relevant area. In addition, it does not appear that Applicant's acquisition of DAC's insurance activities would have any significant effect on competition in view of the limited nature of the insurance activities which Applicant proposes that DAC would engage in following consummation of the proposal. Moreover, Applicant's proposal to enlarge DAC's service areas and resume its former lending and insurance activities in its Georgia office could have procompetitive effects. Thus, the board concludes that consummation of this proposal would not have significant adverse effects on either existing or future competition.

1. DAC presently sells, as agent, credit indemnity insurance. This activity is not permissible for bank holding companies and Applicant has made a commitment that DAC would cease to engage in this activity upon consummation of this proposal.

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

3. The credit accident and health insurance presently on the books of Motor Life Insurance Company (''Motor Life'') was originally sold through American Standard Insurance Agency (''Agency'') which has ceased such activities. Upon consummation of this proposal, Agency would resume the sale of credit accident and health insurance and Motor Life would underwrite the additional credit accident and health insurance risks.

4. Applicant commits that after its acquisition of DAC, Motor Life would not underwrite level-term insurance in connection with installment loans; joint credit insurance unless both insureds are cosigners and comakers; and credit insurance in connection with loans secured by first mortgages.

In light of all the facts of record, it appears that consummation of this proposed transaction would not result in any undue concentration of resources, conflicts of interests, unsound banking practices, or other adverse effects on the public interest. The public can be expected to benefit from the expansion of credit-related insurance activities and the entry in to the finance company business of an additional competitor. In addition, the added managerial strength and improved efficiencies resulting from the affiliation of DAC with Applicant will allow DAC to increase its receivables and expand its influence within its already established markets.

Applicant has stated that following consummation of the acquisition, DAC will offer at reduced premiums the credit insurance policies that it will underwrite.[5] The board is of the view that the expansion of activities and proposed rate reductions are in the public interest. In its consideration of this application, the board has taken into account Applicant's commitment with respect to the discontinuance, following consummation of the proposed acquisition, of certain impermissible nonbank activities in which DAC is presently engaged.

Based upon the foregoing and other considerations reflected in the record, including a commitment by Applicant, with respect to its proposed underwriting activities, to maintain on a continuing basis the public benefits that the board has found to be reasonably expected to result from this proposal and upon which the approval of that aspect of this proposal is based, the board has determined that the balance of the public interest factors the board is required to consider under section 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is subject to the conditions set forth in section 225.4(c) of Regulation Y and to the board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the board finds necessary to assure compliance with the provisions and purposes of the Act and the board's regulations and orders issued thereunder, or to prevent evasion thereof. The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the board or by the Federal Reserve Bank of Boston, pursuant to authority hereby delegated.

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

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

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

5. With respect to underwriting credit life and credit accident and health insurance, which is generally made available by banks and other lenders and is designed to assure repayment of a loan in the event of death or disability of the borrower, the board has stated:

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

United Oklahoma Bankshares, Inc.,
Oklahoma City, Oklahoma

Order Approving
Acquisition of United Securities, Inc.

United Oklahoma Bankshares, Inc., Oklahoma City, Oklahoma, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the board's approval, under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to acquire United Securities, Inc., Oklahoma City, Oklahoma ("United Securities"), a company that will engage *de novo* in the activities of underwriting and dealing in certain government and municipal securities and in providing portfolio investment advice to individuals, associations, corporations, and financial institutions ("nonbank entities") and to commercial banks. In two previous cases the board determined that the activity of underwriting and dealing in certain government and municipal securities is closely related to banking and indicated that proposals to engage in the activity would be considered on a case-by-case basis.[1] The activity of providing portfolio investment advice has been determined by the board to be closely related to banking (sections 225.4(a)(5)(iii), (a)(5)(v), and

1. *United Bancorp*, 64 FEDERAL RESERVE BULLETIN 222 (1978); *Stepp, Inc.*, 64 FEDERAL RESERVE BULLETIN 223 (1978). See also the board's Order of January 26, 1978 (43 *Federal Register* 5382 (1978)), discussing this activity.

(a)(12) of Regulation Y; 12 C.F.R. §§ 225.4(a)(5)(iii), (a)(5)(v), and (a)(12)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (44 *Federal Register* 3776 (1979)). The time for filing comments and views has expired, and the board has considered the application and all comments received in the light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is the seventeenth largest banking organization in Oklahoma and controls one subsidiary bank with aggregate deposits of approximately $84.3 million, representing 0.63 percent of total deposits in commercial banks in the state.[2] United Securities would engage in the activity of underwriting and dealing in obligations of the United States, general obligations of various states and of political subdivisions thereof and other obligations that state member banks of the Federal Reserve System may be authorized to deal in under federal law (12 U.S.C. §§ 24(7), 335). In its Order of January 26, 1978 (43 *Federal Register* 5382 (1978)), the board announced its decisions, *inter alia*, not to adopt a proposed amendment adding the activity to the list of activities permissible for bank holding companies in the board's Regulation Y (12 C.F.R. § 225), and to permit the activity, if at all, by order. In its Order of January 26, 1978, the board also affirmed its conclusion, first announced in its Order of October 19, 1976 (41 *Federal Register* 47083 (1976)), that, as a general matter, the activity of underwriting and dealing in certain government and municipal securities was closely related to banking.

Before permitting a bank holding company to engage in a closely related activity, the board must examine any public benefits that may reasonably be expected to derive from performance of the activity and weigh them against possible adverse effects to determine whether the activity is a "proper incident to banking and managing or controlling banks." As it did in two previous cases, the board in this case must determine whether public benefits that may be reasonably expected to derive from Applicant's performance of this activity through United Securities will outweigh any possible adverse effects.

United Securities intends to conduct its activities in the state of Oklahoma. Approval of the proposal would result in the addition of an aggressive and knowledgeable competitor. Also, United Securities' chief executive officer has substantial experience in the area of municipal securities underwriting and dealing, and it appears to the board from the past record of this officer and Applicant's description of United Securities' business that the activity will be conducted conservatively and would be within the scope of underwriting and dealing in securities as contemplated by the board. Further, conduct of the activity of underwriting and dealing in certain securities would not adversely affect the financial soundness of Applicant or its subsidiaries. There is no evidence of record that allowing Applicant to engage in the activity of underwriting and dealing in certain securities would result in any undue concentration of resources, unfair competition, or other adverse effects upon the public interest.

Applicant also proposes through United Securities to engage in the activity of providing portfolio investment advice to nonbank entities, to state and local governments with respect to issuance of their securities, and to unaffiliated commercial banks. The board has previously considered this activity and has added it to the list of permissible bank holding company activities found in section 225.4(a) of the board's Regulation Y (12 C.F.R. § 225.4(a)) with respect to nonbank entities (section 225.4(a)(5)(iii)), state and local governments (section 225.4(a)(5)(v)), and nonaffiliated banks (section 225.4(a)(12)). Applicant indicates that such advice would involve commenting on composition, fund flows, and adequacy of portfolios but would not involve providing trading advice. Applicant states that it is fully aware of the limitations included in the board's regulation regarding tie-ins. Based upon Applicant's description of the services to be provided, it appears that United Securities' performance of this activity will be within the scope of investment advisory activities permissible for bank holding companies.

Inasmuch as United Securities is to be formed *de novo* and would provide the services encompassed by the proposed activities *de novo*, the subject proposal would eliminate neither existing nor future competition within any relevant market. Accordingly, the board finds that Applicant's acquisition of United Securities and its engaging in the proposed activities would not have any adverse effect upon competition. It further appears that consummation of this proposal would not result in any undue concentration of resources, conflicts

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

of interests, unsound banking practices, or other adverse effects on the public interest.

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

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

By order of the Board of Governors, effective March 20, 1979.

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

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

CERTIFICATIONS PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976

Ector Shopping Center,
Odessa, Texas

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1976 [Docket No. TCR 76-146]

Ector Shopping Center, Odessa, Texas ("Ector") has requested a prior certification pursuant to section 1101(b)(1) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all the 9800 shares now held by Ector of the Frist National Bank of Olney, Olney, Texas ("Bank"), through the distribution of such shares to the four shareholders of Ector, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et. seq.*) ("BHC Act").

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

1. Ector is a corporation organized under the laws of the state of Texas on November 12, 1959. On February 11, 1966, Ector acquired ownership and control of 9800 shares, representing 39.2 percent of the outstanding voting shares of Bank. Ector now owns 9800 shares, representing 39.2 percent of the outstanding voting shares of Bank.

2. Ector 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 percent of the outstanding voting shares of Bank, and it registered as such with the board on June 30, 1971.

3. Ector would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date, by virtue of its ownership of more than 25 percent of the outstanding voting shares of Bank.

4. Ector holds property acquired by it on or before July 7, 1970, the disposition of which would, but for the proviso of section 4(a)(2) of the BHC Act, be necessary or appropriate to effectuate section 4 of the BHC Act if Ector were to remain a bank holding company beyond December 31, 1980, and which property would, but for such proviso, be "prohibited property" within the meaning of § 1103(c) of the Code. Section 1103(g) of the Code provides that any bank holding company may elect, for purposes of Part VIII of subchapter O of chapter 1 of the Code, to have the determination of whether property is "prohibited property" or is property eligible to be distributed without recognition of gain under section 1101(b)(1) of the Code, made under the BHC Act as if such Act did not contain the proviso of section 4(a)(2) thereof. Ector has made such an election by resolution of its board of directors, and has filed a written statement with the board to that effect.

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

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

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

(B) the 9800 shares of Bank that Ector proposes to distribute to its shareholders are all or part of the property by reason of which Ector controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) the distribution of the 9800 shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority, (12 C.F.R. § 265.2(b)(3)), effective March 6, 1979.

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

First Missouri Banks, Inc.,
Creve Coeur, Missouri

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1976 [Docket No. TCR 76-106(c)]

First Missouri Banks, Inc., Creve Coeur, Missouri ("First Missouri"), has requested a prior certification pursuant to § 1101(c)(2) 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 distribution by First Missouri to its shareholders of shares of a new corporation to be known as Properties One, Inc. ("New Corp"), to be formed to acquire the property described in Schedule A and now held by First Properties, Inc. ("Properties"), a subsidiary of First Missouri, is necessary or appropriate to effectuate § 4 of the Bank Holding Company Act (12 U.S.C. § 1843) ("BHC Act").[1]

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

1. First Missouri is a corporation organized under the laws of the state of Missouri on November 24, 1969. Properties is a corporation organized under the laws of the state of Missouri on May 7, 1970. On May 8, 1970, First Missouri acquired ownership and control of 500 shares, representing 100 percent of the outstanding voting shares, of Properties.

2. On May 7, 1970, First Missouri acquired ownership and control of 13,178 shares, representing 87.1 percent of the outstanding voting shares, of Creve Coeur Bank & Trust Company, Creve Coeur, Missouri ("Bank"),[3] and thereby, on the same date, acquired indirect ownership and control of Olive Boulevard Corporation, Creve Coeur, Missouri ("Olive"), a subsidiary of Bank. On May 8, 1970, Olive was merged into Properties.

3. First Missouri 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 percent of the outstanding voting shares of Bank, and it registered as such with the board on August 24, 1971. First Missouri 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 percent of the outstanding voting shares of Bank.

4. Properties owns four parcels of real property located in St. Louis County, Missouri, described in Schedule A hereto, the disposition of which would be necessary or appropriate to effectuate section 4 of the BHC Act if First Missouri were to be a bank holding company beyond December 31, 1980.

5. First Missouri proposes to organize New Corp for the sole purpose of receiving the above-described four parcels of real property from Properties. After the transfer of the four parcels to New Corp, the shares of New Corp will be

1. On December 21, 1978, the board issued a prior certification pursuant to the Tax Act relating to the proposed divestiture by First Missouri of certain real property. First Missouri now proposes to divest additional properties by placing them in New Corp and distributing the shares of New Corp to the shareholders of First Missouri. Accordingly, this certification amends the board's certification of December 21, 1978, and provides certification for the additional real property that First Missouri proposes to transfer to New Corp.

2. This information derives from First Missouri's correspondence with the board concerning its request for certification, First Missouri's Registration Statement filed with the board pursuant to the BHC Act, and other records of the board.

3. The name of Bank has since been changed to First Missouri Bank of Creve Coeur, Creve Coeur, Missouri.

distributed *pro rata* to the common shareholders of First Missouri.

6. First Missouri has committed to the board that New Corp will have no directors or officers in common with First Missouri or any subsidiary of First Missouri.

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

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

(B) each of the four parcels of real property described in Schedule A hereto is "prohibited property" within the meaning of § 1103(c) of the Code; and

(C) the exchange of the four parcels of real property for shares of New Corp and the distribution of such shares is necessary or appropriate to effectuate § 4 of the BHC Act.

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

By order of the Board of Governors of the Federal Reserve System, acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective March 22, 1979.

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

Schedule A

First Missouri Banks, Inc.

[Docket No. TCR 76-106(c)]

The following is a summary description of the four parcels of real property to be transferred to New Corp, to which this prior certification relates. Each of the parcels described below was acquired by First Missouri on May 7, 1970, as a result of First Missouri's acquisition of Bank, and each was held by Olive on that date.

1. Nine acres of real property located on Lot 2 of the Lake House farm Subdivision in Section 3, Township 45 North, Range 5 East, City of Creve Coeur, St. Louis County, Missouri, acquired by Olive in 1963.

2. Lots 4 and 6 of Hutchinson's Subdivision of the Ellisville Farm, including a tract in Section 5, Township 44 North, Range 4 East, St. Louis County, Missouri, acquired by Olive in 1968.

3. A portion of the Southeast Quarter of Section 2, Township 44 North, Range 3 East, St. Louis County, Missouri, acquired by Olive in 1966.

4. A tract of land in U.S. Survey 163, Township 45 North, Range 3 East, St. Louis County, Missouri, acquired by Olive in 1969.

Republic of Texas Corporation,
Dallas, Texas

Prior Certification under the Bank Holding Company Tax Act of 1976 [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 Oxford Corporation, a subsidiary of Republic, of a fifty percent joint venture interest in Westgate Company which owns 37.49 acres of certain real property located in Irving, Texas ("Westgate"), is necessary or appropriate to effectuate § 4 of the Bank Holding Company Act (12 U.S.C. § 1843 *et seq.*) ("BHC Act"). Oxford proposes to sell Westgate to an individual purchaser.

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 percent of the outstanding 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 the Howard Corporation ("Howard"), a trusteed affiliate, property the

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.

disposition of which would be necessary or appropriate to effectuate § 4 of the BHC Act if Old Republic Bank were to continue to be a bank holding company beyond December 31, 1980, which property is "prohibited property" within the meaning of § 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 percent of the outstanding voting shares of Oak Cliff Bank, and it registered as such with the board on September 24, 1971.

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 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 percent 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 percent 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 which 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 three one-year extensions granted by the board, Republic presently has until May 9, 1979, 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. Westgate was acquired by Howard on November 13, 1969, and is a part of the property of Howard in which Republic acquired a beneficial interest pursuant to § 2(g)(2) of the BHC Act.

On the basis of the foregoing information, 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 § 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 § 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 § 6158 of the Code, pursuant to § 3(d) of the Tax Act.

(E) Westgate is "prohibited property" for the purposes of § 6158 of the Code; and

(F) the sale of Westgate is necessary or appropriate to effectuate § 4 of the BHC Act.

This certification is based upon the representations 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 certification are otherwise than as represented by Republic, or that Republic has failed to disclose to the board other material facts, it may revoke this certification.

By order of the Board of Governors acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(B)(3)), effective March 30, 1979.

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

C.I.T. Financial Corporation,
New York, New York

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1976 [Docket No. TCR 76-167]

C.I.T. Financial Corporation, New York, New York ("C.I.T."), has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as added by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its sale of 75.1 percent of the outstanding voting shares of National Bank of North America, Jamaica, New York ("NBNA"), to NatWest Holdings Inc., Wilmington, Delaware ("Holdings"), a wholly-owned subsidiary of National Westminster Bank Limited, London, England, is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act").

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

1. C.I.T. is a corporation organized under the laws of Delaware on January 24, 1924.

2. C.I.T. purchased 6,045,081, representing 97.8 percent, of the outstanding voting shares of NBNA on March 22, 1965, and has owned such shares continuously since that date. C.I.T. presently owns and controls 100 percent (less directors' qualifying shares) of the outstanding voting shares of NBNA.[2]

3. C.I.T. became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its direct ownership and control at that time of more than 25 percent of the outstanding voting shares of NBNA, and it registered as such with the board on October 4, 1971. C.I.T. would have been a bank holding company on July 7, 1970, if the 1970 Amendments of the BHC Act had been in effect on such date, by virtue of its direct ownership and control on that date of more than 25 percent of the outstanding voting shares of NBNA.

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

5. Neither C.I.T. nor any subsidiary of C.I.T. owns or controls more than 5 percent of the shares of any other bank as such term is defined in section 2(c) of the BHC Act or in any company that controls a bank.

6. C.I.T. has advised the board that it intends to retain 24.9 percent of the shares of NBNA. In light of the longstanding relationship between C.I.T. and NBNA, the board believes that C.I.T.'s retention of a substantial economic interest in NBNA would enable C.I.T. to continue to influence the management, policies and operations of NBNA, which is contrary to one of the principal purposes of the BHC Act of separating banking and commerce. Accordingly, based on the information presented, the board believes that the sale by C.I.T. of 75.1 percent of the shares of NBNA will not terminate C.I.T.'s status as a bank holding company, and the retention by C.I.T. of 24.9 percent of the shares of NBNA does not effectuate the purposes of the BHC Act.

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

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

(B) the 75.1 percent of the outstanding voting shares of NBNA that C.I.T. proposes to sell to Holdings are part of the property by reason of which C.I.T. controls within the meaning of section 2(a) of the BHC Act a bank or bank holding company; and

1. This information derives from C.I.T.'s correspondence with the board concerning its request for this certification, C.I.T.'s Registration Statement filed with the board pursuant to the BHC Act, and other records of the board.

2. C.I.T. presently owns 6,215,494 of the outstanding voting shares of NBNA. Under section 6158 of the Code, shares of NBNA acquired by C.I.T. after July 7, 1970, generally do not qualify for the tax benefits of section 6158(a) of the Code when sold by an otherwise qualified bank holding company.

(C) the sale of such shares of NBNA is necessary or appropriate to effectuate the policies of the BHC Act.[3]

This certification is based upon the facts provided to the board by C.I.T. In the event that the board should hereafter determine that the facts material to this certification are otherwise than as provided by C.I.T., or that C.I.T. has failed to disclose to the board other material facts, the board may revoke this certification.

By order of the Board of Governors, effective March 16, 1979.

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

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

3. While the board believes that the proposed divestiture by C.I.T. of 75.1 percent of the outstanding voting shares of NBNA will not terminate C.I.T.'s status as a bank holding company, the divestiture of C.I.T. of 75.1 percent of the shares of NBNA is a step toward the separation of banking and nonbanking business, and the board believes that such divestiture may be regarded as necessary or appropriate to effectuate the policies of the BHC Act. In this connection, the board notes the divestiture of the remaining 24.9 percent of the shares of NBNA held by C.I.T. would also be necessary or appropriate to effectuate the policies of the BHC Act, and the board would be prepared to issue a prior certification for the divestiture of those shares.

ORDERS UNDER SECTION 2 OF BANK HOLDING COMPANY ACT

The Charter Company,
Jacksonville, Florida

Order Granting Determination Under the Bank Holding Company Act

The Charter Company, Jacksonville, Florida ("Charter"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, has requested a determination pursuant to section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that it is not in fact capable of controlling Jacksonville National Bank, Jacksonville, Florida ("Bank"), St. Johns Group, Inc., Jacksonville, Florida, or the principals of St. Johns Group, Inc., Jacksonville, Florida, or the principals of St. Johns Group, Inc., notwithstanding the indebtedness incurred by St. Johns Group to Charter as a result of the transfer.[1]

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

St. Johns Group is a closely-held corporation which was formed for the purpose of purchasing Charter Mortgage Company and none of its shareholders are presently related to Charter. There is no evidence that the financial resources of St. Johns Group and its principals are not sufficient to repay the debt owed by St. Johns Group to Charter, and Charter has not retained any security interest in Bank or Charter Mortgage Company. There are no common directors or officers between Charter and St. Johns Group or Bank, and all transactions between Charter and St. Johns Group or Bank are conducted in the ordinary course of business. Moreover, it appears that the sale by Charter of its interest in Charter Mortgage Company and Bank was negotiated at arm's length. Furthermore, Charter's board of directors adopted a resolution to the effect that Charter does not, and will not attempt to, exercise a controlling influence over St. Johns Group or Bank. In addition, the board of directors of St. Johns Group and Bank adopted resolutions to the effect that they are not and will not be controlled by Charter. Finally, the principal shareholders of St. Johns Group have made affidavits that they are not, and will not be subject to Charter's control.

Based on these and other facts of record, the

1. Effective December 31, 1976, Charter sold its shares of Bank to Mr. John D. Uible, and sold Charter Mortgage Company ("CMC") to St. Johns Group, Inc., the shares of which were owned by Mr. Uible. The aggregate purchase price for CMC and Bank was approximately $14.7 million, of which $1.345 million was in the form of a promissory note from St. Johns Group to Charter. In its interpretation of section 2(g)(3) the board has taken the position that the presumption of that section applies to individual transferees, as well as to parents and subsidiaries of transferees (12 C.F.R. § 225.138). In this case, a principal shareholder of the transferee should be regarded as a parent of the transferee for the purposes of § 2(g)(3) of the Act. Thus, while St. Johns Group, Inc. was not directly a transferee of Bank, Mr. Uible was the transferee of Bank. Moreover, two former officers of Charter acquired shares of Bank, as well as St. Johns Group, from Mr. Uible, and these three individuals guaranteed payment of St. Johns Group's indebtedness to Charter.

board has determined that Charter is not, in fact, capable of controlling St. Johns Group or Bank, and that the request of Charter for a determination pursuant to § 2(g)(3) be and hereby is granted. Any material change in the facts or circumstances relied upon in making this determination or any material breach of any of the commitments upon which the decision is based could result in reconsideration of the determination made herein.

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

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

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

United Virginia Bankshares, Incorporated,
Richmond, Virginia

Order Granting Determination
Under the Bank Holding Company Act

United Virginia Bankshares, Incorporated ("UVB"), a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, has requested a determination pursuant to section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that it is not in fact capable of controlling Towne Square Apartments, Newport News, Virginia ("TSA"), or the individual transferee of a one-half interest in TSA, notwithstanding the indebtedness to UVB incurred by TSA as a result of the transfer, and notwithstanding the fact that TSA's transferee guaranteed a portion of such indebtedness.

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

On the basis of the following facts, it is hereby determined that UVB is incapable of controlling TSA or its transferee. The equity of TSA's transferee in TSA, based on fair market value, exceeds his indebtedness to UVB. The total indebtedness of TSA to UVB is approximately 10 percent of TSA's fair market value, and the guarantee executed by TSA's transferee approximates only 3 percent of TSA's fair market value. TSA's transferee is not personally liable on TSA's note to UVB. There are no common directors or officers between UVB and TSA, nor is TSA's transferee an officer or director of UVB. Moreover, it appears that the sale by UVB of its interest in TSA was negotiated at arm's length. In addition, UVB's Board of Directors has adopted a resolution to the effect that UVB does not, and will not attempt to, exercise control or controlling influence over TSA's transferee and that should UVB institute foreclosure proceedings on TSA it will immediately notify the board and divest any portion of TSA so acquired within six months. In addition, TSA's transferee has indicated that UVB is incapable of controlling or exerting a controlling influence over him.

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

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. § 265.2(b)(1)), effective March 30, 1979.

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

ORDER APPROVING APPLICATION FOR MERGER OF BANKS

Elliott State Bank,
Jacksonville, Illinois

First National Bank of Jacksonville

Elliott State Bank, Jacksonville, Illinois ("Applicant"), 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 approval to merge with First National Bank of

Jacksonville, Jacksonville, Illinois ("Bank"), under the charter and title of Applicant. Incident to the proposed merger, the present office of Bank would become a branch office of the resulting bank.

In view of the condition of Bank, the Comptroller of the Currency, the primary supervisory authority for Bank, has advised the board of the existence of a situation requiring expeditious action by the board in accordance with the provisions of section 1828(c) of the Act. In view of the situation set forth below, the comment period afforded interested parties to submit comments and views has been abbreviated. The board has considered the application and the comments received from the Comptroller of the Currency in 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.

Applicant ($81.9 million in deposits) ranks 122d in the state of Illinois, and controls 0.1 percent of deposits in all commercial banks in the state.[1] Acquisition of Bank ($35.9 million in deposits) would increase Applicant's share of bank deposits in Illinois by only 0.05 percent, and would not significantly increase the concentration of banking resources in Illinois.

Applicant ($81.9 million in deposits) ranks 122nd in the state of Illinois, and controls 0.1 percent 33.7 percent of market deposits. Bank is the third largest bank in the relevant market, and controls 14.8 percent of the market's commercial bank deposits. Consummation of the proposal would have substantially adverse competitive effects upon existing competition. In addition, the board views with serious concern the increase in concentration of banking resources within the relevant market that would result from consummation of this proposal, and regards such an increase as a significantly adverse factor. However, based upon all the facts of record, including the financial condition of Bank, it is the board's opinion that the substantially adverse effects associated with this proposal are clearly outweighed by the considerations discussed below.

The financial and managerial resources and future prospects of Applicant are regarded as generally satisfactory, particularly in light of commitments by Applicant to, among other actions, provide additional equity capital to Applicant upon consummation of the proposal. Moreover, in view of the financial condition of Bank, and on the basis of the information before the board, it is apparent that a situation exists at Bank requiring expeditious action pursuant to the expediting provision of section 1828(c) of the Act in order to safeguard depositors of Bank. While the board would prefer a less anticompetitive merger as a means for serving the convenience and needs of the public, it appears that such an alternative is not readily available. Thus, banking factors and convenience and needs considerations lend such significant weight toward approval as to clearly outweigh in the public interest the substantially adverse effects associated with this proposal.

It is the board's judgment that any disposition of the application other than by approval would be inconsistent with the public interest and the proposed transaction should be approved. Accordingly, the application to merge, and incident thereto to establish a branch, is approved for the reasons summarized above. The transaction shall not be made (a) before the fifth calendar day after 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 March 2, 1979.

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

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

[SEAL]

1. All banking data are as of June 30, 1978.
2. The Jacksonville banking market is approximated by Morgan County and Scott County, Illinois

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

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

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*
Citizens Bankers, Inc., Baytown, Texas	Baytown State Bank, Baytown, Texas	March 29, 1979
Citizens Bancorporation, Charles City, Iowa	The Citizens National Bank of Charles City, Charles City, Iowa	March 15, 1979
Fennimore Bancorporation, Inc., Fennimore, Wisconsin	The First State Bank, Fennimore, Wisconsin	March 5, 1979
First Banc Group of Ohio, Inc., Columbus, Ohio	The Marion County Bank, Marion, Ohio	March 12, 1979
First Northern Bancorporation, Anchorage, Alaska	Alaska Pacific Bank, Anchorage, Alaska	March 30, 1979
Manufacturers National Corporation, Detroit, Michigan	American Heritage Bancshares, Inc., East Lansing, Michigan	March 26, 1979
Treleco, Inc., Trenton, Nebraska	State Bank of Trenton, Trenton, Nebraska	March 1, 1979
Yellow Medicine Bancshares, Inc., Granite Falls, Minnesota	Yellow Medicine County Bank, Granite Falls, Minnesota	March 13, 1979

Sections 3 and 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Effective date*
Pioneer Bancorporation, Inc., St. Louis, Missouri	Pioneer Bank and Trust Company, Maplewood, Missouri	To engage *de novo* in credit-related insurance activities	March 23, 1979
First Bancorporation of Holdenville, Inc., Holdenville, Oklahoma	The First National Bank and Trust Company of Holdenville, Holdenville, Oklahoma	To engage in credit-related insurance activities	March 28, 1979

Section 4

Applicant	*Nonbanking company (or activity)*	*Effective date*
Chevalier, Inc., Postville, Iowa	To continue acting as agent for the sale of credit life and credit accident and health insurance.	March 26, 1979

By Federal Reserve Banks

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

Section 3

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*
First Bancorp, Inc., Corsicana, Texas	Forney Bank and Trust Company, Forney, Texas	Dallas	March 21, 1979

Section 4

Applicant	*Nonbanking Company (or activity)*	*Reserve Bank*	*Effective date*
Gary-Wheaton Corporation, Wheaton, Illinois	G-W Life Insurance Company, Phoenix, Arizona	Chicago	March 20, 1979
Third National Corporation, Nashville, Tennessee	Third National Life Insurance Company, Phoenix, Arizona	Atlanta	February 23, 1979

ORDER APPROVED UNDER BANK MERGER ACT

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*
The Midwest Bank & Trust Company, Cleveland, Ohio	The Midwest Bank & Trust Company of Portage County, Aurora, Ohio	Cleveland	March 23, 1979

By Federal Reserve Banks

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

Section 3

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*
Society Corporation, Cleveland, Ohio	First National Bank of Clermont County, Bethal, Ohio	Cleveland	February 7, 1979

Orders Approved Under Bank Merger Act

Applicant	Bank(s)	*Reserve Bank*	*Effective date*
The Central Trust Company, Reynoldsburg, Ohio	The Central Trust Company of Zanesville, Zanesville, Ohio	Cleveland	February 14, 1979

Pending Cases Involving the Board of Governors

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

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

Hunter Holding Company v. *Board of Governors*, filed December 1978, U.S.C.A. for the Eighth Circuit.

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

Commercial National Bank, et al., v. *Board of Governors*, filed December 1978, U.S.C.A. for the District of Columbia.

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

Metro-North State Bank, Kansas City v. *Board of Governors*, filed October 1978, U.S.C.A. for the Eighth Circuit.

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

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

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

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

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

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

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

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

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

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

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1978 Q1	1978 Q2	1978 Q3	1978 Q4	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[13]								
Member bank reserves									
1 Total	8.9	6.2	8.6	2.3	5.1	-3.6	-0.1	6.0	-20.9
2 Required	8.8	6.7	8.6	2.1	6.0	-5.4	-0.4	6.6	-20.9
3 Nonborrowed	14.5	0.6	6.6	4.6	-1.2	13.4	-4.9	2.2	-20.6
4 Monetary base[1]	9.9	7.6	9.3	8.4	8.0	5.7	7.9	8.6	-0.4
Concepts of money[2]									
5 M-1	6.6	9.2	8.1	4.4	1.7	-2.0	1.7	-5.3	-3.7
6 M-1+	5.0	7.2	6.0	[r]2.4	[r]0.6	[r]-5.1	[r]-1.6	[r]-8.4	-7.0
7 M-2	7.0	8.4	9.9	7.7	6.5	4.7	2.7	-1.2	2.2
8 M-3	8.1	8.4	10.4	9.3	8.8	6.7	5.5	[r]2.8	4.7
Time and savings deposits									
Commercial banks									
9 Total	12.5	11.5	11.3	12.4	8.5	21.9	5.1	9.0	8.6
10 Savings	2.0	3.8	2.3	-0.9	-1.6	-9.6	7.5	-13.0	-12.0
11 Other time	11.7	11.4	18.5	19.2	19.3	24.5	12.0	12.7	20.3
12 Thrift institutions[3]	9.7	8.5	11.1	11.6	12.0	9.6	9.3	[r]8.5	8.0
13 Total loans and investments at commercial banks[4]	10.1	14.9	10.8	7.7	9.8	6.7	1.1	[r]19.2	11.3

Item	1978 Q2	1978 Q3	1978 Q4	1979 Q1	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.
	Interest rates (levels, per cent per annum)								
Short-term rates									
14 Federal funds[5]	7.28	8.09	9.58	10.07	9.76	10.03	10.07	10.06	10.09
15 Federal Reserve discount[6]	6.78	7.50	9.09	9.50	9.50	9.50	9.50	9.50	9.50
16 Treasury bills (3-month market yield)[7]	6.48	7.31	8.57	9.38	8.64	9.08	9.35	9.32	9.48
17 Commercial paper (90- to 119-day)[7,8]	7.16	8.03	9.83	10.04	10.14	10.37	10.25	9.95	9.90
Long-term rates									
Bonds									
18 U.S. Government[9]	8.43	8.53	8.78	9.03	8.75	8.90	8.98	9.03	9.08
19 State and local government[10]	6.02	6.16	6.28	6.37	6.19	6.51	6.47	6.31	6.33
20 Aaa utility (new issue)[11]	8.98	8.94	9.23	9.58	9.27	9.28	9.54	9.53	9.62
21 Conventional mortgages[12]	9.58	9.80	10.12	10.33	10.10	10.30	10.30	10.35	10.35

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

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

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

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

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

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

4 Quarterly changes calculated from figures shown in table 1.23.

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

6 Rate for the Federal Reserve Bank of New York.

7 Quoted on a bank-discount basis.

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

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

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

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

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

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

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1979			1979						
	Jan.	Feb.	Mar.p	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21p	Mar. 28p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**128,749**	**125,953**	**126,382**	**125,041**	**127,213**	**125,889**	**126,479**	**124,911**	**127,097**	**125,968**
2 *U.S. government securities*[1]	*105,287*	*103,335*	*105,359*	*104,308*	*102,384*	*101,098*	*103,896*	*104,111*	*106,041*	*105,979*
3 Bought outright	105,151	103,087	104,707	103,989	102,384	101,098	103,594	103,142	104,905	105,979
4 Held under repurchase agreements	136	248	652	319	....	....	302	969	1,136	....
5 *Federal agency securities*	*7,905*	*7,528*	*7,633*	*7,560*	*7,487*	*7,487*	*7,498*	*7,683*	*7,856*	*7,464*
6 Bought outright	7,878	7,487	7,468	7,487	7,487	7,487	7,484	7,464	7,464	7,464
7 Held under repurchase agreements	27	41	165	73	....	....	14	219	392	....
8 Acceptances	56	88	152	181	....	....	93	261	260	....
9 Loans	994	973	998	1,054	938	1,083	1,027	882	1,023	1,082
10 Float	9,882	8,955	5,960	6,433	12,043	11,558	7,857	5,841	5,510	5,033
11 Other Federal Reserve assets	4,625	5,074	6,280	5,505	4,360	4,663	6,108	6,133	6,407	6,410
12 Gold stock	11,625	11,553	11,514	11,544	11,544	11,544	11,544	11,540	11,506	11,481
13 Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
14 Treasury currency outstanding	11,867	11,949	12,050	11,931	11,969	11,986	12,013	12,025	12,062	12,076
ABSORBING RESERVE FUNDS										
15 Currency in circulation	112,340	110,951	111,764	111,019	111,153	111,057	111,336	111,970	111,888	111,747
16 Treasury cash holdings	251	303	358	296	312	327	342	357	362	362
Deposits, other than member bank reserves, with Federal Reserve Banks:										
17 Treasury	3,379	3,502	3,204	3,145	3,534	3,660	3,807	2,717	2,873	3,102
18 Foreign	288	276	276	261	286	269	270	292	279	262
19 Other	826	867	785	938	879	840	923	717	852	694
20 Other Federal Reserve liabilities and capital	4,522	4,371	4,434	4,164	4,447	4,721	4,224	4,309	4,440	4,611
21 Member bank reserves with Federal Reserve Banks	31,935	30,485	30,425	29,993	31,414	29,846	30,434	29,415	31,271	30,049
	End-of-month figures			**Wednesday figures**						
	1979			1979						
	Jan.	Feb.	Mar.p	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21p	Mar. 28p
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**125,406**	**125,778**	**130,582**	**133,633**	**121,711**	**125,778**	**120,473**	**132,654**	**119,572**	**125,683**
23 *U.S. government securities*[1]	*101,279*	*103,486*	*110,940*	*106,784*	*95,833*	*103,486*	*96,558*	*106,492*	*97,142*	*104,705*
24 Bought outright	101,279	103,486	109,260	105,540	95,833	103,486	96,558	103,803	97,142	104,705
25 Held under repurchase agreements	....	....	1,680	1,244	....	....	....	2,689	....	....
26 *Federal agency securities*	*7,507*	*7,487*	*7,832*	*7,851*	*7,487*	*7,487*	*7,464*	*8,354*	*7,464*	*7,464*
27 Bought outright	7,507	7,487	7,464	7,487	7,487	7,487	7,464	7,464	7,464	7,464
28 Held under repurchase agreements	....	....	368	364	....	....	....	890	....	....
29 Acceptances	....	....	204	708	....	....	....	757	....	....
30 Loans	4,366	1,603	964	1,129	1,019	1,603	2,042	1,438	1,838	1,495
31 Float	6,578	8,631	4,237	11,773	12,862	8,631	8,380	9,408	6,619	5,510
32 Other Federal Reserve assets	5,676	4,571	6,405	5,388	4,510	4,571	6,029	6,205	6,509	6,509
33 Gold stock	11,592	11,544	11,479	11,544	11,544	11,544	11,544	11,532	11,481	11,481
34 Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
35 Treasury currency outstanding	11,912	12,018	12,114	11,969	11,969	12,018	12,025	12,025	12,070	12,085
ABSORBING RESERVE FUNDS										
36 Currency in circulation	110,662	111,334	111,988	111,396	111,437	111,334	111,955	112,265	112,020	112,228
37 Treasury cash holdings	289	339	385	308	325	339	349	350	369	374
Deposits, other than member bank reserves, with Federal Reserve Banks:										
38 Treasury	3,522	3,443	5,726	3,276	3,185	3,443	2,512	3,318	2,106	3,178
39 Foreign	339	343	303	312	315	343	276	262	225	271
40 Other[2]	874	779	708	902	752	779	883	746	677	661
41 Other Federal Reserve liabilities and capital	4,594	4,679	4,750	4,084	4,756	4,679	4,122	4,482	4,304	4,775
42 Member bank reserves with Federal Reserve Banks	29,931	29,723	31,615	38,168	25,754	29,723	25,245	36,088	24,723	29,063

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

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

1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

	Reserve classification	1977 Dec.	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.[p]
		Monthly averages of daily figures									
	All member banks										
	Reserves:										
1	At Federal Reserve Banks	27,057	28,570	28,079	28,010	28,701	29,853	31,158	31,935	30,485	30,425
2	Currency and coin	9,351	9,542	9,512	9,605	9,654	9,794	10,330	11,093	10,074	9,775
3	*Total held*[1]	*36,471*	*38,189*	*37,666*	*37,689*	*38,434*	*39,728*	*41,572*	*43,167*	*40,703*	*40,336*
4	Required	36,297	38,049	37,404	37,614	38,222	39,423	41,447	42,865	40,494	40,060
5	Excess[1]	174	140	262	75	212	305	125	302	209	276
	Borrowings at Federal Reserve Banks:[2]										
6	Total	558	1,286	1,147	1,068	1,261	722	874	994	973	998
7	Seasonal	54	143	188	191	221	185	134	112	114	120
	Large banks in New York City										
8	*Reserves held*	*6,244*	*6,606*	*6,334*	*6,182*	*6,428*	*6,682*	*7,120*	*7,808*	*6,995*	*6,825*
9	Required	6,279	6,581	6,290	6,251	6,349	6,658	7,243	7,690	6,976	6,845
10	Excess	−35	25	44	−69	79	24	−123	118	19	−20
11	Borrowings[2]	48	129	58	78	157	48	99	117	....	45
	Large banks in Chicago										
12	*Reserves held*	*1,593*	*1,708*	*1,648*	*1,655*	*1,672*	*1,791*	*1,907*	*2,011*	*1,824*	*1,822*
13	Required	1,613	1,707	1,646	1,650	1,649	1,765	1,900	2,010	1,823	1,809
14	Excess	−20	1	2	5	23	26	7	1	1	13
15	Borrowings[2]	26	20	3	35	14	4	10	23	10	25
	Other large banks										
16	*Reserves held*	*13,993*	*14,553*	*14,502*	*14,564*	*14,862*	*15,547*	*16,446*	*16,942*	*16,055*	*15,788*
17	Required	13,931	14,569	14,423	14,541	14,867	15,447	16,342	16,923	16,018	15,801
18	Excess	62	−16	79	23	−5	100	104	19	37	−13
19	Borrowings[2]	243	499	417	363	408	194	276	269	275	216
	All other banks										
20	*Reserves held*	*14,641*	*15,322*	*15,182*	*15,288*	*15,472*	*15,708*	*16,099*	*16,406*	*15,829*	*15,667*
21	Required	14,474	15,192	15,045	15,172	15,357	15,553	15,962	16,242	15,677	15,605
22	Excess	167	130	137	116	115	155	137	164	152	62
23	Borrowings[2]	241	638	669	592	682	476	489	585	688	712

	Reserve classification	1979 Jan. 24	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21[p]	Mar. 28[p]
		Weekly averages of daily figures for weeks ending—									
	All member banks										
	Reserves:										
24	At Federal Reserve Banks	31,673	31,465	30,688	29,993	31,414	29,846	30,434	29,415	31,271	30,049
25	Currency and coin	11,168	11,001	10,684	10,554	9,321	9,737	9,818	10,394	9,133	9,753
26	*Total held*[1]	*42,983*	*42,607*	*41,517*	*40,691*	*40,878*	*39,726*	*40,394*	*39,950*	*40,537*	*39,934*
27	Required	42,967	42,267	41,238	40,580	40,521	39,637	40,190	39,849	40,349	39,856
28	Excess[1]	16	340	279	111	357	89	204	101	188	78
	Borrowings at Federal Reserve Banks:[2]										
29	Total	923	1,428	817	1,054	938	1,083	1,027	882	1,023	1,082
30	Seasonal	105	112	102	110	123	123	108	109	123	133
	Large banks in New York City										
31	*Reserves held*	*7,605*	*7,327*	*7,435*	*6,977*	*7,126*	*6,441*	*6,844*	*6,887*	*6,995*	*6,504*
32	Required	7,658	7,345	7,294	7,064	7,051	6,497	6,849	6,871	6,962	6,648
33	Excess	−53	−18	141	−87	75	−56	−5	16	33	−144
34	Borrowings[2]	14	299	....	....	....	....	70	36	40	55
	Large banks in Chicago										
35	*Reserves held*	*1,942*	*1,959*	*1,873*	*1,850*	*1,832*	*1,741*	*1,808*	*1,804*	*1,863*	*1,740*
36	Required	1,941	1,950	1,873	1,857	1,827	1,735	1,805	1,815	1,836	1,783
37	Excess	1	9	....	−7	5	6	3	−11	27	−43
38	Borrowings[2]	3	90	19	13	2	4	43	2	69	....
	Other large banks										
39	*Reserves held*	*16,951*	*16,886*	*16,230*	*16,149*	*16,102*	*15,737*	*15,992*	*15,672*	*15,941*	*15,595*
40	Required	16,974	16,745	16,218	16,113	16,006	15,736	15,948	15,688	15,902	15,723
41	Excess	−23	141	12	36	96	1	44	−16	39	−128
42	Borrowings[2]	198	340	178	415	196	309	267	247	153	213
	All other banks										
43	*Reserves held*	*16,485*	*16,435*	*15,979*	*15,715*	*15,818*	*15,807*	*15,750*	*15,587*	*15,689*	*15,691*
44	Required	16,394	16,227	15,853	15,546	15,637	15,669	15,588	15,475	15,649	15,702
45	Excess	91	208	126	169	181	138	162	112	40	−11
46	Borrowings[2]	708	699	620	626	740	770	647	597	761	814

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

2 Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

	Type	1979, week ending Wednesday								
		Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	46	150	4	104	1	14	23	....	−182
	LESS:									
2	Borrowings at Federal Reserve Banks	439	36	116	33	75	186	78	135	73
3	Net interbank federal funds transactions	12,928	14,316	16,084	16,222	15,586	17,468	18,228	15,340	14,936
	EQUALS: Net surplus, or deficit (−)									
4	Amount	−13,321	−14,202	−16,197	−16,151	−15,660	−17,641	−18,283	−15,474	−15,191
5	*Percent of average required reserves*	*72.6*	*79.4*	*91.7*	*92.3*	*93.8*	*102.3*	*106.9*	*89.2*	*89.8*
	Interbank federal funds transactions									
	Gross transactions:									
6	Purchases	20,855	22,071	23,568	23,903	22,337	24,736	25,264	23,226	22,687
7	Sales	7,927	7,755	7,483	7,681	6,751	7,268	7,036	7,887	7,751
8	Two-way transactions[2]	6,370	5,671	5,908	6,202	5,799	5,952	5,564	5,727	5,702
	Net transactions:									
9	Purchases of net buying banks	14,485	16,400	17,660	17,701	16,538	18,784	19,700	17,499	16,985
10	Sales of net selling banks	1,558	2,084	1,575	1,480	952	1,316	1,472	2,159	2,050
	Related transactions with U.S. government securities dealers									
11	Loans to dealers[3]	4,697	3,249	3,074	4,491	4,654	3,899	3,723	3,557	3,242
12	Borrowing from dealers[4]	1,336	1,277	1,372	1,117	1,516	1,077	1,486	2,097	1,284
13	Net loans	3,361	1,971	1,702	3,374	3,138	2,822	2,237	1,461	1,958
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	−21	92	−15	52	−5	−12	3	40	12
	LESS:									
15	Borrowings at Federal Reserve Banks	272	....	....	....	....	70	36	33	55
16	Net interbank federal funds transactions	2,050	2,674	3,093	2,654	2,227	4,002	4,566	2,768	3,056
	EQUALS: Net surplus, or deficit (−)									
17	Amount	−2,344	−2,582	−3,108	−2,602	−2,232	−4,084	−4,600	−2,760	−3,123
18	*Percent of average required reserves*	*35.4*	*39.2*	*48.5*	*40.8*	*37.9*	*65.7*	*73.9*	*43.8*	*51.9*
	Interbank federal funds transactions									
	Gross transactions:									
19	Purchases	3,674	4,305	4,433	4,397	3,616	5,064	5,574	4,613	4,456
20	Sales	1,623	1,631	1,340	1,744	1,389	1,062	1,008	1,845	1,399
21	Two-way transactions[2]	1,449	1,141	1,340	1,260	1,262	1,062	1,008	1,295	1,399
	Net transactions:									
22	Purchases of net buying banks	2,225	3,164	3,093	3,138	2,354	4,002	4,566	3,317	3,056
23	Sales of net selling banks	175	490	....	485	128	....	....	549	....
	Related transactions with U.S. government securities dealers									
24	Loans to dealers[3]	2,987	1,843	1,616	2,638	2,855	2,140	2,126	1,806	1,415
25	Borrowing from dealers[4]	377	425	525	400	444	516	561	801	677
26	Net loans	2,610	1,419	1,091	2,238	2,411	1,631	1,566	1,005	738
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	67	58	19	52	6	26	21	39	−170
	LESS:									
28	Borrowings at Federal Reserve Banks	166	36	116	33	75	116	42	102	18
29	Net interbank federal funds transactions	10,878	11,642	12,991	13,568	13,359	13,466	13,663	12,572	11,880
	EQUALS: Net surplus, or deficit (−)									
30	Amount	−10,977	−11,620	−13,088	−13,549	−13,427	−13,557	−13,684	−12,714	−12,068
31	*Percent of average required reserves*	*93.6*	*103.0*	*116.2*	*121.7*	*124.2*	*122.9*	*125.9*	*115.2*	*110.8*
	Interbank federal funds transactions									
	Gross transactions:									
32	Purchases	17,182	17,766	19,135	19,505	18,721	19,672	19,690	18,614	18,231
33	Sales	6,304	6,124	6,143	5,937	5,362	6,206	6,028	6,042	6,352
34	Two-way transactions[2]	4,921	4,529	4,568	4,942	4,537	4,890	4,556	4,432	4,302
	Net transactions:									
35	Purchases of net buying banks	12,260	13,236	14,567	14,563	14,184	14,782	15,134	14,182	13,929
36	Sales of net selling banks	1,383	1,594	1,575	996	825	1,316	1,472	1,610	2,050
	Related transactions with U.S. government securities dealers									
37	Loans to dealers[3]	1,710	1,406	1,458	1,853	1,799	1,753	1,597	1,751	1,826
38	Borrowing from dealers[4]	959	853	847	716	1,072	561	925	1,296	607
39	Net loans	751	553	611	1,137	727	1,192	671	456	1,219

For notes see end of table.

1.13 Continued

Type	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28
	1979, week ending Wednesday								
	5 banks in City of Chicago								
Basic reserve position									
40 Excess reserves[1]	17	5	1	5	7	5	8	2	3
LESS:									
41 Borrowings at Federal Reserve Banks	80	....	....	....	....	43	....	69	....
42 Net interbank federal funds transactions	4,597	5,079	6,003	5,995	5,258	5,617	5,629	5,262	4,947
EQUALS: Net surplus, or deficit (–):									
43 Amount	4,661	–5,074	6,004	–5,990	5,251	5,655	5,636	–5,329	–4,950
44 *Percent of average required reserves*	*255.1*	*289.5*	*345.4*	*350.3*	*324.6*	*335.9*	*332.7*	*310.3*	*297.2*
Interbank federal funds transactions									
Gross transactions:[2]									
45 Purchases	6,123	6,626	7,437	7,370	6,756	7,096	6,921	6,776	6,349
46 Sales	1,525	1,548	1,435	1,375	1,498	1,478	1,293	1,514	1,402
47 Two-way transactions[2]	1,505	1,498	1,378	1,325	1,470	1,478	1,281	1,496	1,356
Net transactions:									
48 Purchases of net buying banks	4,618	5,128	6,060	6,044	5,286	5,617	5,640	5,280	4,994
49 Sales of net selling banks	20	49	57	50	28	....	11	18	47
Related transactions with U.S. government securities dealers									
50 Loans to dealers[3]	209	272	147	452	364	553	368	474	586
51 Borrowing from dealers[4]	125	160	64	7	81	8	135	226	54
52 Net loans	84	112	83	445	283	545	233	247	532
	33 other banks								
Basic reserve position									
53 Excess reserves[1]	51	53	20	48	1	21	28	–41	–167
LESS:									
54 Borrowings at Federal Reserve Banks	86	36	116	33	75	74	42	34	18
55 Net interbank federal funds transactions	6,280	6,563	6,989	7,573	8,101	7,849	8,034	7,310	6,933
EQUALS: Net surplus, or deficit (–):									
56 Amount	6,316	–6,546	–7,085	7,559	8,177	–7,902	–8,048	–7,385	–7,118
57 *Percent of average required reserves*	*63.8*	*68.7*	*74.4*	*80.2*	*88.9*	*84.6*	*87.7*	*79.3*	*77.2*
Interbank federal funds transactions									
Gross transactions:[2]									
58 Purchases	11,059	11,139	11,697	12,136	11,965	12,576	12,769	11,838	11,882
59 Sales	4,779	4,576	4,709	4,563	3,864	4,727	4,735	4,528	4,949
60 Two-way transactions[2]	3,417	3,031	3,191	3,617	3,067	3,411	3,275	2,936	2,947
Net transactions:									
61 Purchases of net buying banks	7,642	8,108	8,507	8,519	8,898	9,165	9,495	8,902	8,935
62 Sales of net selling banks	1,362	1,545	1,518	946	797	1,316	1,461	1,591	2,003
Related transactions with U.S. government securities dealers									
63 Loans to dealers[3]	1,501	1,133	1,311	1,401	1,435	1,201	1,229	1,278	1,241
64 Borrowing from dealers[4]	834	692	783	710	992	553	790	1,069	553
65 Net loans	667	441	528	691	444	647	438	209	687

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

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

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

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

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

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and previous levels

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

Range of rates in recent years[5]

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

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

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

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

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

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

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

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

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Percent of deposits

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

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

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

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

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

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

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

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

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

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

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

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

Percent per annum

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

1 For authorized states only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978.

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

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

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

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

6 3-year minimum maturity.

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

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

9 Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. Until March 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning March 15, 1979, the ¼ percentage point interest differential is removed when the 6-month Treasury bill rate is 9 percent or more. The full differential is in effect when the 6-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the 6-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on money market time deposits at all offering institutions. The most recent rates and effective dates are as follows:

	Mar. 1	Mar. 8	Mar. 15	Mar. 22	Mar. 29
Banks	9.498	9.415	9.457	9.483	9.437
Thrifts	9.748	9.665			

10 No separate account category.

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

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

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

	Type of transaction	1976	1977	1978	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
	U.S. GOVERNMENT SECURITIES										
	Outright transactions (excluding matched sale-purchase transactions)										
	Treasury bills										
1	Gross purchases	14,343	13,738	16,628	972	2,635	1,978	2,039	0	0	0
2	Gross sales	8,462	7,241	13,725	689	0	2,148	3,587	2,751	3,758	228
3	Redemptions	[2] 5,017	2,136	2,033	0	0	0	603	0	500	400
	Others within 1 year[1]										
4	Gross purchases	472	3,017	1,184	171	168	73	139	0	0	48
5	Gross sales	0	0	0	0	0	0	0	0	0	0
6	Exchange, or maturity shift	792	4,499	-5,170	1,544	563	-385	778	705	673	30
7	Redemptions	0	2,500	0	0	0	0	0	0	0	0
	1 to 5 years										
8	Gross purchases	[2] 3,202	2,833	4,188	424	350	507	628	0	0	426
9	Gross sales	177	0	0	0	0	0	0	0	0	0
10	Exchange, or maturity shift	-2,588	-6,649	-178	490	-563	385	-657	-705	673	2,205
	5 to 10 years										
11	Gross purchases	1,048	758	1,526	238	110	87	163	0	0	134
12	Gross sales	0	0	0	0	0	0	0	0	0	0
13	Exchange, or maturity shift	1,572	584	2,803	1,434	0	0	835	0	0	-2,975
	Over 10 years:										
14	Gross purchases	642	553	1,063	113	122	139	108	0	0	93
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Exchange, or maturity shift	225	1,565	2,545	600	0	0	600	0	0	800
	All maturities:[1]										
17	Gross purchases	[2] 19,707	20,898	24,591	1,919	3,386	2,785	3,075	0	0	700
18	Gross sales	8,639	7,241	13,725	689	0	2,148	3,587	2,751	3,758	228
19	Redemptions	[2] 5,017	4,636	2,033	0	0	0	603	0	500	400
	Matched sale-purchase transactions										
20	Gross sales	196,078	425,214	511,126	29,162	33,346	35,112	40,785	52,661	64,691	56,291
21	Gross purchases	196,579	423,841	510,854	29,641	33,130	36,106	40,546	51,586	60,750	58,426
	Repurchase agreements										
22	Gross purchases	232,891	178,683	151,618	16,286	10,724	18,976	7,719	8,133	3,117	6,931
23	Gross sales	230,355	180,535	152,436	15,140	10,353	20,565	8,383	7,049	4,201	6,931
24	Net change in U.S. government securities	9,087	5,798	7,743	2,854	3,540	43	2,017	-2,743	-9,283	2,207
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	891	1,433	301	0	0	0	0	0	0	0
26	Gross sales	0	0	173	173	0	0	0	0	379	20
27	Redemptions	169	223	235	13	28	12	39	3	10	*
	Repurchase agreements:										
28	Gross purchases	10,520	13,811	40,567	3,080	3,877	6,675	2,544	4,307	713	1,152
29	Gross sales	10,360	13,638	40,885	3,032	3,348	7,196	2,670	4,174	846	1,152
30	Net change in federal agency obligations	882	1,383	426	138	501	533	165	130	522	-20
	BANKERS ACCEPTANCES										
31	Outright transactions, net	-545	-196	0	0	0	0	0	0	0	0
32	Repurchase agreements, net	410	159	366	28	419	-479	-236	587	-587	0
33	Net change in bankers acceptances	-135	-37	-366	28	419	-479	236	587	-587	0
34	**Total net change in System Open Market Account**	**9,833**	**7,143**	**6,951**	**2,744**	**4,460**	**-969**	**-2,419**	**-2,026**	**-10,392**	**2,187**

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

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 1979 Feb. 28	Mar. 7	Mar. 14	Mar. 21p	Mar. 28p	End of month 1979 Jan.	Feb.	Mar.p
		Consolidated condition statement							
	ASSETS								
1	Gold certificate account	11,544	11,544	11,532	11,481	11,481	11,592	11,544	11,479
2	Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
3	Coin	344	352	368	369	380	316	344	395
	Loans:								
4	Member bank borrowings	1,603	2,042	1,438	1,838	1,495	4,366	1,603	964
5	Other	0	0	0	0	0	0	0	0
	Acceptances:								
6	Bought outright	0	0	0	0	0	0	0	0
7	Held under repurchase agreements	0	0	757	0	0	0	0	204
	Federal agency obligations:								
8	Bought outright	7,487	7,464	7,464	7,464	7,464	7,507	7,487	7,464
9	Held under repurchase agreements	0	0	890	0	0	0	0	368
	U.S. government securities								
	Bought outright:								
10	Bills	35,467	28,539	35,784	29,123	36,686	33,959	35,467	38,641
11	Certificates—Special	0	0	0	0	0	0	0	2,600
12	Other	0	0	0	0	0	0	0	0
13	Notes	54,662	54,662	54,662	54,662	54,662	54,855	54,662	54,662
14	Bonds	13,357	13,357	13,357	13,357	13,357	12,465	13,357	13,357
15	Total[1]	103,486	96,558	103,803	97,142	104,705	101,279	103,486	109,260
16	Held under repurchase agreements	0	0	2,689	0	0	0	0	1,680
17	**Total U.S. government securities**	**103,486**	**96,558**	**106,492**	**97,142**	**104,705**	**101,279**	**103,486**	**110,940**
18	**Total loans and securities**	**112,576**	**106,064**	**117,041**	**106,444**	**113,664**	**113,152**	**112,576**	**119,940**
19	Cash items in process of collection	15,229	14,704	16,080	13,335	11,529	12,803	15,229	10,171
20	Bank premises	395	395	395	397	396	395	395	396
	Other assets:								
21	Denominated in foreign currencies[2]	2,266	3,672	3,717	3,769	3,774	2,528	2,266	3,754
22	All other	1,910	1,962	2,093	2,343	2,339	2,753	1,910	2,255
23	**Total assets**	**145,564**	**139,993**	**152,526**	**139,438**	**144,863**	**144,839**	**145,564**	**149,690**
	LIABILITIES								
24	Federal Reserve notes	99,999	100,631	100,958	100,687	100,896	99,354	99,999	100,654
	Deposits:								
25	Member bank reserves	29,723	25,245	36,088	24,723	29,063	29,931	29,723	31,615
26	U.S. Treasury—General account	3,443	2,512	3,318	2,106	3,178	3,522	3,443	5,726
27	Foreign	343	276	262	225	271	339	343	303
28	Other	779	883	746	677	661	874	779	708
29	**Total deposits**	**34,288**	**28,916**	**40,414**	**27,731**	**33,173**	**34,666**	**34,288**	**38,352**
30	Deferred availability cash items	6,598	6,324	6,672	6,716	6,019	6,225	6,598	5,934
31	Other liabilities and accrued dividends[3]	1,859	1,774	1,947	1,601	1,902	1,685	1,859	1,795
32	**Total liabilities**	**142,744**	**137,645**	**149,991**	**136,735**	**141,990**	**141,930**	**142,744**	**146,735**
	CAPITAL ACCOUNTS								
33	Capital paid in	1,088	1,089	1,109	1,109	1,110	1,085	1,088	1,113
34	Surplus	1,078	1,078	1,078	1,078	1,078	1,078	1,078	1,078
35	Other capital accounts	654	181	348	516	685	746	654	764
36	**Total liabilities and capital accounts**	**145,564**	**139,993**	**152,526**	**139,438**	**144,863**	**144,839**	**145,564**	**149,690**
37	MEMO: Marketable U.S. govt. securities held in custody for foreign and intl. account	94,611	94,531	92,922	92,591	90,623	95,762	94,611	89,184
		Federal Reserve note statement							
38	F.R. notes outstanding (issued to Bank)	113,160	108,866	113,269	113,627	114,098	113,618	113,160	114,135
	Collateral held against notes outstanding:								
39	Gold certificate account	11,544	11,544	11,532	11,481	11,481	11,592	11,544	11,479
40	Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
41	Eligible paper	1,424	1,838	1,193	1,549	1,225	2,726	1,424	845
42	U.S. government securities	98,892	94,184	99,244	99,297	100,092	98,000	98,892	100,511
43	**Total collateral**	**113,160**	**108,866**	**113,269**	**113,627**	**114,098**	**113,618**	**113,160**	**114,135**

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

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

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1979					End of month 1979		
	Feb. 28	Mar. 7	Mar. 14	Mar. 21	Mar. 28	Jan. 31	Feb. 28	Mar. 31
1 **Loans**	**1,604**	**2,041**	**1,436**	**1,838**	**1,495**	**4,364**	**1,604**	**964**
2 Within 15 days	1,577	2,004	1,374	1,763	1,463	4,334	1,577	905
3 16 days to 90 days	27	37	62	75	32	30	27	59
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 **Acceptances**	**0**	**0**	**757**	**0**	**0**	**0**	**0**	**204**
6 Within 15 days	0	0	757	0	0	0	0	204
7 16 days to 90 days	0	0	0	0	0	0	0	0
8 91 days to 1 year	0	0	0	0	0	0	0	0
9 **U.S. government securities**	**103,486**	**96,558**	**106,492**	**97,142**	**104,705**	**101,279**	**103,486**	**110,940**
10 Within 15 days[1]	3,084	2,681	5,668	4,550	4,998	3,961	3,084	7,663
11 16 days to 90 days	16,546	9,563	16,660	8,503	16,550	14,369	16,546	20,031
12 91 days to 1 year	25,864	26,663	26,513	26,437	25,506	25,980	25,864	25,595
13 Over 1 year to 5 years	34,549	34,208	34,208	34,209	34,208	31,577	34,549	34,208
14 Over 5 years to 10 years	11,875	11,875	11,875	11,875	11,875	14,717	11,875	11,875
15 Over 10 years	11,568	11,568	11,568	11,568	11,568	10,675	11,568	11,568
16 **Federal agency obligations**	**7,487**	**7,464**	**8,354**	**7,464**	**7,464**	**7,507**	**7,487**	**7,832**
17 Within 15 days[1]	114	40	890	25	25	16	114	393
18 16 days to 90 days	344	395	578	553	553	507	344	553
19 91 days to 1 year	1,098	1,098	994	994	994	1,188	1,098	994
20 Over 1 year to 5 years	3,553	3,553	3,509	3,509	3,509	3,475	3,553	3,509
21 Over 5 years to 10 years	1,568	1,568	1,573	1,573	1,573	1,511	1,568	1,573
22 Over 10 years	810	810	810	810	810	810	810	810

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars, turnover as ratio of debits to deposit. Monthly data are at annual rates.

Bank group, or type of customer	1975	1976	1977	1978 Aug.	Sept.	Oct.	Nov.	Dec.
	Debits to demand deposits [2] (seasonally adjusted)							
1 All commercial banks	25,028.5	29,180.4	34,322.8	42,819.1	41,896.6	42,942.5	42,941.5	42,307.5
2 Major New York City banks	9,670.7	11,467.2	13,860.6	16,435.0	15,500.0	15,437.8	15,673.6	15,100.2
3 Other banks	15,357.8	17,713.2	20,462.2	26,384.1	26,396.6	27,504.7	27,267.9	27,207.3
	Debits to savings deposits [3] (not seasonally adjusted)							
4 All customers	....	....	174.0	434.6	424.4	467.6	446.0	438.0
5 Business [1]	....	....	21.7	58.5	62.0	67.2	66.8	61.4
6 Others	....	....	152.3	376.1	362.4	400.4	379.1	376.6
	Demand deposit turnover [2] (seasonally adjusted)							
7 All commercial banks	105.3	116.8	129.2	146.5	141.9	144.1	145.1	141.6
8 Major New York City banks	356.9	411.6	503.0	577.6	549.6	530.1	559.8	535.9
9 Other banks	72.9	79.8	85.9	100.0	98.8	102.3	101.8	100.5
	Savings deposit turnover [3] (not seasonally adjusted)							
10 All customers	....	....	1.6	2.0	1.9	2.1	2.0	2.0
11 Business [1]	....	....	4.1	5.2	5.4	5.8	5.8	5.4
12 Others	....	....	1.5	1.8	1.7	1.9	1.8	1.8

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

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

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

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

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1975 Dec.	1976 Dec.	1977 Dec.	1978 Dec.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
	Seasonally adjusted									
MEASURES[1]										
1 M-1	295.4	313.8	338.7	361.5	361.1	361.6	361.0	361.5	359.9	358.8
2 M-1+	456.8	517.2	560.6	r586.4	589.4	r589.7	r587.2	r586.4	r582.3	578.9
3 M-2	664.8	740.6	809.4	876.3	866.2	870.9	874.3	876.3	875.4	877.0
4 M-3	1,092.4	1,235.6	1,374.3	1,500.6	1,474.7	1,485.5	1,493.8	1,500.6	r1,504.1	1,510.0
5 M-4	745.8	803.0	883.1	972.9	954.8	959.6	969.7	972.9	975.9	979.2
6 M-5	1,173.5	1,298.0	1,448.0	1,597.3	1,563.2	1,574.1	1,589.2	1,597.3	r1,604.6	1,612.1
COMPONENTS										
7 Currency	73.8	80.8	88.6	97.5	95.2	95.8	96.6	97.5	98.2	98.9
Commercial bank deposits:										
8 Demand	221.7	233.0	250.1	264.1	265.9	265.8	264.4	264.1	261.7	259.9
9 *Time and savings*	*450.3*	*489.2*	*544.4*	*611.4*	*593.7*	*597.9*	*608.8*	*611.4*	*616.0*	*620.4*
10 Savings	160.7	202.1	219.7	222.0	225.5	225.2	223.4	222.0	219.6	217.4
11 Negotiable CDs[2]	81.0	62.4	73.7	96.6	88.5	88.6	95.4	96.6	100.5	102.1
12 Other time	208.6	224.7	251.0	292.8	279.6	284.1	289.9	292.8	295.9	300.9
13 Nonbank thrift institutions[3]	427.7	495.0	564.9	624.3	608.5	614.6	619.5	624.3	r628.7	632.9
	Not seasonally adjusted									
MEASURES[1]										
14 M-1	303.9	322.6	348.2	371.6	359.0	361.4	363.0	371.6	365.7	352.0
15 M-1+	463.6	524.2	568.0	r594.4	r585.3	r587.8	r587.4	r594.4	587.3	571.5
16 M-2	670.0	745.8	814.9	882.0	861.7	868.2	871.6	882.0	880.1	871.4
17 M-3	1,095.0	1,238.3	1,377.2	1,503.3	1,469.2	1,481.6	1,487.8	1,503.3	r1,507.2	1,502.4
18 M-4	753.5	810.0	890.8	981.6	952.0	959.0	968.0	981.6	981.2	970.9
19 M-5	1,178.4	1,302.6	1,453.2	r1,602.0	1,559.5	1,572.4	1,584.2	1,602.9	r1,608.3	1,602.0
COMPONENTS										
20 Currency	75.1	82.1	90.1	99.1	94.9	95.6	97.2	99.1	97.4	97.6
Commercial bank deposits:										
21 *Demand*	*228.8*	*240.5*	*258.1*	*272.5*	*264.1*	*265.8*	*265.7*	*272.5*	*268.3*	*254.4*
Member	162.8	169.4	177.5	182.9	178.3	179.3	178.3	182.9	179.2	169.5
Domestic nonmember	62.6	67.5	76.2	85.6	81.9	82.7	83.7	85.6	84.9	81.0
24 *Time and savings*	*449.6*	*487.4*	*542.6*	*609.9*	*593.1*	*597.6*	*605.0*	*609.9*	*615.5*	*618.9*
25 Savings	159.1	200.2	217.7	219.9	223.6	223.5	221.5	219.9	218.8	216.7
26 Negotiable CDs[2]	83.5	64.3	75.9	99.5	90.3	90.8	96.4	99.5	101.1	99.6
27 Other time	207.1	222.9	249.0	290.5	279.2	283.3	287.1	290.5	295.6	302.6
28 Other checkable deposits[4]	0.7	1.4	2.1	r2.9	2.8	r2.8	r2.9	r2.9	r2.8	2.8
29 Nonbank thrift institutions[3]	424.9	492.5	562.3	621.3	607.5	613.4	616.2	621.3	r627.1	631.1
30 U.S. goverment deposits (all commercial banks)	4.1	4.4	5.1	10.2	6.2	4.3	8.0	10.2	12.0	8.3

[1] Composition of the money stock measures is as follows:

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

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

M2-: M-1 plus savings deposits, time deposits open account, and time certificates of deposit (CDs) other than negotiable CDs of $100,000 or more at large weekly reporting banks.

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

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

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

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

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

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

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

NOTES TO TABLE 1.23:

[1] Adjusted to exclude domestic commercial interbank loans.

[2] Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. 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 "Commerical and industrial loans" were reduced by about $100 million.

[3] 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.

[4] Reclassification of loans reduced these loans by about $1.2 billion as of Mar. 31, 1976.

[5] Reclassification of loans at one large bank reduced these loans by about $200 million as of Dec. 31, 1977.

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	1975 Dec.	1976 Dec.	1977 Dec.	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
					Seasonally adjusted						
1 **Reserves**[1]	34.67	34.89	36.10	38.11	37.93	38.21	38.38	39.75	41.27	41.48	40.75
2 Nonborrowed	34.54	34.84	35.53	36.80	36.79	37.15	37.10	39.05	40.40	40.48	39.78
3 Required	34.40	34.61	35.91	37.92	37.77	38.02	38.22	39.53	41.04	r41.26	40.54
4 Monetary base	106.7	118.4	127.8	134.7	135.3	136.8	137.8	139.9	142.4	143.4	143.3
5 **Deposits subject to reserve requirements**[2]	504.2	528.6	568.6	600.5	602.7	607.0	608.9	616.9	616.7	621.1	619.7
6 Time and savings	336.8	354.1	386.7	410.8	413.0	416.8	418.3	427.5	429.4	433.5	436.1
Demand											
7 Private	164.5	171.5	178.5	186.1	186.5	186.2	187.2	187.0	185.1	185.6	181.9
8 U.S. government	2.9	3.0	3.5	3.6	3.3	4.0	3.5	2.3	2.3	1.9	1.8
					Not seasonally adjusted						
9 Monetary base	108.3	120.3	129.8	135.7	135.2	136.2	137.5	140.5	144.6	144.4	141.9
10 **Deposits subject to reserve requirements**[2]	510.9	534.8	575.3	600.6	599.2	605.9	608.4	615.1	624.0	627.1	614.3
11 Time and savings	337.2	353.6	386.4	411.1	412.8	416.6	418.5	425.2	429.6	433.8	434.2
Demand											
12 Private	170.7	177.9	185.1	186.4	183.9	184.7	186.9	188.0	191.9	191.5	178.2
13 U.S. government	3.1	3.3	3.8	3.2	2.5	4.6	3.0	2.0	2.5	1.9	1.8

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

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

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

1.23 LOANS AND INVESTMENTS All Commercial Banks

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

Category	1974 Dec. 31[3]	1975 Dec. 31	1976 Dec. 31	1977 Dec. 31	1978 July 26p	1978 Aug. 30p	1978 Sept. 27p	1978 Oct. 25p	1978 Nov. 29p	1978 Dec. 31p
					Seasonally adjusted					
1 **Loans and investments**[1]	691.1	721.8	785.1	870.6	940.7	944.6	952.4	960.9	966.5	967.3
2 Including loans sold outright[2]	695.9	726.2	788.9	875.5	945.3	949.3	957.0	964.8	970.2	971.1
Loans:										
3 Total	500.2	496.9	538.9	617.0	675.1	680.2	687.3	696.8	706.8	709.0
4 Including loans sold outright[2]	505.0	501.3	542.7	621.9	679.7	684.9	691.9	700.7	710.5	712.8
5 Commercial and industrial	183.5	176.2	4179.7	5201.4	220.8	222.8	224.6	227.0	228.9	228.9
6 Including loans sold outright[2]	186.2	178.7	4182.1	5204.2	223.1	225.2	226.9	228.9	230.8	230.7
Investments:										
7 U.S. Treasury	51.1	80.1	98.0	95.6	100.6	97.9	97.2	95.2	90.3	88.4
8 Other	139.8	144.8	148.2	158.0	165.0	166.5	167.9	168.9	169.4	169.9
					Not seasonally adjusted					
9 **Loans and investments**[1]	705.6	737.0	801.6	888.9	936.6	942.0	951.4	958.4	969.3	987.6
10 Including loans sold outright[2]	710.4	741.4	805.4	893.8	941.2	946.7	956.1	962.3	973.0	991.4
Loans:										
11 Total[1]	510.7	507.4	550.2	629.9	675.6	681.0	688.6	696.6	707.2	723.9
12 Including loans sold outright[2]	515.5	511.8	554.0	634.8	680.2	685.7	693.3	700.5	710.9	727.7
13 Commercial and industrial	186.8	179.3	4182.9	5205.0	220.9	221.7	223.9	226.5	228.9	233.0
14 Including loans sold outright[2]	189.5	181.8	4185.3	5207.8	232.2	224.1	226.2	228.4	230.8	234.8
Investments:										
15 U.S. Treasury	54.5	84.1	102.5	100.2	96.1	94.8	95.0	93.5	92.6	93.0
16 Other	140.5	145.5	148.9	158.8	164.9	166.2	167.7	168.3	169.5	170.7

For notes see bottom of opposite page.

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

Billions of dollars except for number of banks

	Account	1977 Dec.	1978[3] Mar.	Apr.	May	June	July[p]	Aug.[p]	Sept.[p]	Oct.[p]	Nov.[p]	Dec.[p]
		All commercial										
1	**Loans and investments**	939.1	939.7	953.0	974.4	985.0	980.6	985.5	996.4	1,003.0	1,016.2	1,034.7
2	Loans, gross	680.1	680.4	688.7	712.4	722.1	719.6	724.5	733.6	741.2	754.1	770.9
	Investments:											
3	U.S. Treasury securities	100.2	99.0	100.2	97.3	97.9	96.1	94.8	95.0	93.5	92.6	92.6
4	Other	158.8	160.3	164.1	164.6	165.1	164.9	166.2	167.7	168.3	169.5	171.2
5	**Cash assets**	168.7	130.5	133.1	161.0	166.8	130.2	137.4	141.8	146.5	149.2	170.1
6	Currency and coin	13.9	14.4	14.3	14.5	12.0	14.8	15.2	15.2	15.1	16.7	17.2
7	Reserves with Federal Reserve Banks	29.3	30.2	27.6	30.3	29.6	23.6	29.7	32.6	34.6	32.6	37.7
8	Balances with banks	59.0	42.6	43.6	51.9	56.0	44.4	43.0	44.4	45.0	46.5	51.6
9	Cash items in process of collection	66.4	43.3	47.6	64.3	69.3	47.3	49.5	49.6	51.7	53.5	63.6
10	**Total assets/total liabilities and capital**[1]	1,166.0	1,140.5	1,156.9	1,206.5	1,215.0	1,179.2	1,192.9	1,209.5	1,220.4	1,240.8	1,284.0
11	**Deposits**	939.4	899.8	915.5	952.9	965.7	932.3	937.7	949.9	952.3	959.0	993.1
	Demand:											
12	Interbank	51.7	37.6	39.0	51.2	49.3	40.5	40.4	41.9	43.3	42.9	51.1
13	U.S. government	7.3	4.9	6.2	3.3	8.0	4.3	2.8	11.0	7.6	2.1	2.3
14	Other	323.9	281.2	293.8	312.9	317.5	296.3	298.6	297.1	299.2	304.7	327.1
	Time:											
15	Interbank	9.8	9.0	9.0	9.4	10.2	10.3	10.7	11.6	11.1	11.8	12.4
16	Other	546.6	567.1	567.5	576.1	580.8	580.9	585.2	588.3	591.2	597.6	600.3
17	Borrowings	96.2	105.6	104.9	112.2	106.8	103.2	109.1	112.8	118.3	125.6	133.0
18	**Total capital accounts**[2]	85.8	83.4	83.7	84.6	89.9	85.8	86.2	87.1	87.1	87.8	87.3
19	MEMO: Number of banks	14,707	14,689	14,697	14,702	14,698	14,713	14,721	14,715	14,713	14,719	14,712
		Member										
20	**Loans and investments**	675.5	668.6	676.8	693.8	699.7	695.8	698.9	706.9	713.4	724.3	739.5
21	Loans, gross	494.9	490.5	495.3	514.3	519.6	517.6	520.3	527.0	533.9	544.6	558.3
	Investments:											
22	U.S. Treasury securities	70.4	68.2	68.8	66.9	67.4	65.7	65.3	65.4	64.1	63.5	63.6
23	Other	110.1	109.9	112.7	112.7	112.7	112.5	113.3	114.5	115.3	116.2	117.6
24	**Cash assets, total**	134.4	104.8	106.5	130.7	133.8	104.2	111.2	115.4	118.6	121.3	140.2
25	Currency and coin	10.4	10.6	10.5	10.6	8.7	10.8	11.1	11.1	11.1	12.3	12.7
26	Reserves with Federal Reserve Banks	29.3	30.2	27.6	30.3	29.6	23.6	29.7	32.6	34.6	32.6	37.7
27	Balances with banks	30.8	22.9	22.7	28.1	29.1	24.3	22.9	24.0	23.2	25.1	28.6
28	Cash items in process of collection	63.9	41.2	45.7	61.7	66.5	45.4	47.6	47.7	49.7	51.4	61.2
29	**Total assets/total liabilities and capital**[1]	861.8	833.2	843.3	884.7	888.7	857.3	868.5	882.2	891.2	908.5	945.2
30	**Deposits**	683.5	645.1	655.1	686.7	694.3	666.1	670.6	679.6	682.5	688.6	716.3
	Demand:											
31	Interbank	48.0	34.7	36.0	47.5	45.5	37.3	37.2	38.6	39.9	39.5	47.3
32	U.S. government	5.4	3.7	4.5	2.2	5.6	3.1	1.9	8.1	5.7	1.5	1.6
33	Other	239.4	205.1	213.4	229.1	231.6	214.6	217.0	215.6	217.0	221.3	237.9
	Time:											
34	Interbank	7.8	7.0	6.9	7.3	8.1	8.2	8.6	9.4	9.0	9.7	10.2
35	Other	382.9	394.7	394.3	400.5	403.4	402.9	405.9	407.8	411.0	416.7	419.3
36	Borrowings	84.9	91.8	91.1	96.9	92.1	88.0	93.9	97.2	101.4	108.1	115.9
37	**Total capital accounts**[2]	63.7	62.4	62.7	63.3	66.1	64.2	64.5	65.1	65.2	65.7	65.5
38	MEMO: Number of banks	5,669	5,654	5,645	5,638	5,622	5,613	5,610	5,593	5,585	5,586	5,565

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.
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: 1976—December, 11; 1978 January, 12.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

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

1 Includes items not shown separately.

For Note see table 1.24.

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

Millions of dollars, except for number of banks.

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

For notes see opposite page.

1.26 Continued

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

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

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

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

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

Millions of dollars, Wednesday figures

Account	1979								
	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28[p]	Mar. 7[p]	Mar. 14[p]	Mar. 21[p]	Mar. 28[p]
1 Cash items in process of collection	44,193	42,152	44,504	49,562	49,083	42,944	44,596	40,658	44,700
2 Demand deposits due from banks in the United States	14,321	13,340	12,571	13,862	15,538	12,285	12,537	13,823	12,472
3 All other cash and due from depositary institutions	29,878	33,125	36,096	26,631	28,925	24,686	35,288	24,739	28,923
4 **Total loans and securities**	**451,140**	**450,590**	**451,292**	**459,394**	**455,176**	**460,266**	**455,966**	**461,963**	**457,323**
Securities									
5 *U.S. Treasury securities*	*34,990*	*35,235*	*34,938*	*36,186*	*36,132*	*38,380*	*37,132*	*37,283*	*36,939*
6 Trading account	3,934	3,892	3,472	4,418	4,410	5,328	4,302	4,438	4,130
7 Investment account, by maturity	31,056	31,343	31,466	31,768	31,722	33,052	32,830	32,845	32,809
8 One year or less	7,935	8,295	8,373	8,424	8,588	9,679	9,651	9,718	9,717
9 Over one through five years	18,944	18,705	18,789	18,817	18,682	19,002	18,890	18,854	18,826
10 Over five years	4,176	4,343	4,304	4,528	4,451	4,371	4,288	4,272	4,267
11 *Other securities*	*64,238*	*64,798*	*64,381*	*64,616*	*64,443*	*64,487*	*65,327*	*64,973*	*65,195*
12 Trading account	2,485	2,946	2,646	2,625	2,596	2,594	3,133	2,760	2,863
13 Investment account	61,754	61,852	61,735	61,992	61,847	61,893	62,194	62,213	62,332
14 U.S. government agencies	12,094	12,136	12,109	12,199	12,287	12,189	12,436	12,467	12,430
15 States and political subdivision, by maturity	46,838	46,890	46,809	46,976	46,808	46,935	46,992	46,986	47,136
16 One year or less	7,620	7,514	7,383	7,388	7,179	7,488	7,500	7,515	7,561
17 Over one year	39,217	39,376	39,426	39,587	39,629	39,447	39,492	39,471	39,575
18 Other bonds, corporate stocks and securities	2,822	2,826	2,816	2,817	2,752	2,769	2,765	2,759	2,766
Loans									
19 *Federal funds sold*[1]	*25,483*	*24,807*	*24,456*	*29,694*	*25,821*	*28,821*	*25,736*	*30,715*	*25,549*
20 To commercial banks	17,732	17,237	17,765	18,364	17,992	17,649	18,195	20,633	17,800
21 To nonbank brokers and dealers in securities	5,628	5,600	4,935	8,008	5,184	7,528	5,093	6,997	5,425
22 To others	2,124	1,970	1,756	3,322	2,645	3,644	2,449	3,085	2,324
23 Other loans, gross	336,481	335,900	337,734	339,121	338,978	338,850	338,084	339,367	340,053
24 Commercial and industrial	131,648	132,311	133,112	133,825	134,097	133,975	134,074	135,071	135,918
25 Bankers' acceptances and commercial paper	3,489	3,484	3,760	3,844	3,678	3,425	3,308	3,159	3,405
26 All other	128,159	128,827	129,352	129,980	130,419	130,550	130,766	131,912	132,514
27 U.S. addresses	121,838	122,554	123,098	123,699	124,194	124,362	124,632	125,710	126,319
28 Non-U.S. addressees	6,320	6,273	6,254	6,281	6,225	6,188	6,134	6,202	6,194
29 Real estate	81,811	81,754	81,984	82,236	82,372	82,582	82,915	83,082	83,274
30 To individuals for personal expenditures	60,641	60,614	60,577	60,683	60,843	60,885	61,007	61,185	61,447
To financial institutions									
31 Commercial banks in the U.S.	2,915	2,811	3,094	3,287	2,851	2,633	2,886	2,709	2,744
32 Banks in foreign countries	8,401	7,882	8,416	8,459	8,073	7,723	8,019	7,670	7,040
33 Sales finance, personal finance companies, etc.	7,985	8,146	8,150	7,824	7,934	8,184	8,047	8,057	8,084
34 Other financial institutions	15,154	14,971	15,128	14,937	14,952	15,042	14,782	14,676	14,611
35 To nonbank brokers and dealers in securities	8,671	8,264	7,601	8,241	7,924	8,266	6,982	7,603	7,405
36 To others for purchasing and carrying securities[2]	2,309	2,327	2,332	2,333	2,364	2,380	2,388	2,318	2,326
37 To finance agricultural production	4,470	4,420	4,439	4,444	4,424	4,464	4,507	4,544	4,578
38 All other	12,476	12,399	12,902	12,852	13,145	12,715	12,476	12,451	12,624
39 Less: Unearned income	5,626	5,662	5,722	5,724	5,647	5,684	5,739	5,791	5,834
40 Loan loss reserve	4,427	4,487	4,495	4,499	4,551	4,588	4,574	4,584	4,578
41 Other loans, net	326,428	325,750	327,517	328,898	328,780	328,577	327,771	328,992	329,640
42 Lease financing receivables	5,513	5,457	5,462	5,515	5,554	5,572	5,630	5,654	5,681
43 All other assets	64,555	63,534	63,381	62,648	63,546	62,338	63,075	62,382	60,801
44 **Total assets**	**609,600**	**608,199**	**613,306**	**617,613**	**617,823**	**608,090**	**617,092**	**609,219**	**609,900**
Deposits									
45 *Demand deposits*	*176,174*	*170,192*	*174,570*	*183,299*	*180,205*	*167,876*	*172,469*	*168,171*	*169,110*
46 Mutual savings banks	747	707	731	728	698	766	692	651	611
47 Individuals, partnerships, and corporations	124,395	119,962	125,565	129,118	125,848	120,399	124,087	119,885	120,176
48 States and political subdivisions	5,274	4,730	4,767	4,756	5,228	4,303	4,384	4,736	4,355
49 U.S. government	1,406	759	888	2,351	858	775	886	918	763
50 Commercial banks in United States	29,035	27,439	27,280	30,400	31,659	26,375	28,332	27,662	26,546
51 Banks in foreign countries	6,667	6,473	6,900	7,724	6,565	6,796	6,498	6,742	6,549
52 Foreign governments and official institutions	1,165	1,450	1,250	1,115	1,496	1,168	1,138	1,131	1,182
53 Certified and officers' checks	7,485	8,671	7,189	7,105	7,852	7,293	6,452	6,444	8,927
54 *Time and savings deposits*	*258,305*	*257,732*	*257,661*	*257,627*	*257,725*	*257,676*	*257,564*	*256,893*	*256,756*
55 Savings	76,054	76,228	76,084	76,160	76,026	76,407	76,248	76,558	76,831
56 Individuals and nonprofit organizations	70,939	71,087	70,963	71,061	70,991	71,324	71,191	71,491	71,745
57 Partnerships and corporations operated for profit	4,236	4,222	4,214	4,199	4,167	4,202	4,178	4,176	4,231
58 Domestic governmental units	858	896	883	874	845	856	859	859	833
59 All other	21	23	24	26	23	25	20	32	23
60 Time	182,251	181,504	181,577	181,467	181,700	181,269	181,316	180,335	179,925
61 Individuals, partnerships, and corporations	142,957	142,575	142,621	142,412	142,710	142,465	142,501	141,587	141,430
62 States and political subdivisions	23,866	23,882	24,024	24,132	24,302	24,070	24,116	24,062	23,887
63 U.S. government	483	497	499	502	487	492	510	488	476
64 Commercial banks in United States	7,632	7,419	7,399	7,370	7,394	7,438	7,379	7,389	7,270
65 Foreign governments, official institutions, and banks	7,313	7,131	7,034	7,050	6,806	6,805	6,810	6,808	6,862
66 Federal funds purchased[3]	70,698	81,581	82,660	77,641	77,056	81,379	86,598	79,082	81,065
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	3,602	44	498	356	816	1,490	731	1,104	838
68 Treasury tax-and-loan notes	7,097	4,287	2,531	2,814	1,964	1,260	323	5,011	2,215
69 All other liabilities for borrowed money	7,617	8,733	8,988	8,671	11,561	9,632	10,986	9,852	9,672
70 Other liabilities and subordinated note and debentures	44,252	43,727	44,633	45,379	46,502	46,869	46,378	47,279	48,241
71 **Total liabilities**	**567,746**	**566,295**	**571,540**	**575,787**	**575,828**	**566,183**	**575,050**	**567,392**	**567,900**
72 Residual (total assets minus total liabilities)[4]	41,854	41,904	41,765	41,826	41,995	41,908	42,042	41,827	42,000

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

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

Millions of dollars, Wednesday figures

Account	1979								
	Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28p	Mar. 7p	Mar. 14p	Mar. 21p	Mar. 28p
1 Cash items in process of collection	41,972	40,276	42,396	46,860	46,747	40,846	42,498	38,606	42,734
2 Demand deposits due from banks in the United States	13,644	12,668	11,851	13,056	14,774	11,669	11,917	13,154	11,821
3 All other cash and due from depositary institutions	28,143	31,247	34,422	25,165	27,028	23,211	33,417	23,235	27,158
4 **Total loans and securities**	**421,565**	**421,207**	**421,750**	**429,664**	**425,920**	**430,578**	**426,347**	**431,982**	**427,846**
Securities									
5 *U.S. Treasury securities*	*32,593*	*32,836*	*32,532*	*33,803*	*33,725*	*35,943*	*34,708*	*34,834*	*34,488*
6 Trading account	3,896	3,859	3,429	4,379	4,355	5,266	4,264	4,388	4,076
7 Investment account, by maturity	28,697	28,977	29,102	29,424	29,370	30,677	30,443	30,446	30,411
8 One year or less	7,298	7,655	7,732	7,814	7,975	9,049	9,013	9,092	9,099
9 Over one through five years	17,612	17,365	17,453	17,463	17,275	17,588	17,463	17,402	17,368
10 Over five years	3,787	3,957	3,918	4,147	4,119	4,040	3,968	3,952	3,944
11 *Other securities*	*59,324*	*59,884*	*59,472*	*59,737*	*59,519*	*59,583*	*60,392*	*60,042*	*60,245*
12 Trading account	2,406	2,873	2,575	2,582	2,547	2,547	3,076	2,702	2,808
13 Investment account	56,918	57,011	56,897	57,156	56,971	57,036	57,316	57,340	57,437
14 U.S. government agencies	11,270	11,294	11,282	11,382	11,434	11,348	11,589	11,613	11,576
15 States and political subdivision, by maturity	43,061	43,117	43,027	43,180	43,014	43,147	43,191	43,185	43,312
16 One year or less	7,040	6,946	6,811	6,809	6,593	6,812	6,813	6,820	6,862
17 Over one year	36,021	36,171	36,216	36,371	36,421	36,335	36,378	36,365	36,451
18 Other bonds, corporate stocks and securities	2,586	2,599	2,587	2,593	2,523	2,540	2,536	2,541	2,548
Loans									
19 *Federal funds sold*[1]	*23,342*	*22,824*	*22,309*	*27,390*	*24,058*	*26,634*	*23,664*	*28,421*	*23,750*
20 To commercial banks	15,970	15,603	15,965	16,458	16,468	15,716	16,371	18,656	16,228
21 To nonbank brokers and dealers in securities	5,258	5,264	4,618	7,678	4,977	7,297	4,867	6,783	5,229
22 To others	2,115	1,957	1,726	3,254	2,613	3,621	2,426	2,982	2,294
23 Other loans, gross	315,620	315,071	316,909	318,206	318,062	317,931	317,130	318,292	319,004
24 Commercial and industrial	124,857	125,492	126,298	126,928	127,175	127,076	127,137	128,028	128,889
25 Bankers' acceptances and commercial paper	3,424	3,408	3,690	3,774	3,609	3,360	3,246	3,088	3,340
26 All other	121,433	122,083	122,607	123,154	123,566	123,716	123,891	124,940	125,549
27 U.S. addresses	115,161	115,859	116,402	116,922	117,390	117,578	117,810	118,792	119,408
28 Non-U.S. addressees	6,272	6,224	6,205	6,232	6,175	6,138	6,081	6,148	6,141
29 Real estate	76,640	76,584	76,796	77,043	77,175	77,384	77,700	77,858	78,039
30 To individuals for personal expenditures	53,992	53,967	53,914	54,028	54,179	54,210	54,309	54,465	54,716
To financial institutions									
31 Commercial banks in the U.S.	2,819	2,719	2,992	3,181	2,749	2,544	2,796	2,625	2,657
32 Banks in foreign countries	8,319	7,814	8,342	8,376	7,989	7,650	7,935	7,597	6,972
33 Sales finance, personal finance companies, etc.	7,793	7,965	7,986	7,661	7,782	8,031	7,903	7,902	7,918
34 Other financial institutions	14,625	14,440	14,605	14,430	14,445	14,528	14,284	14,212	14,167
35 To nonbank brokers and dealers in securities	8,564	8,160	7,512	8,149	7,836	8,172	6,897	7,513	7,310
36 To others for purchasing and carrying securities[2]	2,001	2,023	2,034	2,037	2,069	2,090	2,107	2,045	2,045
37 To finance agricultural production	4,315	4,271	4,290	4,296	4,281	4,321	4,362	4,396	4,430
38 All other	11,693	11,635	12,140	12,076	12,383	11,925	11,702	11,650	11,861
39 Less: Unearned income	5,141	5,176	5,234	5,233	5,162	5,196	5,245	5,293	5,334
40 Loan loss reserve	4,172	4,232	4,238	4,240	4,281	4,317	4,302	4,313	4,307
41 Other loans, net	306,306	305,663	307,437	308,734	308,618	308,419	307,583	308,685	309,363
42 Lease financing receivables	5,355	5,299	5,303	5,365	5,396	5,411	5,469	5,493	5,519
43 All other assets	62,933	61,956	61,816	61,220	62,011	60,864	61,607	60,919	59,309
44 **Total assets**	**573,613**	**572,653**	**577,538**	**581,320**	**581,877**	**572,579**	**581,256**	**573,391**	**574,385**
Deposits									
45 *Demand deposits*	*165,426*	*159,957*	*163,833*	*172,084*	*169,524*	*157,567*	*161,946*	*157,911*	*159,015*
46 Mutual savings banks	717	677	702	702	665	712	666	628	584
47 Individuals, partnerships, and corporations	116,158	112,010	117,167	120,461	117,655	112,470	115,773	112,038	112,297
48 States and political subdivisions	4,576	4,127	4,130	4,157	4,594	3,784	3,812	3,969	3,688
49 U.S. government	1,295	660	804	2,177	748	592	808	819	688
50 Commercial banks in United States	27,716	26,184	26,043	28,980	30,281	25,072	27,101	26,425	25,389
51 Banks in foreign countries	6,591	6,409	6,837	7,662	6,489	6,738	6,434	6,687	6,491
52 Foreign governments and official institutions	1,162	1,446	1,247	1,109	1,494	1,154	1,134	1,130	1,180
53 Certified and officers' checks	7,209	8,444	6,903	6,835	7,599	7,045	6,216	6,215	8,698
54 *Time and savings deposits*	*241,483*	*240,784*	*240,622*	*240,618*	*240,754*	*240,672*	*240,477*	*239,790*	*239,714*
55 Savings	70,496	70,650	70,533	70,605	70,472	70,811	70,645	70,935	71,226
56 Individuals and nonprofit organizations	65,755	65,898	65,811	65,893	65,824	66,141	66,016	66,287	66,548
57 Partnerships and corporations operated for profit	3,921	3,906	3,895	3,880	3,855	3,886	3,865	3,868	3,920
58 Domestic governmental units	798	823	803	807	771	760	746	750	736
59 All other	21	23	23	26	22	24	19	31	22
60 Time	170,987	170,134	170,090	170,013	170,282	169,861	169,832	168,855	168,489
61 Individuals, partnerships, and corporations	134,167	133,717	133,644	133,463	133,772	133,518	133,500	132,581	132,436
62 States and political subdivisions	21,711	21,696	21,838	21,945	22,135	21,917	21,940	21,880	21,738
63 U.S. government	479	492	494	498	482	487	505	483	470
64 Commercial banks in United States	7,333	7,113	7,096	7,073	7,103	7,151	7,092	7,116	6,997
65 Foreign governments, official institutions, and banks	7,298	7,115	7,017	7,034	6,790	6,788	6,794	6,794	6,847
66 Federal funds purchased[3]	66,997	77,588	78,922	73,777	73,042	77,354	82,574	75,106	76,971
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	3,490	44	457	324	703	1,478	675	1,066	767
68 Treasury tax-and-loan notes	6,583	4,009	2,397	2,607	1,816	1,150	272	4,662	2,057
69 All other liabilities for borrowed money	7,260	8,368	8,633	8,380	11,277	9,275	10,654	9,503	9,355
70 Other liabilities and subordinated note and debentures	43,125	42,594	43,505	44,309	45,346	45,774	45,226	46,123	47,129
71 **Total liabilities**	**534,365**	**533,344**	**538,370**	**542,099**	**542,460**	**533,271**	**541,824**	**534,161**	**535,009**
72 Residual (total assets minus total liabilities)[4]	39,248	39,309	39,168	39,221	39,416	39,308	39,432	39,230	39,376

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

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

Millions of dollars, Wednesday figures

Account	1979 Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28p	Mar. 7p	Mar. 14p	Mar. 21p	Mar. 28p
1 Cash items in process of collection	15,975	16,810	16,544	14,792	18,084	15,648	15,851	13,768	18,038
2 Demand deposits due from banks in the United States	8,627	8,381	7,315	7,618	9,662	7,609	7,737	9,008	7,824
3 All other cash and due from depositary institutions	7,620	8,963	9,655	5,562	5,999	5,921	8,164	5,618	6,503
4 **Total loans and securities**[1]	**96,429**	**96,663**	**96,908**	**100,654**	**97,452**	**98,095**	**97,209**	**100,060**	**97,294**
Securities									
5 *U.S. Treasury securities*[2]	....	....	....	....	....	....	....	....	....
6 Trading account[2]	....	....	....	....	....	....	....	....	....
7 Investment account, by maturity	5,844	6,244	6,336	6,698	6,604	7,233	6,956	7,003	7,004
8 One year or less	650	767	748	888	932	1,121	1,059	1,135	1,117
9 Over one through five years	4,447	4,626	4,749	4,766	4,659	5,149	4,969	4,939	4,970
10 Over five years	748	850	839	1,044	1,013	963	928	928	917
11 *Other securities*[2]	....	....	....	....	....	....	....	....	....
12 Trading account[2]	....	....	....	....	....	....	....	....	....
13 Investment account	11,258	11,355	11,250	11,266	11,012	11,145	11,031	11,021	11,066
14 U.S. government agencies	1,405	1,505	1,440	1,447	1,413	1,513	1,453	1,396	1,390
15 States and political subdivision, by maturity	9,205	9,208	9,165	9,173	9,037	9,078	9,030	9,079	9,126
16 One year or less	1,732	1,645	1,666	1,617	1,464	1,492	1,470	1,528	1,558
17 Over one year	7,473	7,564	7,499	7,556	7,573	7,587	7,561	7,551	7,568
18 Other bonds, corporate stocks and securities	648	641	645	646	561	553	548	546	549
Loans									
19 *Federal funds sold*[3]	*6,419*	*6,362*	*5,567*	*8,699*	*6,483*	*6,348*	*6,458*	*9,367*	*6,618*
20 To commercial banks	4,779	4,146	3,558	5,023	3,922	2,476	3,790	6,420	3,976
21 To nonbank brokers and dealers in securities	1,281	1,966	1,759	2,774	1,689	2,763	1,818	2,245	1,995
22 To others	358	250	250	902	872	1,109	850	701	647
23 Other loans, gross	74,912	74,736	75,820	76,061	75,423	75,459	74,854	74,763	74,713
24 Commercial and industrial	37,404	37,599	38,084	38,256	38,287	38,340	38,273	38,279	38,460
25 Bankers' acceptances and commercial paper	964	921	1,121	1,094	950	925	908	822	900
26 All other	36,440	36,678	36,964	37,162	37,337	37,415	37,364	37,457	37,560
27 U.S. addressees	34,091	34,393	34,683	34,876	35,076	35,168	35,128	35,224	35,331
28 Non-U.S. addressees	2,349	2,286	2,280	2,286	2,261	2,247	2,237	2,233	2,229
29 Real estate	10,293	10,285	10,323	10,391	10,377	10,404	10,464	10,477	10,504
30 To individuals for personal expenditures	7,274	7,255	7,255	7,258	7,264	7,290	7,305	7,319	7,344
To financial institutions									
31 Commercial banks in ~~the~~ U.S.	1,010	884	1,191	1,266	953	965	1,219	964	974
32 Banks in foreign countries	3,497	3,331	3,916	3,930	3,548	3,421	3,732	3,517	3,147
33 Sales finance, personal finance companies, etc.	3,017	3,152	3,236	2,950	3,064	3,230	3,160	3,117	3,081
34 Other financial institutions	4,404	4,364	4,405	4,340	4,373	4,315	4,096	4,119	4,130
35 To nonbank brokers and dealers in securities	4,823	4,560	4,042	4,439	4,221	4,354	3,477	3,888	3,915
36 To others for purchasing and carrying securities[4]	411	412	421	418	432	430	421	353	355
37 To finance agricultural production	200	201	209	216	206	209	223	236	227
38 All other	2,579	2,693	2,736	2,596	2,695	2,500	2,485	2,492	2,575
39 Less: Unearned income	639	648	669	669	660	667	674	679	689
40 Loan loss reserve	1,364	1,386	1,396	1,401	1,410	1,423	1,417	1,414	1,417
41 Other loans, net	72,908	72,702	73,754	73,990	73,354	73,369	72,764	72,669	72,607
42 Lease financing receivables	492	493	498	498	499	500	529	529	531
43 All other assets[5]	32,026	31,084	30,567	31,230	32,157	32,012	33,071	32,482	31,261
44 **Total assets**	**161,169**	**162,394**	**161,486**	**160,354**	**163,854**	**159,784**	**162,561**	**161,465**	**161,451**
Deposits									
45 *Demand deposits*	*56,103*	*54,308*	*53,978*	*56,149*	*58,556*	*51,369*	*53,254*	*53,823*	*53,955*
46 Mutual savings banks	427	405	417	395	381	399	392	352	313
47 Individuals, partnerships, and corporations	29,397	27,691	28,837	29,060	29,600	26,755	27,885	28,302	27,799
48 States and political subdivisions	518	462	547	476	412	365	384	508	382
49 U.S. government	224	77	101	571	102	92	134	113	102
50 Commercial banks in United States	16,645	14,965	14,856	15,838	18,552	14,188	16,295	15,782	14,490
51 Banks in foreign countries	4,924	4,848	5,189	5,798	4,662	5,035	4,653	5,056	4,872
52 Foreign governments and official institutions	770	974	982	867	1,255	870	832	890	933
53 Certified and officers' checks	3,197	4,886	3,049	3,144	3,593	3,664	2,679	2,820	5,064
54 *Time and savings deposits*	*50,996*	*50,823*	*50,265*	*50,397*	*49,881*	*49,672*	*49,677*	*49,306*	*48,447*
55 Savings	9,486	9,551	9,535	9,538	9,548	9,617	9,617	9,686	9,767
56 Individuals and nonprofit organizations	8,842	8,892	8,890	8,896	8,913	8,983	8,993	9,042	9,129
57 Partnerships and corporations operated for profit	438	438	441	441	440	440	435	446	448
58 Domestic governmental units	196	210	191	187	184	178	178	174	178
59 All other	9	12	13	14	12	16	10	23	12
60 Time	41,510	41,272	40,729	40,858	40,333	40,055	40,061	39,621	38,680
61 Individuals, partnerships, and corporations	31,741	31,660	31,206	31,265	31,071	30,813	30,861	30,460	29,738
62 States and political subdivisions	1,817	1,839	1,868	1,906	1,877	1,868	1,844	1,852	1,765
63 U.S. government	35	36	30	29	23	28	40	43	43
64 Commercial banks in U.S.	3,375	3,328	3,275	3,296	3,274	3,274	3,194	3,179	3,060
65 Foreign governments, official institutions, and banks	4,541	4,409	4,350	4,362	4,087	4,072	4,121	4,087	4,074
66 Federal funds purchased[6]	17,168	22,205	22,353	18,931	19,291	22,385	24,328	21,342	22,398
Other liabilities for borrowed money									
67 Borrowings from Federal Reserve Banks	2,021	....	....	....	....	490	155	279	386
68 Treasury tax-and-loan notes	1,255	784	482	324	411	210	2	1,264	498
69 All other liabilities for borrowed money	3,770	4,047	4,037	3,930	4,049	3,990	3,985	3,869	3,766
70 Other liabilities and subordinated note and debentures	17,150	17,438	17,623	17,776	18,777	18,890	18,217	18,776	19,248
71 **Total liabilities**	**148,462**	**149,605**	**148,739**	**147,506**	**150,966**	**147,006**	**149,619**	**148,660**	**148,698**
72 Residual (total assets minus total liabilities)[7]	12,707	12,789	12,748	12,848	12,889	12,779	12,943	12,806	12,752

1 Excludes trading account securities.
2 Not available due to confidentiality.
3 Includes securities purchased under agreements to resell.
4 Other than financial institutions and brokers and dealers.
5 Includes trading account securities.
6 Includes securities sold under agreements to repurchase.
7 This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1979 Jan. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28p	Mar. 7p	Mar. 14p	Mar. 21p	Mar. 28p
	Large weekly reporting banks with assets of $750 million or more								
1 Total loans (gross) and investments adjusted[1]	440,546	440,692	440,650	447,966	444,532	450,256	445,198	448,996	447,191
2 Total loans (gross) adjusted[1]	341,318	340,659	341,331	347,163	343,956	347,389	342,739	346,740	345,057
3 Demand deposits adjusted[2]	101,540	99,843	101,899	100,984	98,605	97,782	98,654	98,932	97,101
4 *Time deposits in accounts of $100,000 or more*	*131,950*	*131,068*	*131,029*	*130,781*	*130,790*	*130,191*	*129,948*	*128,711*	*128,274*
5 Negotiable CDs	96,243	95,485	95,240	95,124	94,714	94,244	93,767	92,697	92,361
6 Other time deposits	35,707	35,584	35,789	35,657	36,076	35,947	36,181	36,013	35,913
7 *Loans sold outright to affiliates*[3]	*3,570*	*3,578*	*3,615*	*3,618*	*3,540*	*3,491*	*3,474*	*3,504*	*3,631*
8 Commercial and industrial	2,501	2,481	2,554	2,562	2,489	2,496	2,467	2,498	2,594
9 Other	1,069	1,097	1,061	1,056	1,050	995	1,007	1,006	1,037
	Large weekly reporting banks with assets of $1 billion or more								
10 Total loans (gross) and investments adjusted[1]	412,090	412,292	412,265	419,497	416,147	421,831	416,727	420,308	418,603
11 Total loans (gross) adjusted[1]	320,173	319,573	320,261	325,956	322,903	326,306	321,627	325,432	323,870
12 Demand deposits adjusted[2]	94,442	92,838	94,590	94,068	91,748	91,056	91,538	92,061	90,205
13 *Time deposits in accounts of $100,000 or more*	*124,399*	*123,411*	*123,269*	*123,046*	*123,119*	*122,558*	*122,259*	*121,037*	*120,638*
14 Negotiable CDs	91,608	90,762	90,535	90,370	89,983	89,519	89,015	87,952	87,608
15 Other time deposits	32,791	32,648	32,734	32,676	33,136	33,040	33,244	33,085	33,029
16 *Loans sold outright to affiliates*[3]	*3,528*	*3,537*	*3,573*	*3,575*	*3,498*	*3,453*	*3,435*	*3,463*	*3,590*
17 Commercial and industrial	2,484	2,464	2,535	2,543	2,471	2,480	2,452	2,482	2,577
18 Other	1,044	1,073	1,038	1,033	1,027	973	983	981	1,013
	Large weekly reporting banks in New York City								
19 Total loans (gross) and investments adjusted[1,4]	92,644	93,666	94,224	96,435	94,646	96,745	94,292	94,768	94,450
20 Total loans (gross) adjusted[1]	75,542	76,068	76,637	78,471	77,030	78,366	76,305	76,744	76,381
21 Demand deposits adjusted[2]	23,259	22,456	22,478	24,949	21,817	21,440	20,974	24,160	21,326
22 *Time deposits in accounts of $100,000 or more*	*36,422*	*36,192*	*35,638*	*35,698*	*35,191*	*34,886*	*34,810*	*34,351*	*33,438*
23 Negotiable CDs	29,139	28,844	28,309	28,321	27,683	27,373	27,248	26,874	26,062
24 Other time deposits	7,282	7,348	7,329	7,377	7,508	7,513	7,562	7,477	7,376

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

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

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

4 Excludes trading account securities.

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

Millions of dollars

Industry classification	Outstanding					Net change during—				
	1978		1979			1978	1979	1979		
	Nov. 29	Dec. 27	Jan. 31 r	Feb. 28 r	Mar. 28	Q4	Q1	Jan.	Feb.	Mar.
1 Durable goods manufacturing	17,325	18,004	17,786	18,818	19,482	365	1,478	-218	1,032	664
2 Nondurable goods manufacturing	16,775	17,216	16,474	16,829	17,466	213	250	-742	355	637
3 Food, liquor, and tobacco	4,654	4,936	4,620	4,689	4,816	686	-120	-316	69	127
4 Textiles, apparel, and leather	3,964	3,726	3,788	3,954	4,199	-624	473	62	166	245
5 Petroleum refining	2,522	2,643	2,370	2,353	2,274	153	-369	-273	-17	-79
6 Chemicals and rubber	3,210	3,540	3,285	3,384	3,508	88	-32	-255	99	124
7 Other nondurable goods	2,425	2,371	2,411	2,449	2,669	-89	298	40	38	220
8 Mining (including crude petroleum and natural gas)	10,495	10,652	10,038	9,973	10,130	200	-522	-614	-65	157
9 Trade	20,364	19,964	21,136	21,532	22,479	817	2,515	1,172	396	947
10 Commodity dealers	1,787	1,963	1,982	1,950	1,895	227	-68	19	-32	-55
11 Other wholesale	9,520	9,436	10,157	10,401	10,967	277	1,531	721	244	566
12 Retail	9,057	8,565	8,997	9,182	9,616	312	1,051	432	185	434
13 Transportation, communication, and other public utilities	12,892	13,411	13,543	13,836	13,986	1,086	575	132	293	150
14 Transportation	5,649	5,641	5,798	6,028	6,199	74	558	157	230	171
15 Communication	1,756	1,797	1,753	1,832	1,847	83	50	-44	79	15
16 Other public utilities	5,487	5,973	5,991	5,977	5,940	930	-33	18	-14	-37
17 Construction	5,156	5,207	5,113	5,071	5,401	-25	194	-94	-42	330
18 Services	14,432	14,957	15,478	15,609	15,910	982	953	521	131	301
19 All other[1]	17,995	16,908	15,592	15,722	14,553	-409	-2,355	-1,316	130	-1,169
20 Total domestic loans	115,434	116,319	115,161	117,390	119,408	3,229	3,089	-1,158	2,229	2,018
21 MEMO: Term loans (original maturity more than 1 year) included in domestic loans	55,107	55,273	57,709	58,666	59,975	1,718	4,702	2,436	957	1,309

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

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

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	At commercial banks									
	1974 Dec.	1975 Dec.	1976 Dec.	1977 June	1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.	1978 Dec.
1 All holders, individuals, partnerships, and corporations	**225.0**	**236.9**	**250.1**	**253.8**	**252.7**	**274.4**	**262.5**	**271.2**	**278.8**	**294.6**
2 Financial business	19.0	20.1	22.3	25.9	23.7	25.0	24.5	25.7	25.9	27.8
3 Nonfinancial business	118.8	125.1	130.2	129.2	128.5	142.9	131.5	137.7	142.5	152.7
4 Consumer	73.3	78.0	82.6	84.1	86.2	91.0	91.8	92.9	95.0	97.4
5 Foreign	2.3	2.4	2.7	2.5	2.5	2.5	2.4	2.4	2.5	2.7
6 Other	11.7	11.3	12.4	12.2	11.8	12.9	12.3	12.4	13.1	14.1
	At weekly reporting banks									
	1975 Dec.	1976 Dec.	1977 Dec.	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.
7 All holders, individuals, partnerships, and corporations	**124.4**	**128.5**	**139.1**	**136.9**	**139.9**	**137.7**	**139.7**	**141.3**	**142.7**	**147.0**
8 Financial business	15.6	17.5	18.5	19.0	19.4	19.4	18.9	19.1	19.3	19.8
9 Nonfinancial business	69.9	69.7	76.3	71.9	73.7	72.0	74.1	75.0	75.7	79.0
10 Consumer	29.9	31.7	34.6	36.6	37.1	36.8	37.1	37.5	37.7	38.2
11 Foreign	2.3	2.6	2.4	2.3	2.3	2.4	2.4	2.5	2.5	2.5
12 Other	6.6	7.1	7.4	7.1	7.3	7.1	7.3	7.2	7.5	7.5

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

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
	Commercial paper (seasonally adjusted)									
1 All issuers	**48,471**	**52,971**	**65,101**	**74,135**	**77,021**	**77,734**	**80,679**	**83,665**	**85,226**	**87,358**
Financial companies:[1]										
Dealer-placed paper [2]										
2 Total	6,212	7,261	8,884	10,864	11,429	10,949	11,487	12,296	12,915	13,419
3 Bank-related	1,762	1,900	2,132	2,935	2,622	2,868	3,231	3,521	4,413	3,969
Directly-placed paper:[3]										
4 Total	31,404	32,511	40,484	45,828	47,760	48,460	50,093	51,630	52,880	54,586
5 Bank-related	6,892	5,959	7,102	9,634	10,383	10,925	11,478	12,314	12,191	12,166
6 Nonfinancial companies[4]	10,855	13,199	15,733	17,443	17,832	18,325	19,099	19,739	19,431	19,353
	Dollar acceptances (not seasonally adjusted)									
7 Total	**18,727**	**22,523**	**25,450**	**28,319**	**27,952**	**30,579**	**32,145**	**33,700**	**33,749**	**34,337**
Held by:										
8 *Accepting banks*	*7,333*	*10,442*	*10,434*	*7,048*	*7,647*	*8,379*	*8,082*	*8,579*	*7,339*	*7,715*
9 Own bills	5,899	8,769	8,915	6,131	6,461	7,012	6,840	7,653	6,214	6,708
10 Bills bought	1,435	1,673	1,519	917	1,186	1,366	1,243	927	1,125	1,007
Federal Reserve Banks:										
11 Own account	1,126	991	954	....	1	....	....	1	....	....
12 Foreign correspondents	293	375	362	633	556	557	585	664	765	750
13 Others	9,975	10,715	13,904	20,638	19,748	21,644	23,478	24,456	25,646	25,829
Based on:										
14 Imports into United States	3,726	4,992	6,378	7,885	7,957	8,575	8,675	8,574	8,869	9,114
15 Exports from United States	4,001	4,818	5,863	6,558	6,350	6,665	7,224	7,586	7,762	7,858
16 All other	11,000	12,713	13,209	13,876	13,644	15,339	16,245	17,540	17,118	17,365

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

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

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

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

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

Percent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1978—Jan. 10	8	1978—Sept. 15	9½	1977—June	6.75	1978—May	8.27
		28	9¾	July	6.75	June	8.63
May 5	8¼			Aug.	6.83	July	9.00
26	8½	Oct. 13	10	Sept.	7.13	Aug.	9.01
		27	10¼	Oct.	7.52	Sept.	9.41
June 16	8¾			Nov.	7.75	Oct.	9.94
30	9	Nov. 1	10½	Dec.	7.75	Nov.	10.94
		6	10¾			Dec.	11.55
Aug. 31	9¼	17	11	1978—Jan.	7.93		
		24	11½	Feb.	8.00	1979—Jan.	11.75
				Mar.	8.00	Feb.	11.75
		Dec. 26	11¾	Apr.	8.00	Mar.	11.75

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

Item	All sizes	Size of loan (in thousands of dollars)					
		1–24	25–49	50–99	100–499	500–999	1,000 and over
	Short-term commercial and industrial loans						
1 Amount of loans (thousands of dollars)	6,849,553	764,236	572,350	582,423	1,571,248	639,108	2,720,187
2 Number of loans	144,174	106,536	17,073	9,420	8,982	1,025	1,137
3 Weighted-average maturity (months)	3.2	3.3	3.3	3.7	3.3	3.3	2.8
4 Weighted-average interest rate (percent per annum)	12.27	12.14	12.01	12.83	12.55	12.63	11.99
5 Interquartile range[1]	11.51–13.10	10.47–13.52	10.75–13.25	11.75–14.20	11.89–13.37	12.00–13.28	11.50–12.45
Percent of amount of loans:							
6 With floating rate	50.1	29.0	39.6	36.8	45.9	56.9	61.8
7 Made under commitment	46.4	20.3	24.1	37.5	47.6	55.3	57.5
	Long-term commercial and industrial loans						
8 Amount of loans (thousands of dollars)	1,081,529	242,097			205,214	96,688	537,530
9 Number of loans	16,416	14,943			1,111	154	207
10 Weighted-average maturity (months)	47.6	36.7			51.0	57.2	49.6
11 Weighted-average interest rate (percent per annum)	12.01	11.83			12.25	11.93	12.02
12 Interquartile range[1]	11.50–13.15	10.47–13.16			11.57–13.15	11.75–12.50	11.50–13.25
Percentage of amount of loans:							
13 With floating rate	61.7	25.8			52.5	71.4	79.6
14 Made under commitment	55.4	29.3			41.9	61.0	71.2
	Construction and land development loans						
15 Amount of loans (thousands of dollars)	591,415	94,199	63,486	93,408	122,193	218,129	
16 Number of loans	15,222	11,013	1,918	1,520	639	133	
17 Weighted-average maturity (months)	7.8	8.4	5.4	2.8	7.8	10.4	
18 Weighted-average interest rate (percent per annum)	11.79	11.22	12.15	12.00	12.43	11.48	
19 Interquartile range[1]	10.21–13.37	10.00–12.55	10.16–13.69	10.50–12.68	11.05–13.75	9.95–13.00	
Percentage of amount of loans:							
20 With floating rate	44.2	22.6	24.8	20.2	53.8	64.1	
21 Secured by real estate	92.4	84.1	92.9	97.4	93.8	92.9	
22 Made under commitment	59.3	49.1	48.1	71.7	56.3	63.2	
23 Type of construction: 1- to 4-family	40.9	62.0	80.1	82.3	38.4	4.1	
24 Multifamily	15.8	2.9	3.3	4.0	16.7	29.6	
25 Nonresidential	43.2	35.2	16.5	13.7	44.9	66.2	
	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
	Loans to farmers						
26 Amount of loans (thousands of dollars)	968,124	154,312	159,679	154,817	166,626	137,522	195,168
27 Number of loans	62,545	43,081	11,189	4,553	2,411	996	315
28 Weighted-average maturity (months)	7.8	8.4	10.7	8.0	8.0	6.1	5.1
29 Weighted-average interest rate (percent per annum)	11.01	10.34	10.40	10.37	10.69	11.69	12.33
30 Interquartile range[1]	10.00–11.83	9.50–11.00	9.73–11.00	9.61–11.00	10.00–11.00	11.00–12.49	11.00–13.50
By purpose of loan:							
31 Feeder livestock	11.10	10.35	10.18	10.54	10.60	11.33	12.86
32 Other livestock	11.23	10.47	10.87	10.53	10.71	(2)	(2)
33 Other current operating expenses	10.88	10.31	10.42	10.33	10.78	11.65	12.07
34 Farm machinery and equipment	10.28	10.23	10.25	10.10	(2)	(2)	(2)
35 Other	11.23	10.42	10.83	10.28	10.66	12.61	11.81

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

2 Fewer than 10 sample loans.

NOTE. For more detail, see the board's 416 statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

	Instrument	1976	1977	1978	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.	1979, week ending Mar. 3	Mar. 10	Mar. 17	Mar. 24	Mar. 31
							Money market rates						
1	Federal funds[1]	5.05	5.54	7.94	10.03	10.07	10.06	10.09	10.06	10.07	10.21	10.09	10.00
	Prime commercial paper[2,3]												
2	90- to 119-day	5.24	5.54	7.94	10.37	10.25	9.95	9.90	9.96	9.95	9.98	9.90	9.76
3	4- to 6-month	5.35	5.60	7.99	10.43	10.32	10.01	9.96	10.03	10.01	10.03	9.95	9.81
4	Finance company paper, directly placed, 3- to 6-month[3,4]	5.22	5.49	7.78	10.06	10.10	9.85	9.73	9.84	9.84	9.85	9.70	9.51
5	Prime bankers acceptances, 90-day[3,5]	5.19	5.59	8.11	10.55	10.29	10.01	9.94	10.03	9.97	10.00	9.97	9.82
	Large negotiable certificates of deposit												
6	3-month, secondary market[6]	5.26	5.58	8.20	10.72	10.51	10.18	10.13	10.14	10.16	10.20	10.09	9.99
7	Eurodollar deposits, 3-month[7]	5.57	6.05	8.74	11.62	11.16	10.79	10.64	10.61	10.64	10.74	10.63	10.54
	U.S. government securities												
	Bills:[3,8]												
	Market yields:												
8	3-month	4.98	5.27	7.19	9.08	9.35	9.32	9.48	9.44	9.44	9.51	9.54	9.46
9	6-month	5.26	5.53	7.58	9.36	9.47	9.41	9.47	9.50	9.45	9.51	9.47	9.43
10	1-year	5.52	5.71	7.74	9.44	9.54	9.39	9.38	9.50	9.40	9.43	9.37	9.29
	Rates on new issue:[9]												
11	3-month	4.989	5.265	7.221	9.122	9.351	9.265	9.457	9.451	9.364	9.475	9.498	9.498
12	6-month	5.266	5.510	7.572	9.397	9.501	9.349	9.458	9.498	9.415	9.457	9.483	9.437
							Capital market rates						
	Government notes and bonds												
	U.S. Treasury												
	Constant maturities:[10]												
13	1-year	5.88	6.09	8.34	10.30	10.41	10.24	10.25	10.36	10.30	10.31	10.22	10.11
14	2-year	......	6.45	8.34	9.72	9.86	9.72	9.79	9.89	9.80	9.82	9.79	9.72
15	3-year	6.77	6.69	8.29	9.33	9.50	9.29	9.38	9.45	9.39	9.39	9.38	9.33
16	5-year	7.18	6.99	8.32	9.08	9.20	9.13	9.20	9.28	9.20	9.20	9.21	9.18
17	7-year	7.42	7.23	8.36	9.03	9.14	9.11	9.15	9.22	9.13	9.16	9.15	9.13
18	10-year	7.61	7.42	8.41	9.01	9.10	9.10	9.12	9.18	9.11	9.12	9.12	9.09
19	20-year	7.86	7.67	8.48	8.90	8.98	9.03	9.08	9.12	9.08	9.07	9.08	9.05
20	30-year	......	......	8.49	8.88	8.94	9.00	9.03	9.08	9.03	9.03	9.03	9.01
	Notes and bonds maturing in[11]												
21	3 to 5 years	6.94	6.85	8.30	9.23	9.36	9.16	9.25	9.32	9.24	9.24	9.24	9.23
22	Over 10 years (long-term)	6.78	7.06	7.89	8.36	8.43	8.43	8.45	8.49	8.45	8.45	8.45	8.43
	State and local:												
	Moody's series[12]												
23	Aaa	5.66	5.20	5.52	5.91	5.95	5.66	5.82	5.80	5.80	5.80	5.80	5.90
24	Baa	7.49	6.12	6.27	6.76	7.14	6.75	6.41	6.40	6.30	6.40	6.55	6.40
25	*Bond Buyer* series[13]	6.64	5.68	6.03	6.51	6.47	6.31	6.33	6.42	6.35	6.30	6.29	6.28
	Corporate bonds												
	Seasoned issues[14]												
26	All industries	9.01	8.43	9.07	9.49	9.65	9.63	9.76	9.73	9.75	9.76	9.78	9.77
	By rating groups:												
27	Aaa	8.43	8.02	8.73	9.16	9.25	9.26	9.37	9.36	9.35	9.38	9.38	9.35
28	Aa	8.75	8.24	8.92	9.33	9.48	9.50	9.61	9.59	9.61	9.61	9.62	9.61
29	A	9.09	8.49	9.12	9.53	9.72	9.68	9.81	9.74	9.79	9.81	9.83	9.84
30	Baa	9.75	8.97	9.45	9.94	10.13	10.08	10.26	10.21	10.23	10.24	10.28	10.28
	Aaa utility bonds:[15]												
31	New issue	8.48	8.19	8.96	9.28	9.54	9.53	9.62	9.64	9.61	......	9.64	9.60
32	Recently offered issues	8.49	8.19	8.97	9.41	9.51	9.56	9.63	9.67	9.60	9.65	9.63	9.62
	Dividend/price ratio												
33	Preferred stocks	7.97	7.60	8.25	8.84	8.79	8.77	8.77	8.78	8.81	8.73	8.73	8.78
34	Common stocks	3.77	4.56	5.28	5.39	5.29	5.43	5.39	5.55	5.44	5.38	5.32	5.28

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

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

3 Yields are quoted on a bank-discount basis.

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

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

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

7 Averages of daily quotations for the week ending Wednesday.

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

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

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

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

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

13 Twenty issues of mixed quality.

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

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

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

1.37 STOCK MARKET Selected Statistics

	Indicator	1976	1977	1978	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.
		Prices and trading (averages of daily figures)									
	Common stock prices										
1	**New York Stock Exchange (Dec. 31, 1965 = 50)**	**54.45**	53.67	53.76	**58.58**	**56.40**	52.74	53.69	55.76	**55.06**	56.18
2	Industrial	60.44	57.84	58.30	64.23	61.60	57.50	58.72	61.31	60.42	61.89
3	Transportation	39.57	41.07	43.25	50.19	46.70	41.80	42.49	43.69	42.27	43.22
4	Utility	36.97	40.91	39.23	39.82	39.44	37.88	38.09	38.79	39.22	38.94
5	Finance	52.94	55.23	56.74	63.22	60.42	54.95	55.73	57.59	56.09	57.65
6	**Standard & Poor's Corporation (1941–43 = 10)[1]**	**102.01**	**98.18**	96.11	**103.86**	**100.58**	94.71	**96.10**	99.70	**98.23**	**100.11**
7	**American Stock Exchange (Aug. 31, 1973 = 100)**	**101.63**	**116.18**	**144.56**	**170.95**	**160.14**	**144.17**	**149.94**	**159.26**	**160.92**	**171.51**
	Volume of trading (thousands of shares)										
8	New York Stock Exchange	21,189	20,936	28,591	33,612	31,020	24,505	24,622	27,988	25,037	29,536
9	American Stock Exchange	2,565	2,514	3,922	5,740	4,544	3,304	3,430	3,150	2,944	4,105
		Customer financing (end-of-period balances, in millions of dollars)									
10	**Regulated margin credit at brokers/dealers[2]**	**8,166**	**9,993**	**11,035**	**12,626**	**12,307**	**11,209**	**11,035**	**10,955**	**10,989**	n.a.
11	Margin stock[3]	7,960	9,740	10,830	12,400	12,090	11,000	10,830	10,750	10,790	n.a.
12	Convertible bonds	204	250	205	225	216	209	205	204	195	n.a.
13	Subscription issues	2	3	1	1	1	....	1	1	4	n.a.
	MEMO: Free credit balances at brokers[4]										
14	Margin-account	585	640	835	825	885	790	835	810	775	n.a.
15	Cash-account	1,855	2,060	2,510	2,655	2,465	2,305	2,510	2,565	2,430	n.a.
		Margin-account debt at brokers (percentage distribution, end of period)									
16	**Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	n.a.
	By equity class (in percent):[5]										
17	Under 40	12.0	18.0	33.0	15.0	47.0	32.0	33.0	21.0	29.0	n.a.
18	40–49	23.0	36.0	28.0	36.0	20.0	27.0	28.0	32.0	31.0	n.a.
19	50–59	35.0	23.0	18.0	23.0	15.0	20.0	18.0	22.0	18.0	n.a.
20	60–69	15.0	11.0	10.0	13.0	8.0	10.0	10.0	12.0	11.0	n.a.
21	70–79	8.7	6.0	6.0	7.0	5.0	6.0	6.0	7.0	6.0	n.a.
22	80 or more	6.0	5.0	5.0	6.0	5.0	5.0	5.0	6.0	5.0	n.a.
		Special miscellaneous-account balances at brokers (end of period)									
23	Total balances (millions of dollars)[6]	8,776	9,910	....	....	....	....	....	....	....	....
	Distribution by equity status (percent)										
24	Net credit status	41.3	43.4	....	....	....	....	....	....	....	....
	Debit status, equity of—										
25	60 percent or more	47.8	44.9	....	....	....	....	....	....	....	....
26	Less than 60 percent	10.9	11.7	....	....	....	....	....	....	....	....

Margin requirements (percent of market value)[7]

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

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

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

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

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

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

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

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

7 Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act or 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1975	1976	1977	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.p
						Savings and loan associations[9]						
1 **Assets**	**338,233**	**391,907**	**459,241**	**491,576**	**498,301**	**504,298**	**508,977**	**515,352**	**520,677**	**523,649**	**529,820**	**534,180**
2 Mortgages	278,590	323,005	381,163	407,965	411,956	416,677	420,971	425,236	429,420	432,858	435,460	437,924
3 Cash and investment securities[1]	30,853	35,724	39,150	41,505	43,627	44,188	43,987	45,577	45,869	44,855	47,653	49,003
4 Other	28,790	33,178	38,928	42,106	42,718	43,433	44,019	44,539	45,388	45,936	46,707	47,253
5 **Liabilities and net worth**	**338,233**	**391,907**	**459,241**	**491,576**	**498,301**	**504,298**	**508,977**	**515,352**	**520,677**	**523,649**	**529,820**	**534,180**
6 Savings capital	285,743	335,912	386,800	408,586	411,660	413,972	420,405	423,050	425,207	431,009	435,752	438,626
7 *Borrowed money*	*20,634*	*19,083*	*27,840*	*34,270*	*35,730*	*37,219*	*38,595*	*39,873*	*r40,981*	*42,960*	*42,368*	*41,381*
8 FHLBB	17,524	15,708	19,945	24,875	26,151	27,363	28,632	29,456	r30,322	31,990	31,758	30,997
9 Other	3,110	3,375	7,895	9,395	9,579	9,856	9,963	10,417	10,659	10,970	10,610	10,384
10 Loans in process	5,128	6,840	9,911	11,632	11,540	11,422	11,222	11,165	11,315	10,737	10,445	10,295
11 Other	6,949	8,074	9,506	10,046	11,972	13,906	10,676	12,832	14,666	9,918	11,971	14,243
12 Net worth[2]	19,779	21,998	25,184	27,042	27,399	27,779	28,079	28,432	28,808	29,025	29,284	29,635
13 MEMO: Mortgage loan commitments outstanding[3]	10,673	14,826	19,875	22,927	22,393	22,047	21,648	21,503	20,738	r18,911	18,174	18,174
						Mutual savings banks[10]						
14 **Assets**	**121,056**	**134,812**	**147,287**	**153,175**	**154,315**	**155,210**	**156,110**	**156,843**	**157,436**	**158,185**	**158,910**	↑
Loans:												
15 Mortgage	77,221	81,630	88,195	91,555	92,230	92,866	93,403	93,903	94,497	95,205	95,582	
16 Other	4,023	5,183	6,210	7,771	8,207	8,379	8,418	8,272	7,921	7,176	7,729	
Securities:												
17 U.S. government	4,740	5,840	5,895	5,304	5,269	5,210	5,172	5,105	5,035	4,950	4,811	
18 State and local government	1,545	2,417	2,828	3,008	3,025	3,098	3,180	3,190	3,307	3,335	3,328	
19 Corporate and other[4]	27,992	33,793	37,918	39,427	39,639	39,592	39,639	39,651	39,679	39,759	40,044	
20 Cash	2,330	2,355	2,401	2,163	2,029	2,080	2,293	2,735	3,033	3,730	3,332	
21 Other assets	3,205	3,593	3,839	3,946	3,915	3,985	4,006	3,988	3,962	4,031	4,085	
22 **Liabilities**	**121,056**	**134,812**	**147,287**	**153,175**	**154,315**	**155,210**	**156,110**	**156,843**	**157,436**	**158,185**	**158,910**	n.a.
23 *Deposits*	*109,873*	*122,877*	*134,017*	*138,709*	*139,128*	*139,308*	*140,816*	*141,026*	*141,155*	*142,629*	*142,854*	
24 Regular:[5]	109,291	121,961	132,744	137,089	137,430	137,690	139,068	139,422	139,853	141,089	141,355	
25 Ordinary savings	69,653	74,535	78,005	77,321	76,116	75,578	75,423	74,124	72,398	71,702	70,540	
26 Time and other	39,639	47,426	54,739	59,768	61,313	62,112	63,645	65,298	67,299	69,387	70,815	
27 Other	582	916	1,272	1,620	1,698	1,619	1,747	1,604	1,458	1,540	1,499	
28 Other liabilities	2,755	2,884	3,292	3,969	4,636	5,246	4,570	5,040	5,411	4,666	5,090	
29 General reserve accounts	8,428	9,052	9,978	10,497	10,551	10,654	10,725	10,777	10,870	10,891	10,967	
30 MEMO: Mortgage loan commitments outstanding[6]	1,803	2,439	4,066	4,958	4,872	4,789	4,561	4,843	4,823	4,400	4,366	↓
						Life insurance companies[11]						
31 **Assets**	**289,304**	**321,552**	**351,722**	**369,879**	**374,415**	**378,124**	**381,050**	**382,446**	**385,562**	**389,021**	**393,402**	↑
Securities:												
32 *Government*	*13,758*	*17,942*	*19,553*	*19,401*	*19,447*	*19,563*	*19,638*	*19,757*	*19,711*	*19,579*	*19,829*	
33 United States[7]	4,736	5,368	5,315	4,984	5,006	5,155	5,156	5,183	4,934	4,795	5,049	
34 State and local	4,508	5,594	6,051	5,943	5,925	5,884	6,001	6,035	6,235	6,250	6,236	
35 Foreign[8]	4,514	6,980	8,187	8,474	8,516	8,524	8,481	8,539	8,542	8,534	8,544	
36 *Business*	*135,317*	*157,246*	*175,654*	*188,500*	*192,112*	*194,620*	*196,152*	*195,883*	*197,615*	*197,342*	*201,061*	n.a.
37 Bonds	107,256	122,984	141,891	153,812	156,207	157,888	159,972	161,347	162,835	161,923	165,552	
38 Stocks	28,061	34,262	33,763	34,688	35,905	36,732	36,180	34,536	34,780	35,419	35,509	
39 Mortgages	89,167	91,552	96,848	100,040	100,596	101,602	102,365	103,161	104,106	105,932	106,397	
40 *Real estate*	*9,621*	*10,476*	*11,060*	*11,540*	*11,562*	*11,538*	*11,583*	*11,693*	*11,707*	*11,776*	*11,841*	
41 Policy loans	24,467	25,834	27,556	28,649	28,843	29,067	29,290	29,521	29,818	30,202	30,506	
42 Other assets	16,971	18,502	21,051	21,749	21,855	21,734	22,022	22,431	22,605	24,190	23,768	↓
						Credit unions						
43 **Total assets/liabilities and capital**	**38,037**	**45,225**	**54,084**	**59,381**	**59,152**	**60,141**	**61,277**	**60,909**	**61,465**	**62,595**	**61,756**	↑
44 Federal	20,209	24,396	29,574	32,793	32,679	33,315	34,058	33,718	34,093	34,681	34,165	
45 State	17,828	20,829	24,510	26,588	26,473	26,826	27,219	27,191	27,372	27,914	27,591	
46 *Loans outstanding*	*28,169*	*34,384*	*42,055*	*47,118*	*47,620*	*49,103*	*50,121*	*50,549*	*51,264*	*51,807*	*51,526*	
47 Federal	14,869	18,311	22,717	25,762	25,970	26,840	27,510	27,697	28,176	28,583	28,340	n.a.
48 State	13,300	16,073	19,338	21,356	21,650	22,263	22,611	22,852	23,088	23,224	23,186	
49 *Savings*	*33,013*	*39,173*	*46,832*	*52,076*	*51,551*	*51,772*	*52,867*	*52,468*	*52,600*	*53,048*	*51,916*	
50 Federal (shares)	17,530	21,130	25,849	28,903	28,627	28,779	29,429	29,086	29,163	29,326	28,427	
51 State (shares and deposits)	15,483	18,043	20,983	23,173	22,924	22,993	23,438	23,382	23,437	23,722	23,489	↓

For notes see bottom of page A30.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1976		1977			1978			
	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
1 **Federal debt outstanding**	[2] **646.4**	**665.5**	**685.2**	**709.1**	**729.2**	**747.8**	**758.8**	**780.4**	**797.7**
2 *Public debt securities*	*634.7*	*653.5*	*674.4*	*698.8*	*718.9*	*738.0*	*749.0*	*771.5*	*789.2*
3 Held by public	488.6	506.4	523.2	543.4	564.1	585.2	587.9	603.6	619.2
4 Held by agencies	146.1	147.1	151.2	155.5	154.8	152.7	161.1	168.0	170.0
5 *Agency securities*	*11.6*	*12.0*	*10.8*	*10.3*	*10.2*	*9.9*	*9.8*	*8.9*	*8.5*
6 Held by public	[2] 9.7	10.0	9.0	8.5	8.4	8.1	8.0	7.4	7.0
7 Held by agencies	1.9	1.9	1.8	1.8	1.8	1.8	1.8	1.5	1.5
8 **Debt subject to statutory limit**	**635.8**	**654.7**	**675.6**	**700.0**	**720.1**	**739.1**	**750.2**	**772.7**	**790.3**
9 Public debt securities	634.1	652.9	673.8	698.2	718.3	737.3	748.4	770.9	788.6
10 Other debt[1]	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.7
11 MEMO: Statutory debt limit	636.0	682.0	700.0	700.0	752.0	752.0	752.0	798.0	798.0

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

2 Gross federal debt and agency debt held by the public increased $0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

NOTE. Data from *Treasury Bulletin* (U.S. Treasury Department).

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

Billions of dollars, end of period

Type and holder	1974	1975	1976	1977	1978		1979		
					Nov.	Dec.	Jan.	Feb.	Mar.
1 **Total gross public debt**	**492.7**	**576.6**	**653.5**	**718.9**	**783.0**	**789.2**	**790.5**	**792.2**	**796.8**
By type									
2 **Interest-bearing debt**	**491.6**	**575.7**	**652.5**	**715.2**	**782.0**	**782.4**	**789.5**	**791.2**	**792.3**
3 *Marketable*	*282.9*	*363.2*	*421.3*	*459.9*	*493.3*	*487.5*	*496.5*	*498.0*	*500.4*
4 Bills	119.7	157.5	164.0	161.1	161.5	161.7	162.3	162.4	165.5
5 Notes	129.8	167.1	216.7	251.8	271.7	265.8	272.8	271.4	270.8
6 Bonds	33.4	38.6	40.6	47.0	60.1	60.0	61.4	64.2	64.1
7 *Nonmarketable*[1]	*208.7*	*212.5*	*231.2*	*255.3*	*288.7*	*294.8*	*293.0*	*293.3*	[8] *291.9*
8 Convertible bonds[2]	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	.6	1.2	4.5	13.9	24.1	24.3	24.2	24.2	24.2
10 Foreign issues[3]	22.8	21.6	22.3	22.2	26.6	r29.6	r30.3	r28.2	28.2
11 Government	22.8	21.6	22.3	22.2	26.6	28.0	27.5	25.4	24.0
12 Public	0	0	0	0	0	1.6	2.8	2.8	4.2
13 Savings bonds and notes	63.8	67.9	72.3	77.0	80.7	80.9	80.8	80.8	80.8
14 Government account series[4]	119.1	119.4	129.7	139.8	154.8	157.5	155.2	157.6	153.8
15 Non-interest-bearing debt	1.1	1.0	1.1	3.7	1.0	6.8	1.0	1.0	4.4
By holder[5]									
16 U.S. government agencies and trust funds	138.2	139.1	147.1	154.8	167.4	170.0	167.7		
17 Federal Reserve Banks	80.5	89.8	97.0	102.5	113.3	109.6	101.3		
18 **Private investors**	**271.0**	**349.4**	**409.5**	**461.3**	**502.3**	**508.6**	**521.4**		
19 Commercial banks	55.6	85.1	103.8	101.4	93.5	93.4	95.0		
20 Mutual savings banks	2.5	4.5	5.9	5.9	5.3	5.2	5.2		
21 Insurance companies	6.2	9.5	12.7	15.1	15.1	15.0	15.1		
22 Other corporations	11.0	20.2	27.7	22.7	20.9	20.6	22.5	n.a.	n.a.
23 State and local governments	29.2	34.2	41.6	55.2	69.1	68.6	67.9		
Individuals:									
24 Savings bonds	63.4	67.3	72.0	76.7	80.5	80.7	80.6		
25 Other securities	21.5	24.0	28.8	28.6	29.8	30.0	30.4		
26 Foreign and international[6]	58.8	66.5	78.1	109.6	132.4	137.8	142.2		
27 Other miscellaneous investors[7]	22.8	38.0	38.9	46.1	55.8	r57.4	62.5		

1 Includes (not shown separately): Securities issued to the Rural Electrification Administration, depositary bonds, retirement plan bonds and individual retirement bonds.

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

3 Nonmarketable dollar-denominated and foreign currency denominated series held by foreigners.

4 Held almost entirely by U.S. government agencies and trust funds.

5 Data for Federal Reserve Banks and U.S. government agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

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

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

8 Includes a nonmarketable Federal Reserve special certificate for $2.6 billion.

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

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

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

Par value; millions of dollars, end of period

Type of holder	1976	1977	1978 Dec.	1979 Jan.	1976	1977	1978 Dec.	1979 Jan.
	All maturities				1 to 5 years			
1 **All holders**	**421,276**	**459,927**	**487,546**	**496,529**	**141,132**	**151,264**	**162,886**	**168,879**
2 U.S. government agencies and trust funds	16,485	14,420	12,695	12,694	6,141	4,788	3,310	3,310
3 Federal Reserve Banks	96,971	101,191	109,616	101,279	31,249	27,012	31,283	31,577
4 *Private investors*	*307,820*	*344,315*	*365,235*	*382,556*	*103,742*	*119,464*	*128,293*	*133,992*
5 Commercial banks	78,262	75,363	68,890	67,445	40,005	38,691	38,390	38,191
6 Mutual savings banks	4,072	4,379	3,499	3,457	2,010	2,112	1,918	1,905
7 Insurance companies	10,284	12,378	11,635	11,838	3,885	4,729	4,664	4,764
8 Nonfinancial corporations	14,193	9,474	8,272	8,700	2,618	3,183	3,635	3,667
9 Savings and loan associations	4,576	4,817	3,835	3,983	2,360	2,368	2,255	2,279
10 State and local governments	12,252	15,495	18,815	18,418	2,543	3,875	3,997	3,906
11 All others	184,182	222,409	250,288	268,716	50,321	64,505	73,433	79,281
	Total, within 1 year				5 to 10 years			
12 **All holders**	**211,035**	**230,691**	**228,516**	**230,075**	**43,045**	**45,328**	**50,400**	**50,396**
13 U.S. government agencies and trust funds	2,012	1,906	1,488	1,488	2,879	2,129	1,989	1,989
14 Federal Reserve Banks	51,569	56,702	52,801	44,310	9,148	10,404	14,809	14,717
15 *Private investors*	*157,454*	*172,084*	*174,227*	184,277	*31,018*	*32,795*	*33,601*	*33,690*
16 Commercial banks	31,213	29,477	20,608	19,284	6,278	6,162	7,490	7,508
17 Mutual savings banks	1,214	1,400	817	778	567	584	496	496
18 Insurance companies	2,191	2,398	1,838	1,856	2,546	3,204	2,899	2,962
19 Nonfinancial corporations	11,009	5,770	4,048	4,385	370	307	369	345
20 Savings and loan associations	1,984	2,236	1,414	1,537	155	143	89	90
21 State and local governments	6,622	7,917	8,194	7,801	1,465	1,283	1,588	1,605
22 All others	103,220	122,885	137,309	148,637	19,637	21,112	20,671	20,683
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**163,992**	**161,081**	**161,747**	**162,286**	**11,865**	**12,906**	**19,800**	**21,234**
24 U.S. government agencies and trust funds	449	32	2	2	3,102	3,102	3,876	3,876
25 Federal Reserve Banks	41,279	42,004	42,397	33,959	1,363	1,510	2,088	2,077
26 *Private investors*	*122,264*	*119,035*	*119,348*	*138,325*	*7,400*	*8,295*	*13,836*	*15,282*
27 Commercial banks	17,303	11,996	5,707	4,490	339	456	956	1,117
28 Mutual savings banks	454	484	150	123	139	137	143	153
29 Insurance companies	1,463	1,187	753	770	1,114	1,245	1,460	1,478
30 Nonfinancial corporations	9,939	4,329	1,792	2,123	142	133	86	159
31 Savings and loan associations	1,266	806	262	303	64	54	60	61
32 State and local governments	5,556	6,092	5,524	5,161	718	890	1,420	1,459
33 All others	86,282	94,152	105,161	115,354	4,884	5,380	9,711	10,855
	Other, within 1 year				Over 20 years			
34 **All holders**	**47,043**	**69,610**	**66,769**	**67,789**	**14,200**	**19,738**	**25,944**	**25,944**
35 U.S. government agencies and trust funds	1,563	1,874	1,487	1,487	2,350	2,495	2,031	2,031
36 Federal Reserve Banks	10,290	14,698	10,404	10,350	3,642	5,564	8,635	8,599
37 *Private investors*	*35,190*	*53,039*	*54,879*	*55,952*	*8,208*	*11,679*	*15,278*	*15,315*
38 Commercial banks	13,910	15,482	14,901	14,794	427	578	1,446	1,346
39 Mutual savings banks	760	916	667	655	143	146	126	125
40 Insurance companies	728	1,211	1,084	1,086	548	802	774	777
41 Nonfinancial corporations	1,070	1,441	2,256	2,262	55	81	135	144
42 Savings and loan associations	718	1,430	1,152	1,234	13	16	17	16
43 State and local governments	1,066	1,825	2,670	2,640	904	1,530	3,616	3,647
44 All others	16,938	28,733	32,149	33,279	6,120	8,526	9,164	9,260

NOTE. Direct public issues only. Based on Treasury Survey of Ownership from *Treasury Bulletin* (U.S. Treasury Department).

Data complete for U.S. government agencies and trust funds and Federal Reserve Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of Jan. 31, 1979: (1) 5,460 commercial banks 463 mutual savings banks, and 728 insurance companies, each about 80 percent; (2) 435 nonfinancial corporations and 485 savings and loan associations, each about 50 percent; and (3) 491 state and local governments, about 40 percent.

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

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1975	1976	1977	1978	1979		1979, week ending Wednesday					
				Dec.	Jan.	Feb.	Jan. 3	Jan. 10	Jan. 17	Jan. 24	Jan. 31	Feb. 7
1 **U.S. government securities**	**6,027**	**10,449**	**10,838**	**8,838**	**10,778**	**11,612**	**9,824**	**10,139**	**9,040**	**10,030**	**13,874**	**13,331**
By maturity:												
2 Bills	3,889	6,676	6,746	5,336	6,016	6,261	6,502	6,008	5,248	5,309	7,010	7,437
3 Other within 1 year	223	210	237	400	464	344	622	355	374	356	630	284
4 1-5 years	1,414	2,317	2,320	1,676	2,344	2,595	1,569	1,714	1,668	2,445	3,820	3,009
5 5-10 years	363	1,019	1,148	739	813	1,185	542	772	727	791	1,102	1,446
6 Over 10 years	138	229	388	687	1,140	1,227	589	1,289	1,023	1,129	1,312	1,155
By type of customer												
7 U.S. government securities dealers	885	1,360	1,267	954	1,037	1,235	915	1,033	840	1,002	1,361	1,267
8 U.S. government securities brokers	1,750	3,407	3,709	3,303	4,525	4,750	3,307	4,094	3,995	4,287	5,900	5,845
9 Commercial banks	1,451	2,426	2,295	1,514	1,599	1,764	1,745	1,599	1,314	1,417	2,031	2,196
10 All others[1]	1,941	3,257	3,568	3,066	3,616	3,863	3,858	3,413	2,891	3,324	4,582	4,023
11 **Federal agency securities**	**1,043**	**1,548**	**1,729**	**2,325**	**2,477**	**2,351**	**2,005**	**2,239**	**2,480**	**2,386**	**3,016**	**2,383**

1 Includes, among others, all other dealers and brokers in commodities and securities, foreign banking agencies, and the Federal Reserve System.

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

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

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

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

Item	1975	1976	1977	1978	1979		Week ending Wednesday 1978			Week ending Wednesday 1979		
				Dec.	Jan.	Feb.	Dec. 13	Dec. 20	Dec. 27	Jan. 3	Jan. 10	Jan. 17
	Positions[2]											
1 **U.S. government securities**	**5,884**	**7,592**	**5,172**	**2,134**	**3,549**	**3,077**	**2,620**	**2,495**	**2,067**	**905**	**3,254**	**3,583**
2 Bills	4,297	6,290	4,772	1,922	3,045	3,060	2,704	2,458	1,060	361	2,420	3,143
3 Other within 1 year	265	188	99	97	239	72	-54	215	373	272	247	251
4 1-5 years	886	515	60	-73	115	-355	347	-367	583	367	159	50
5 5-10 years	300	402	92	211	15	152	241	236	174	146	87	41
6 Over 10 years	136	198	149	24	134	293	76	48	-123	-231	341	198
7 **Federal agency securities**	**939**	**729**	**693**	**370**	**609**	**761**	**296**	**289**	**571**	**356**	**379**	**417**
	Sources of financing[3]											
8 **All sources**	**6,666**	**8,715**	**9,877**	**11,915**	**13,157**	**13,370**	**12,465**	**12,865**	**11,896**	**10,450**	**11,837**	**13,141**
Commercial banks:												
9 New York City	1,621	1,896	1,313	635	2,136	2,189	802	1,242	339	1,142	1,912	1,881
10 Outside New York City	1,466	1,660	1,987	2,209	2,367	2,402	2,430	2,338	2,321	1,620	2,062	2,425
11 Corporations[1]	842	1,479	2,423	2,890	2,756	2,602	2,852	3,065	3,004	2,536	2,818	2,713
12 All others	2,738	3,681	4,155	6,179	5,898	6,176	6,382	6,220	6,233	5,152	5,045	6,121

1 All business corporations except commercial banks and insurance companies.

2 New amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

3 Total amounts outstanding of funds borrowed by nonbank dealer firms and dealer departments of commercial banks against U.S. government and federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

NOTE. Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

	Agency	1975	1976	1977	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.
1	**Federal and federally sponsored agencies**	**97,680**	**103,325**	**109,924**	**122,638**	**123,297**	**125,397**	**127,468**	**129,139**	**131,982**
2	*Federal agencies*	*19,046*	*21,896*	*22,760*	*23,286*	*22,505*	*23,139*	*23,279*	*23,073*	*23,488*
3	Defense Department[1]	1,220	1,113	983	916	906	897	897	876	868
4	Export-Import Bank[2,3]	7,188	7,801	8,671	8,596	8,274	8,709	8,704	8,392	8,711
5	Federal Housing Administration[4]	564	575	581	603	603	601	598	594	588
6	Government National Mortgage Association participation certificates[5]	4,200	4,120	3,743	3,666	3,166	3,166	3,166	3,166	3,141
7	Postal Service[6]	1,750	2,998	2,431	2,364	2,364	2,364	2,364	2,364	2,364
8	Tennessee Valley Authority	3,915	5,185	6,015	6,785	6,835	7,045	7,195	7,325	7,460
9	United States Railway Association[6]	209	104	336	356	357	357	355	356	356
10	*Federally sponsored agencies*	*78,634*	*81,429*	*87,164*	*99,352*	*100,792*	*102,258*	*104,189*	*106,066*	*108,494*
11	Federal Home Loan Banks	18,900	16,811	18,345	23,430	24,360	25,025	25,395	26,777	27,563
12	Federal Home Loan Mortgage Corporation	1,550	1,690	1,686	1,937	1,937	2,063	2,063	2,062	2,262
13	Federal National Mortgage Association	29,963	30,565	31,890	36,900	37,518	38,353	39,776	39,814	41,080
14	Federal Land Banks	15,000	17,127	19,118	20,198	20,198	20,198	20,360	20,360	20,360
15	Federal Intermediate Credit Banks	9,254	10,494	11,174	11,392	11,482	11,555	11,554	11,548	11,469
16	Banks for Cooperatives	3,655	4,330	4,434	4,788	4,570	4,317	4,264	4,668	4,843
17	Student Loan Marketing Association[7]	310	410	515	705	725	745	775	835	915
18	Other	2	2	2	2	2	2	2	2	2
	MEMO ITEMS:									
19	**Federal Financing Bank debt[6,8]**	**17,154**	**28,711**	**38,580**	**45,550**	**46,668**	**48,078**	**49,212**	**49,645**	**51,298**
	Lending to federal and federally sponsored agencies:									
20	Export-Import Bank[3]	4,595	5,208	5,834	6,132	6,132	6,568	6,568	6,568	6,898
21	Postal Service[6]	1,500	2,748	2,181	2,114	2,114	2,114	2,114	2,114	2,114
22	Student Loan Marketing Association[7]	310	410	515	705	725	745	775	835	915
23	Tennessee Valley Authority	1,840	3,110	4,190	4,960	5,010	5,220	5,370	5,500	5,635
24	United States Railway Association[6]	209	104	336	356	357	357	355	356	356
	Other lending:[9]									
25	Farmers Home Administration	7,000	10,750	16,095	21,580	22,275	22,275	23,050	23,050	23,825
26	Rural Electrification Administration	566	1,415	2,647	3,684	3,919	4,192	4,407	4,489	4,604
27	Other	1,134	4,966	6,782	6,019	6,136	6,607	6,573	6,733	6,951

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

2 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.

4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

5 Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

6 Off-budget.

7 Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

8 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

9 Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1976	1977	1978	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
1 **All issues, new and refunding** [1]	**35,313**	**46,769**	**48,607**	**2,330**	**3,244**	**4,328**	**3,694**	**2,799**	**2,575**
Type of issue									
2 General obligation	18,040	18,042	17,854	703	1,148	1,168	1,698	1,286	933
3 Revenue	17,140	28,655	30,658	1,620	2,083	3,152	1,992	1,492	1,638
4 Housing Assistance Administration [2]	......	......	......	......	......	......	......	......	......
5 U.S. government loans	133	72	95	7	13	8	4	21	4
Type of issuer									
6 State	7,054	6,354	6,632	85	552	343	497	467	580
7 Special district and statutory authority	15,304	21,717	24,156	1,599	1,616	2,848	2,148	940	1,181
8 Municipalities, counties, townships, school districts	12,845	18,623	17,718	639	1,061	1,129	1,043	1,372	810
9 **Issues for new capital, total**	**32,108**	**36,189**	**37,629**	**2,266**	**3,160**	**4,216**	**3,379**	**2,770**	**2,549**
Use of proceeds									
10 Education	4,900	5,076	5,003	397	314	463	319	483	411
11 Transportation	2,586	2,951	3,460	302	422	259	337	248	207
12 Utilities and conservation	9,594	8,119	9,026	695	831	1,241	705	541	724
13 Social welfare	6,566	8,274	10,494	526	1,169	817	1,126	757	785
14 Industrial aid	483	4,676	3,526	105	249	323	276	264	171
15 Other purposes	7,979	7,093	6,120	241	175	1,113	616	477	251

1 Par amounts of long-term issues based on date of sale.

2 Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE. Public Securities Association.

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1975	1976	1977	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.
1 **All issues** [1]	**53,619**	**53,488**	**54,205**	**5,215**	**4,226**	**3,311**	**3,832**	**r3,685**	**3,207**
2 **Bonds**	**42,756**	**42,380**	**42,193**	**3,810**	**3,718**	**2,529**	**2,905**	**r2,516**	**2,481**
Type of offering									
3 Public	32,583	26,453	24,186	1,744	2,177	1,497	1,610	r1,651	1,608
4 Private placement	10,172	15,927	18,007	2,066	1,541	1,032	1,295	865	873
Industry group									
5 Manufacturing	16,980	13,264	12,510	1,105	675	485	823	r405	805
6 Commercial and miscellaneous	2,750	4,372	5,887	562	417	414	454	487	112
7 Transportation	3,439	4,387	2,033	225	235	115	135	67	96
8 Public utility	9,658	8,297	8,261	815	768	521	912	819	384
9 Communication	3,464	2,787	3,059	344	326	546	205	290	456
10 Real estate and financial	6,469	9,274	10,438	761	1,296	448	375	446	627
11 **Stocks**	**10,863**	**11,108**	**12,013**	**1,405**	**508**	**782**	**927**	**r1,169**	**726**
Type									
12 Preferred	3,458	2,803	3,878	586	57	157	127	47	149
13 Common	7,405	8,305	8,135	819	451	625	800	r1,122	577
Industry group									
14 Manufacturing	1,670	2,237	1,265	366	167	236	148	90	35
15 Commercial and miscellaneous	1,470	1,183	1,838	245	167	110	168	r112	111
16 Transportation	1	24	418	38	40	0	12	0	12
17 Public utility	6,235	6,121	6,058	429	31	354	426	800	377
18 Communication	1,002	776	1,379	5	27	6	10	0	1
19 Real estate and financial	488	771	1,054	320	76	75	164	r167	190

1 Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less than $100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCE. Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

	Item	1977	1978	1978 Aug.	Sept.	Oct.	Nov.	Dec.	1979 Jan.r	Feb.
	INVESTMENT COMPANIES excluding money market funds									
1	Sales of own shares[1]	6,401	6,645	638	519	463	587	602	648	451
2	Redemptions of own shares[2]	6,027	7,231	882	673	607	439	545	607	548
3	Net sales	357	−586	−244	−154	−144	148	57	41	−97
4	**Assets[3]**	**45,049**	**44,980**	**49,299**	**48,151**	**43,462**	**44,242**	**44,980**	**46,591**	**45,016**
5	Cash position[4]	3,274	4,507	3,948	3,703	3,793	4,299	4,507	4,624	4,851
6	Other	41,775	40,473	45,351	44,448	39,669	39,943	40,473	41,967	40,165

1 Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.

2 Excludes share redemption resulting from conversions from one fund to another in the same group.

3 Market value at end of period, less current liabilities.

4 Also includes all U.S. government securities and other short-term debt securities.

NOTE. Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1976	1977	1978	1977 Q2	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4
1 **Profits before tax**	**155.9**	**173.9**	**202.1**	**175.1**	**177.5**	**178.3**	**172.1**	**205.5**	**205.4**	**225.3**
2 Profits tax liability	64.3	71.8	83.9	72.3	72.8	73.9	70.0	85.0	86.2	94.5
3 Profits after tax	91.6	102.1	118.2	102.8	104.7	104.4	102.1	120.5	119.2	130.8
4 Dividends	37.9	43.7	49.3	42.7	44.1	46.3	47.0	48.1	50.1	51.9
5 Undistributed profits	53.7	58.4	68.9	60.1	60.6	58.1	55.1	72.4	69.1	78.9
6 Capital consumption allowances	97.1	106.0	114.4	105.0	107.6	109.3	111.3	113.3	115.4	117.5
7 Net cash flow	150.8	164.4	183.3	165.1	168.2	167.4	166.4	185.7	184.5	196.4

SOURCE. *Survey of Current Business* (U.S. Department of Commerce.)

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1974	1975	1976	1977				1978		
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 **Current assets**	**734.6**	**756.3**	**823.1**	**842.0**	**856.4**	**880.3**	**900.1**	**924.2**	**953.5**	**992.4**
2 Cash	73.0	80.0	86.8	80.8	83.1	83.4	94.2	88.5	90.9	91.4
3 U.S. government securities	11.3	19.6	26.0	26.8	22.1	21.5	20.9	20.9	19.7	18.6
4 Notes and accounts receivable	265.5	272.1	292.4	304.1	312.8	326.9	325.7	338.3	356.8	377.8
5 Inventories	318.9	314.7	341.4	352.1	358.8	367.5	375.0	389.7	399.1	415.5
6 Other	65.9	69.9	76.4	78.3	79.6	81.0	84.3	86.8	87.0	89.0
7 **Current liabilities**	**451.8**	**446.9**	**487.5**	**502.6**	**509.5**	**528.9**	**543.2**	**570.4**	**590.8**	**624.5**
8 Notes and accounts payable	272.3	261.2	273.2	280.2	286.8	297.8	306.8	317.2	331.3	349.9
9 Other	179.5	185.7	214.2	222.4	222.7	231.1	236.3	253.2	259.4	274.6
10 **Net working capital**	**282.8**	**309.5**	**335.6**	**339.5**	**346.9**	**351.4**	**357.0**	**353.8**	**362.7**	**367.9**
11 MEMO: Current ratio[1]	1.626	1.693	1.688	1.675	1.681	1.664	1.657	1.620	1.614	1.589

1 Ratio of total current assets to total current liabilities.

NOTE. For a description of this series see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533-37.

SOURCE. Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1977	1978r	1977		1978				1979	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1[2]	Q2[2]
1 **All industries**	**135.72**	**153.60**	**140.38**	**138.11**	**144.25**	**150.76**	**155.41**	**163.96**	**164.23**	**167.52**
Manufacturing										
2 Durable goods industries	27.75	31.59	29.23	28.19	28.72	31.40	32.25	33.99	34.18	37.09
3 Nondurable goods industries	32.33	35.86	33.79	33.22	32.86	35.80	35.50	39.26	37.78	38.81
Nonmanufacturing										
4 Mining	4.49	4.81	4.74	4.50	4.45	4.81	4.99	4.98	5.35	4.89
Transportation:										
5 Railroad	2.82	3.33	3.20	2.80	3.35	3.09	3.38	3.49	3.77	3.11
6 Air	1.63	2.34	1.69	1.76	2.67	2.08	2.20	2.39	3.28	2.36
7 Other	2.55	2.42	1.96	2.32	2.44	2.23	2.47	2.55	3.01	2.89
Public utilities:										
8 Electric	21.57	24.71	21.90	22.05	23.15	23.83	24.92	26.95	27.06	26.92
9 Gas and other	4.21	4.72	4.32	4.18	4.78	4.62	4.70	4.78	5.24	4.98
10 Communication	15.43	18.15	16.40	15.82	17.07	18.18	18.90	18.46	44.54	46.46
11 Commercial and other[1]	22.95	25.67	23.14	23.27	24.76	24.71	26.09	27.12		

1 Includes trade, service, construction, finance, and insurance.
2 Anticipated by business.

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

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1973	1974	1975	1976	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	35.4	36.1	36.0	38.6	42.3	44.0	44.5	47.1	49.7	52.6
2 Business	32.3	37.2	39.3	44.7	50.6	55.2	57.6	59.5	58.3	63.3
3 *Total*	*67.7*	*73.3*	*75.3*	*83.4*	*92.9*	*99.2*	*102.1*	*106.6*	*108.0*	*116.0*
4 LESS: Reserves for unearned income and losses	8.4	9.0	9.4	10.5	11.7	12.7	12.8	14.1	14.3	15.6
5 Accounts receivable, net	59.3	64.2	65.9	72.9	81.2	86.5	89.3	92.6	93.7	100.4
6 Cash and bank deposits	2.6	3.0	2.9	2.6	2.5	2.6	2.2	2.9	2.7	3.5
7 Securities	.8	.4	1.0	1.1	1.8	.9	1.2	1.3	1.8	1.3
8 All other	10.6	12.0	11.8	12.6	14.2	14.3	15.0	16.2	17.1	17.3
9 **Total assets**	**73.2**	**79.6**	**81.6**	**89.2**	**99.6**	**104.3**	**107.7**	**112.9**	**115.3**	**122.4**
LIABILITIES										
10 Bank loans	7.2	9.7	8.0	6.3	5.4	5.9	5.8	5.4	5.4	6.5
11 Commercial paper	19.7	20.7	22.2	23.7	25.7	29.6	29.9	31.3	29.3	34.5
Debt:										
12 Short-term, n.e.c.	4.6	4.9	4.5	5.4	5.4	6.2	5.3	6.6	6.8	8.1
13 Long-term, n.e.c.	24.6	26.5	27.6	32.3	34.8	36.0	38.0	40.1	41.3	43.6
14 Other	5.6	5.5	6.8	8.1	13.7	11.5	12.9	13.6	15.2	12.6
15 Capital, surplus, and undivided profits	11.5	12.4	12.5	13.4	14.6	15.1	15.7	16.0	17.3	17.2
16 **Total liabilities and capital**	**73.2**	**79.6**	**81.6**	**89.2**	**99.6**	**104.3**	**107.7**	**112.9**	**115.3**	**122.4**

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 Jan. 31, 1979[1]	Changes in accounts receivable			Extensions			Repayments		
		1978		1979	1978		1979	1978		1979
		Nov.	Dec.	Jan.	Nov.	Dec.	Jan.	Nov.	Dec.	Jan.
1 **Total**	**63,847**	**1,210**	**1,271**	**860**	**16,293**	**17,680**	**16,160**	**15,083**	**16,409**	**15,300**
2 Retail automotive (commercial vehicles)	14,654	229	245	145	1,260	1,308	1,231	1,031	1,063	1,086
3 Wholesale automotive	13,595	591	551	1,156	6,946	6,967	6,723	6,355	6,416	5,567
4 Retail paper on business, industrial, and farm equipment	16,355	226	20	425	1,159	1,790	1,012	933	1,770	1,437
5 Loans on commercial accounts receivable	6,630	-49	262	27	3,310	4,110	5,261	3,359	3,848	5,234
6 Factored commercial accounts receivable		209	32		1,776	1,550		1,567	1,518	
7 All other business credit	12,613	4	161	-43	1,842	1,955	1,933	1,838	1,794	1,976

[1] Not seasonally adjusted.

[2] Beginning January 1979 the categories "Loans on commercial accounts receivable" and "Factored commercial accounts receivable" are combined.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

	Item	1976	1977	1978	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
		Terms and yields in primary and secondary markets								
	PRIMARY MARKETS									
	Conventional mortgages on new homes									
	Terms:[1]									
1	Purchase price (thous. dollars)	48.4	54.3	62.6	64.6	66.8	65.1	68.1	71.9	68.3
2	Amount of loan (thous. dollars)	35.9	40.5	45.9	46.7	48.6	47.5	49.6	52.0	49.5
3	Loan/price ratio (percent)	74.2	76.3	75.3	74.1	74.4	74.4	75.1	74.7	74.5
4	Maturity (years)	27.2	27.9	28.0	27.8	28.0	27.9	28.1	28.6	28.6
5	Fees and charges (percent of loan amount)[2]	1.44	1.33	1.39	1.36	1.37	1.40	1.49	1.56	1.56
6	Contract rate (percent per annum)	8.76	8.80	9.30	9.50	9.60	9.63	9.76	9.92	9.94
	Yield (percent per annum):									
7	FHLBB series[3]	8.99	9.01	9.54	9.73	9.83	9.87	10.02	10.18	10.20
8	HUD series[4]	8.99	8.95	9.68	9.80	9.95	10.10	10.30	10.30	10.35
	SECONDARY MARKETS									
	Yields (percent per annum):									
9	FHA mortgages (HUD series)[5]	8.82	8.68	9.70	9.78	9.93	9.99	10.16	10.17	10.17
10	GNMA securities[6]	8.17	8.04	8.98	9.04	9.25	9.39	9.54	r9.67	9.67
	FNMA auctions:[7]									
11	Government-underwritten loans	8.99	8.73	9.77	9.78	10.03	10.30	10.50	10.70	10.54
12	Conventional loans	9.11	8.98	10.01	10.02	10.19	10.56	10.85	11.07	11.04
		Activity in secondary markets								
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	**Total**	**32,904**	**34,370**	**43,311**	**41,189**	**41,957**	**42,590**	**43,311**	**44,329**	**45,155**
14	FHA-insured	18,916	18,457	21,243	20,325	20,625	20,929	21,243	r21,704	21,967
15	VA-guaranteed	9,212	9,315	10,544	10,575	10,565	10,535	10,544	r10,578	10,606
16	Conventional	4,776	6,597	11,524	10,289	10,767	11,126	11,524	12,046	12,582
	Mortgage transactions (during period)									
17	Purchases	3,606	4,780	12,303	1,132	1,053	920	974	1,280	1,173
18	Sales	86	67	5	0	0	0	0	0	0
	Mortgage commitments:[8]									
19	Contracted (during period)	6,247	9,729	18,960	882	1,900	1,275	1,051	479	388
20	Outstanding (end of period)	3,398	4,698	9,201	9,068	9,547	9,525	9,201	8,161	7,381
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	4,929.8	7,974.1	12,978	717.9	1,964.8	788.0	627.0	304.9	210.6
22	Accepted	2,787.2	4,846.2	6,747.2	335.9	832.4	321.8	319.6	155.4	161.2
	Conventional loans:									
23	Offered[9]	2,595.7	5,675.2	9,933.0	484.7	1,156.8	861.4	417.4	113.5	63.0
24	Accepted	1,879.2	3,917.8	5,110.9	283.7	495.6	386.8	220.9	58.1	45.4
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	**Total**	**4,269**	**3,276**	**3,064**	**2,486**	**2,867**	**3,022**	**3,064**	**3,263**	**3,207**
26	FHA/VA	1,618	1,395	1,243	1,287	1,594	1,257	1,243	1,231	1,220
27	Conventional	2,651	1,881	1,822	1,199	1,273	1,766	1,822	2,033	1,989
	Mortgage transactions (during period)									
28	Purchases	1,175	3,900	6,524	670	791	763	596	498	300
29	Sales	1,396	4,131	6,211	594	369	581	540	317	377
	Mortgage commitments:[11]									
30	Contracted (during period)	1,477	5,546	7,451	760	547	706	455	374	357
31	Outstanding (end of period)	333	1,063	1,410	2,130	1,716	1,617	1,410	1,248	1,177

1 Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2 Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

3 Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4 Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

5 Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6 Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7 Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

8 Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

9 Mortgage amounts offered by bidders are total bids received.

10 Includes participations as well as whole loans.

11 Includes conventional and government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1974	1975	1976	1977	1978 Q1	1978 Q2	1978 Q3	1978 Q4p
1 **All holders**	**742,512**	**801,537**	**889,327**	**1,023,505**	**r1,051,908**	**r1,092,451**	**1,133,122**	**1,169,522**
2 1- to 4-family	449,371	490,761	556,557	656,566	r676,573	r706,230	734,097	759,617
3 Multifamily	99,976	100,601	104,516	111,841	r113,915	r116,419	119,207	121,928
4 Commercial	146,877	159,298	171,223	189,274	r193,355	r198,926	206,045	211,810
5 Farm	46,288	50,877	57,031	65,824	r68,065	r70,876	73,773	76,167
6 **Major financial institutions**	**542,560**	**581,193**	**647,650**	**745,011**	**764,614**	**r794,009**	**822,184**	**846,788**
7 *Commercial banks*[1]	*132,105*	*136,186*	*151,326*	*178,979*	*184,423*	*r194,469*	*205,445*	*213,845*
8 1- to 4-family	74,758	77,018	86,234	105,115	108,699	r115,389	121,911	126,896
9 Multifamily	7,619	5,915	8,082	9,215	9,387	r9,925	10,478	10,906
10 Commercial	43,679	46,882	50,289	56,898	58,407	r60,950	64,386	67,019
11 Farm	6,049	6,371	6,721	7,751	7,930	r8,205	8,670	9,024
12 *Mutual savings banks*	*74,920*	*77,249*	*81,639*	*88,104*	*89,800*	*91,535*	*93,403*	*95,044*
13 1- to 4-family	49,213	50,025	53,089	57,637	58,747	59,882	61,104	62,178
14 Multifamily	12,923	13,792	14,177	15,304	r15,598	15,900	16,224	16,509
15 Commercial	12,722	13,373	14,313	15,110	15,401	15,698	16,019	16,300
16 Farm	62	59	60	53	54	55	56	57
17 *Savings and loan associations*	*249,301*	*278,590*	*323,130*	*381,163*	*r392,428*	*r407,965*	*420,971*	*432,922*
18 1- to 4-family	200,987	223,903	260,895	310,686	r320,064	r334,164	345,232	355,291
19 Multifamily	23,808	25,547	28,436	32,513	r33,592	r34,351	35,446	36,452
20 Commercial	24,506	29,140	33,799	37,964	r38,772	r39,450	40,293	41,179
21 *Life insurance companies*	*86,234*	*89,168*	*91,555*	*96,765*	*97,963*	*100,040*	*102,365*	*104,971*
22 1- to 4-family	19,026	17,590	16,088	14,727	14,476	14,129	14,189	14,550
23 Multifamily	19,625	19,629	19,178	18,807	18,851	18,745	18,803	19,284
24 Commercial	41,256	45,196	48,864	54,388	55,426	57,463	59,268	60,782
25 Farm	6,327	6,753	7,425	8,843	9,210	9,703	10,105	10,361
26 **Federal and related agencies**	**58,320**	**66,891**	**66,753**	**70,006**	**72,014**	**73,991**	**78,672**	**82,086**
27 *Government National Mortgage Assn.*	*4,846*	*7,438*	*4,241*	*3,660*	*3,291*	*3,283*	*3,560*	*3,610*
28 1- to 4-family	2,248	4,728	1,970	1,548	948	922	897	910
29 Multifamily	2,598	2,710	2,271	2,112	2,343	2,361	2,663	2,700
30 *Farmers Home Admin.*	*1,432*	*1,109*	*1,064*	*1,353*	*1,179*	*618*	*1,384*	*1,084*
31 1- to 4-family	759	208	454	626	202	124	460	360
32 Multifamily	167	215	218	275	408	102	240	188
33 Commercial	156	190	72	149	218	104	251	197
34 Farm	350	496	320	303	351	288	433	339
35 *Federal Housing and Veterans Admin.*	*4,015*	*4,970*	*5,150*	*5,212*	*5,219*	*5,225*	*5,295*	*5,365*
36 1- to 4-family	2,009	1,990	1,676	1,627	1,585	1,543	1,565	1,587
37 Multifamily	2,006	2,980	3,474	3,585	3,634	3,682	3,730	3,778
38 *Federal National Mortgage Assn.*	*29,578*	*31,824*	*32,904*	*34,369*	*36,029*	*38,753*	*41,189*	*43,311*
39 1- to 4-family	23,778	25,813	26,934	28,504	30,208	32,974	35,437	37,579
40 Multifamily	5,800	6,011	5,970	5,865	5,821	5,779	5,752	5,732
41 *Federal Land Banks*	*13,863*	*16,563*	*19,125*	*22,136*	*22,925*	*23,857*	*24,758*	*25,658*
42 1- to 4-family	406	549	601	670	691	727	819	849
43 Farm	13,457	16,014	18,524	21,466	22,234	23,130	23,939	24,809
44 *Federal Home Loan Mortgage Corp.*	*4,586*	*4,987*	*4,269*	*3,276*	*3,371*	*2,255*	*2,486*	*3,058*
45 1- to 4-family	4,217	4,588	3,889	2,738	2,785	1,856	1,994	2,453
46 Multifamily	369	399	380	538	586	399	492	605
47 **Mortgage pools or trusts**[2]	**23,799**	**34,138**	**49,801**	**70,289**	**74,080**	**78,602**	**82,153**	**86,747**
48 *Government National Mortgage Assn.*	*11,769*	*18,257*	*30,572*	*44,896*	*46,357*	*48,032*	*50,844*	*54,347*
49 1- to 4-family	11,249	17,538	29,583	43,555	44,906	46,515	49,276	52,732
50 Multifamily	520	719	989	1,341	1,451	1,517	1,568	1,615
51 *Federal Home Loan Mortgage Corp.*	*757*	*1,598*	*2,671*	*6,610*	*7,471*	*9,423*	*9,934*	*10,125*
52 1- to 4-family	608	1,349	2,282	5,621	6,286	7,797	8,358	8,519
53 Multifamily	149	249	389	989	1,185	1,626	1,576	1,606
54 *Farmers Home Admin.*	*11,273*	*14,283*	*16,558*	*18,783*	*20,252*	*21,147*	*1,084*	*22,275*
55 1- to 4-family	6,782	9,194	10,219	11,379	12,235	12,742	360	13,392
56 Multifamily	116	295	532	759	732	1,128	188	1,163
57 Commercial	1,473	1,948	2,440	2,945	3,528	3,301	197	3,510
58 Farm	2,902	2,846	3,367	3,682	3,757	3,976	339	4,210
59 **Individuals and others**[3]	**117,833**	**119,315**	**125,123**	**138,199**	**141,200**	**145,849**	**150,113**	**153,901**
60 1- to 4-family	53,331	56,268	62,643	72,115	74,741	77,466	80,004	82,321
61 Multifamily	24,276	22,140	20,420	20,538	20,327	20,904	21,119	21,390
62 Commercial	23,085	22,569	21,446	21,820	21,603	21,960	22,459	22,823
63 Farm	17,141	18,338	20,614	23,726	24,529	25,519	26,531	27,367

1 Includes loans held by nondeposit trust companies but not bank trust departments.

2 Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

3 Other holders include mortgage companies, real estate investment trusts, state and local credit agencies, state and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE. Based on data from various institutional and government sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of five or more units.

1.55 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change▲

Millions of dollars

Holder, and type of credit	1976	1977	1978	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
				Amounts outstanding (end of period)						
1 **Total**	**193,977**	**230,829**	**275,640**	**259,614**	**263,387**	**265,821**	**269,445**	**275,640**	**275,346**	**275,818**
By major holder										
2 Commercial banks	93,728	112,373	136,189	129,622	131,403	132,702	133,908	136,189	136,452	136,671
3 Finance companies	38,919	44,868	54,309	50,558	51,280	51,984	53,099	54,309	55,004	55,728
4 Credit unions	31,169	37,605	45,939	43,499	44,325	44,635	45,305	45,939	45,526	45,661
5 Retailers[2]	19,260	23,490	24,876	22,093	22,302	22,464	23,006	24,876	23,962	23,246
6 Savings and loans	6,246	7,354	8,394	7,947	8,055	8,177	8,291	8,394	8,427	8,488
7 Gasoline companies	2,830	2,963	3,240	3,354	3,416	3,276	3,173	3,240	3,338	3,274
8 Mutual savings banks	1,825	2,176	2,693	2,541	2,606	2,583	2,663	2,693	2,637	2,750
By major type of credit										
9 Automobile	67,707	82,911	102,468	97,687	99,062	100,159	101,565	102,468	102,890	103,780
10 Commercial banks	39,621	49,577	60,564	58,453	59,085	59,778	60,347	60,564	60,682	61,053
11 Indirect paper	22,072	27,379	33,850	32,667	33,067	33,415	33,709	33,850	33,928	34,261
12 Direct loans	17,549	22,198	26,714	25,786	26,018	26,363	26,638	26,714	26,754	26,792
13 Credit unions	15,238	18,099	21,976	20,801	21,196	21,344	21,664	21,967	21,769	21,834
14 Finance companies	12,848	15,235	19,937	18,433	18,781	19,037	19,554	19,937	20,439	20,893
15 Revolving	17,189	39,274	47,051	41,629	42,420	42,579	43,523	47,051	46,516	45,586
16 Commercial banks	14,359	18,374	24,434	21,314	21,935	22,165	22,724	24,434	24,677	24,502
17 Retailers		17,937	19,377	16,961	17,069	17,138	17,626	19,377	18,501	17,810
18 Gasoline companies	2,830	2,963	3,240	3,354	3,416	3,276	3,173	3,240	3,338	3,274
19 Mobile home	14,573	15,141	16,042	15,799	15,910	15,925	16,017	16,042	16,004	16,008
20 Commercial banks	8,737	9,124	9,553	9,539	9,591	9,548	9,572	9,553	9,511	9,495
21 Finance companies	3,263	3,077	3,152	3,101	3,114	3,127	3,150	3,152	3,149	3,147
22 Savings and loans	2,241	2,538	2,848	2,696	2,733	2,775	2,813	2,848	2,859	2,880
23 Credit unions	332	402	489	463	472	475	482	489	485	486
24 Other	94,508	93,503	110,079	104,499	105,995	107,158	108,340	110,079	109,936	110,444
25 Commercial banks	31,011	35,298	41,638	40,316	40,792	41,211	41,265	41,638	41,582	41,621
26 Finance companies	22,808	26,556	31,220	29,024	29,385	29,820	30,395	31,220	31,416	31,688
27 Credit unions	15,599	19,104	23,483	22,235	22,657	22,816	23,159	23,483	23,272	23,341
28 Retailers	19,260	5,553	5,499	5,132	5,233	5,326	5,380	5,499	5,461	5,436
29 Savings and loans	4,005	4,816	5,546	5,251	5,322	5,402	5,478	5,546	5,568	5,608
30 Mutual savings banks	1,825	2,176	2,693	2,541	2,606	2,583	2,663	2,693	2,637	2,750
				Net change (during period)[3]						
31 **Total**	**21,647**	**35,278**	**45,066**	**3,632**	**3,680**	**r3,382**	**r4,104**	**4,400**	**3,061**	**3,308**
By major holder										
32 Commercial banks	10,792	18,645	24,058	1,785	1,714	1,617	1,925	2,080	1,330	1,630
33 Finance companies	2,946	5,948	9,441	736	847	863	1,018	1,098	1,341	1,205
34 Credit unions	5,503	6,436	8,334	613	639	644	779	773	360	402
35 Retailers[1]	1,059	2,654	1,386	342	328	115	186	196	−90	221
36 Savings and loans	1,085	1,111	1,041	107	94	127	88	115	67	86
37 Gasoline companies	124	132	276	−1	9	16	−1	96	100	68
38 Mutual savings banks	138	352	530	50	49	−8	104	42	47	138
By major type of credit										
39 Automobile	10,465	15,204	19,557	1,604	1,532	1,375	1,755	1,780	1,680	1,565
40 Commercial banks	6,334	9,956	10,987	957	848	759	839	845	633	739
41 Indirect paper	2,742	5,307	6,471	515	517	354	440	530	387	530
42 Direct loans	3,592	4,649	4,516	442	331	405	399	315	246	209
43 Credit unions	2,497	2,861	3,868	287	313	301	364	391	187	190
44 Finance companies	1,634	2,387	4,702	360	371	315	552	544	860	636
45 Revolving	2,170	6,248	7,776	737	622	346	665	869	433	317
46 Commercial banks	2,046	4,015	6,060	358	380	337	556	610	375	492
47 Retailers		2,101	1,440	380	233	7	110	163	42	−243
48 Gasoline companies	124	132	276	−1	9	16	−1	96	100	68
49 Mobile home	140	565	897	79	72	25	75	71	40	56
50 Commercial banks	70	387	426	20	31	−25	19	21	12	15
51 Finance companies	−182	−189	74	7	6	−2	15	11	7	9
52 Savings and loans	192	297	310	46	27	46	34	30	19	28
53 Credit unions	60	70	87	6	8	6	7	9	2	4
54 Other	8,872	13,261	16,836	1,212	1,454	r1,636	r1,609	1,680	908	1,370
55 Commercial banks	2,342	4,287	6,585	450	455	r554	r516	604	310	384
56 Finance companies	1,494	3,750	4,665	369	470	550	451	543	474	560
57 Credit unions	2,946	3,505	4,379	320	318	337	408	373	171	208
58 Retailers	1,059	553	−54	−38	95	122	76	33	48	22
59 Savings and loans	893	814	731	61	67	81	54	85	48	58
60 Mutual savings banks	138	352	530	50	49	−8	104	42	47	138

1 The board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repaying in two or more installments).

2 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE. Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to \$64.3 billion at the end of 1978, \$58.6 billion at the end of 1977, \$54.8 billion at the end of 1976, and \$50.9 billion at the end of 1975. Comparable data for Dec. 31, 1979 will be published in the February 1980 BULLETIN.

▲ Consumer installment credit series have been revised from 1943, effective Dec. 7, 1978. Information is available from Mortgage and Consumer Finance Section, Division of Research and Statistics.

1.56 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations▲

Millions of dollars

	Holder, and type of credit	1976	1977	1978	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.
					Extensions[2]						
1	**Total**	**211,028**	**254,071**	**298,574**	**25,669**	**r25,537**	**r25,766**	**r26,219**	**26,500**	**25,544**	**26,202**
	By major holder										
2	Commercial banks	97,397	117,896	142,965	12,255	12,123	r12,190	r12,481	12,521	12,153	12,430
3	Finance companies	36,129	41,989	50,483	4,348	4,372	4,605	4,512	4,679	4,547	4,822
4	Credit unions	29,259	34,028	40,023	3,379	3,360	3,401	3,530	3,526	3,241	3,238
5	Retailers[1]	29,447	39,133	41,619	3,725	3,718	3,518	3,571	3,612	3,565	3,460
6	Savings and loans	3,898	4,485	5,050	435	403	566	489	516	481	468
7	Gasoline companies	13,387	14,617	16,125	1,317	1,346	1,335	1,376	1,451	1,440	1,486
8	Mutual savings banks	1,511	1,923	2,309	210	215	151	260	195	117	298
	By major type of credit										
9	Automobile	63,743	75,641	88,986	7,744	7,542	7,501	7,787	7,833	7,545	7,756
10	Commercial banks	37,886	46,363	53,028	4,660	4,479	4,345	4,503	4,443	4,286	4,430
11	Indirect paper	20,576	25,149	29,336	2,562	2,519	2,384	2,422	2,451	2,318	2,472
12	Direct loans	17,310	21,214	23,692	2,098	1,960	1,961	2,081	1,992	1,968	1,958
13	Credit unions	14,688	16,616	19,486	1,632	1,641	1,643	1,718	1,738	1,635	1,624
14	Finance companies	11,169	12,662	16,472	1,452	1,422	1,513	1,566	1,652	1,624	1,702
15	Revolving	43,934	86,756	104,587	9,028	9,006	8,846	9,176	9,424	9,417	9,357
16	Commercial banks	30,547	38,256	51,531	4,346	4,457	4,475	4,702	4,814	4,799	4,860
17	Retailers		33,883	36,931	3,365	3,203	3,036	3,098	3,159	3,178	3,011
18	Gasoline companies	13,387	14,617	16,125	1,317	1,346	1,335	1,376	1,451	1,440	1,486
19	Mobile home	4,859	5,425	6,067	531	494	604	486	502	369	454
20	Commercial banks	3,064	3,466	3,704	310	297	352	280	295	235	295
21	Finance companies	702	643	886	75	77	73	77	74	33	60
22	Savings and loans	929	1,120	1,239	127	100	154	108	111	88	81
23	Credit unions	164	196	238	19	20	25	21	22	13	18
24	Other	98,492	86,249	98,934	8,366	8,495	r8,815	r8,870	8,741	8,213	8,635
25	Commercial banks	25,900	29,811	34,702	2,939	2,890	r3,018	r2,996	2,969	2,833	2,845
26	Finance companies	24,258	28,684	33,125	2,821	2,873	3,019	2,869	2,953	2,890	3,060
27	Credit unions	14,407	17,216	20,299	1,728	1,699	1,733	1,791	1,766	1,593	1,596
28	Retailers	29,447	5,250	4,688	360	515	482	473	453	387	449
29	Savings and loans	2,969	3,365	3,811	308	303	412	381	405	393	387
30	Mutual savings banks	1,511	1,923	2,309	210	215	151	260	195	117	298
					Liquidations[2]						
31	**Total**	**189,381**	**218,793**	**253,508**	**22,037**	**21,857**	**22,384**	**22,115**	**22,100**	**22,483**	**22,894**
	By major holder										
32	Commercial banks	86,605	99,251	118,907	10,470	10,409	10,565	10,551	10,441	10,823	10,800
33	Finance companies	33,183	36,041	41,042	3,612	3,525	3,742	3,494	3,581	3,206	3,617
34	Credit unions	23,756	27,592	31,689	2,766	2,721	2,757	2,751	2,753	2,881	2,836
35	Retailers[1]	28,388	36,479	40,233	3,383	3,390	3,403	3,385	3,416	3,655	3,681
36	Savings and loans	2,813	3,374	4,009	328	309	439	401	401	414	382
37	Gasoline companies	13,263	14,485	15,849	1,318	1,337	1,319	1,377	1,355	1,340	1,418
38	Mutual savings banks	1,373	1,571	1,779	160	166	159	156	153	164	160
	By major type of credit										
39	Automobile	53,278	60,437	69,429	6,140	6,010	6,126	6,032	6,053	5,865	6,191
40	Commercial banks	31,552	36,407	42,041	3,703	3,631	3,586	3,664	3,598	3,653	3,691
41	Indirect paper	17,834	19,842	22,865	2,047	2,002	2,030	1,982	1,921	1,931	1,942
42	Direct loans	13,718	16,565	19,176	1,656	1,629	1,556	1,682	1,677	1,722	1,749
43	Credit unions	12,191	13,755	15,618	1,345	1,328	1,342	1,354	1,347	1,448	1,434
44	Finance companies	9,535	10,275	11,770	1,092	1,051	1,198	1,014	1,108	764	1,066
45	Revolving	41,764	80,508	96,811	8,291	8,384	8,500	8,511	8,555	8,984	9,040
46	Commercial banks	28,501	34,241	45,471	3,988	4,077	4,138	4,146	4,204	4,424	4,368
47	Retailers		31,782	35,491	2,985	2,970	3,043	2,988	2,996	3,220	3,254
48	Gasoline companies	13,263	14,485	15,849	1,318	1,337	1,319	1,377	1,355	1,340	1,418
49	Mobile home	4,719	4,860	5,170	452	422	579	411	431	329	398
50	Commercial banks	2,994	3,079	3,278	290	266	377	261	274	223	280
51	Finance companies	884	832	812	68	71	75	62	63	26	51
52	Savings and loans	737	823	929	81	73	108	74	81	69	53
53	Credit unions	104	126	151	13	12	19	14	13	11	14
54	Other	89,620	72,988	82,098	7,154	7,041	7,179	7,161	7,061	7,305	7,265
55	Commercial banks	23,558	25,524	28,117	2,489	2,435	2,464	2,480	2,365	2,523	2,461
56	Finance companies	22,764	24,934	28,460	2,452	2,403	2,469	2,418	2,410	2,416	2,500
57	Credit unions	11,461	13,711	15,920	1,408	1,381	1,396	1,383	1,393	1,422	1,388
58	Retailers	28,388	4,697	4,742	398	420	360	397	420	435	427
59	Savings and loans	2,076	2,551	3,080	247	236	331	327	320	345	329
60	Mutual savings banks	1,373	1,571	1,779	160	166	159	156	153	164	160

1 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
2 Monthly figures are seasonally adjusted.

▲ Consumer installment credit series have been revised from 1943, effective Dec. 7, 1978. Information is available from Mortgage and Consumer Finance Section, Division of Research and Statistics.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

	Transaction category, or sector	1973	1974	1975	1976	1977	1978	1976		1977		1978	
								H1	H2	H1	H2	H1	H2
		Nonfinancial sectors											
1	**Total funds raised**	**203.8**	**188.8**	**208.1**	**272.5**	**340.5**	**389.4**	**259.6**	**285.6**	**302.2**	**378.9**	**378.2**	**400.7**
2	*Excluding equities*	*196.1*	*184.9*	*198.0*	*261.7*	*337.4*	*387.4*	*245.9*	*277.5*	*301.0*	*373.8*	*376.8*	*398.0*
	By sector and instrument												
3	**U.S. government**	**8.3**	**11.8**	**85.4**	**69.0**	**56.8**	**53.7**	**73.5**	**64.5**	**42.6**	**71.0**	**58.7**	**48.6**
4	Public debt securities	7.9	12.0	85.8	69.1	57.6	55.1	73.4	64.9	43.1	72.2	59.7	50.5
5	Agency issues and mortgages	.4	−.2	−.4	−.1	−.9	−1.4	.1	−.3	−.6	−1.2	−.9	−1.9
6	**All other nonfinancial sectors**	**195.5**	**177.0**	**122.7**	**203.5**	**283.8**	**335.8**	**186.0**	**221.0**	**259.6**	**307.9**	**319.4**	**352.1**
7	Corporate equities	7.7	3.8	10.1	10.8	3.1	2.1	13.6	8.1	1.2	5.1	1.4	2.7
8	Debt instruments	187.9	173.1	112.6	192.6	280.6	333.7	172.4	213.0	258.5	302.8	318.0	349.3
9	**Private domestic nonfinancial sectors**	**189.3**	**161.6**	**109.5**	**182.8**	**271.4**	**310.1**	**168.5**	**197.2**	**252.1**	**290.7**	**302.2**	**318.0**
10	Corporate equities	7.9	4.1	9.9	10.5	2.7	2.6	13.3	7.7	.5	4.9	2.2	3.0
11	*Debt instruments*	*181.4*	*157.5*	*99.6*	*172.3*	*268.7*	*307.5*	*155.2*	*189.5*	*251.6*	*285.8*	*300.0*	*314.9*
12	*Debt capital instruments*	*105.0*	*98.0*	*97.8*	*126.8*	*181.1*	*194.8*	*117.8*	*135.9*	*163.4*	*198.9*	*185.6*	*204.0*
13	State and local obligations	14.7	16.5	15.6	19.0	29.2	29.6	19.3	18.7	29.3	29.0	28.5	30.8
14	Corporate bonds	9.2	19.7	27.2	22.8	21.0	20.1	22.2	23.5	16.0	26.0	19.0	21.2
	Mortgages:												
15	Home	46.4	34.8	39.5	63.7	96.4	101.4	56.9	70.5	88.5	104.2	99.3	103.6
16	Multifamily residential	10.4	6.9	*	1.8	7.4	10.1	.6	3.1	6.4	8.4	9.2	11.1
17	Commercial	18.9	15.1	11.0	13.4	18.4	23.1	13.8	12.9	14.2	22.6	20.3	26.0
18	Farm	5.5	5.0	4.6	6.1	8.8	10.3	4.9	7.3	8.9	8.7	9.3	11.4
19	*Other debt instruments*	*76.4*	*59.6*	*1.8*	*45.5*	*87.6*	*112.7*	*37.4*	*53.6*	*88.2*	*86.9*	*114.5*	*110.9*
20	Consumer credit	23.8	10.2	9.4	23.6	35.0	50.5	22.9	24.3	35.7	34.4	49.8	51.3
21	Bank loans n.e.c.	39.8	29.0	−14.0	3.5	30.6	37.1	−2.7	9.6	34.0	27.2	41.4	32.7
22	Open market paper	2.5	6.6	−2.6	4.0	2.9	4.9	5.6	2.4	3.5	2.4	5.2	4.5
23	Other	10.3	13.7	9.0	14.4	19.0	20.2	11.6	17.3	15.0	23.0	18.0	22.4
24	*By borrowing sector*	*189.3*	*161.6*	*109.5*	*182.8*	*271.4*	*310.1*	*168.5*	*197.2*	*252.1*	*290.7*	*302.2*	*318.0*
25	State and local governments	13.2	15.5	13.2	18.5	25.9	24.9	17.6	19.5	22.7	29.0	21.7	28.1
26	Households	80.9	49.2	48.6	89.9	139.6	161.3	82.7	97.1	131.2	148.0	155.0	167.5
27	Farm	9.7	7.9	8.7	11.0	14.7	17.2	9.9	12.1	15.5	13.8	14.6	19.9
28	Nonfarm noncorporate	12.8	7.4	2.0	5.2	12.6	17.2	4.0	6.4	12.8	12.3	20.3	14.2
29	Corporate	72.7	81.8	37.0	58.2	78.7	89.5	54.3	62.2	69.8	87.6	90.6	88.2
30	**Foreign**	**6.2**	**15.3**	**13.2**	**20.7**	**12.3**	**25.7**	**17.5**	**23.8**	**7.5**	**17.2**	**17.2**	**34.1**
31	Corporate equities	−.2	−.2	.2	.3	.4	−.5	.3	.3	.6	.2	−.8	−.3
32	*Debt instruments*	*6.4*	*15.6*	*13.0*	*20.4*	*11.9*	*26.2*	*17.2*	*23.5*	*6.9*	*17.0*	*18.0*	*34.4*
33	Bonds	1.0	2.1	6.2	8.5	5.0	4.3	7.4	9.7	4.4	5.6	4.9	3.7
34	Bank loans n.e.c.	2.8	4.7	3.7	6.6	1.6	12.0	5.4	7.9	−3.2	6.4	6.2	17.7
35	Open market paper	.9	7.3	.3	1.9	2.4	6.6	1.5	2.4	2.7	2.2	3.6	9.6
36	U.S. government loans	1.7	1.5	2.8	3.3	3.0	3.3	2.9	3.6	3.1	2.9	3.3	3.4
		Financial sectors											
37	**Total funds raised**	**57.6**	**36.4**	**11.7**	**29.2**	**58.8**	**93.8**	**27.9**	**30.5**	**61.5**	**56.2**	**102.9**	**84.6**
	By instrument												
38	*U.S. government related*	*19.9*	*23.1*	*13.5*	*18.6*	*26.3*	*39.0*	*18.2*	*19.0*	*25.0*	*27.5*	*41.5*	*36.5*
39	Sponsored credit agency securities	16.3	16.6	2.3	3.3	7.0	22.6	4.1	2.6	9.5	4.4	24.9	20.2
40	Mortgage pool securities	3.6	5.8	10.3	15.7	20.5	16.5	14.2	17.2	17.9	23.1	16.6	16.3
41	Loans from U.S. government	......	.7	.9	−.4	−1.2	......	*	−.7	−2.3	0	0	0
42	*Private financial sectors*	*37.7*	*13.3*	*−1.9*	*10.6*	*32.6*	*54.7*	*9.7*	*11.5*	*36.5*	*28.7*	*61.4*	*48.0*
43	Corporate equities	1.5	.3	.6	1.0	.6	1.1	−.2	2.3	.5	.7	1.1	1.0
44	*Debt instruments*	*36.2*	*13.0*	*−2.5*	*9.6*	*32.0*	*53.7*	*10.0*	*9.2*	*36.0*	*28.0*	*60.3*	*47.0*
45	Corporate bonds	3.5	2.1	2.9	5.8	10.1	7.7	6.4	5.2	10.1	10.1	8.4	6.9
46	Mortgages	−1.2	−1.3	2.3	2.1	3.1	.9	1.5	2.7	3.3	2.9	2.4	−.5
47	Bank loans n.e.c.	8.9	4.6	−3.6	−3.7	*	1.2	−2.6	−4.8	−2.3	2.3	.5	1.9
48	Open market paper and RPs	17.8	.9	−.1	7.3	14.4	31.3	6.2	8.5	21.4	7.4	34.9	27.8
49	Loans from FHLBs	7.2	6.7	−4.0	−2.0	4.3	12.5	−1.5	−2.5	3.4	5.2	14.1	10.9
	By sector	57.6	36.4	11.7	29.2	58.8	93.8	27.9	30.5	61.5	56.2	102.9	84.6
50	Sponsored credit agencies	16.3	17.3	3.2	2.9	5.8	22.6	4.0	1.8	7.1	4.4	24.9	20.2
51	Mortgage pools	3.6	5.8	10.3	15.7	20.5	16.5	14.2	17.2	17.9	23.1	16.6	16.3
52	*Private financial sectors*	*37.7*	*13.3*	*−1.9*	*10.6*	*32.6*	*54.7*	*9.7*	*11.5*	*36.5*	*28.7*	*61.4*	*48.0*
53	Commercial banks	14.1	−5.6	−1.4	7.5	4.8	8.2	9.0	6.0	10.0	−.4	12.2	4.2
54	Bank affiliates	2.2	3.5	.3	−.8	1.3	4.3	−1.3	−.3	1.3	1.2	5.8	2.8
55	Savings and loan associations	6.0	6.3	−2.2	*	11.9	16.4	.1	−.1	10.6	13.1	19.7	13.1
56	Other insurance companies	.5	.9	1.0	.9	.9	1.1	.9	.9	.9	1.0	1.0	1.1
57	Finance companies	9.4	6.0	.6	6.4	16.9	19.7	6.0	6.9	17.4	16.4	18.7	20.6
58	REITs	6.5	.6	−1.4	−2.4	−2.4	−1.3	−2.1	−2.7	−2.5	−2.2	−1.3	−1.3
59	Open-end investment companies	−1.2	−.7	−.1	−1.0	−1.0	−.5	−2.4	.4	−.8	−1.2	−.6	−.4
60	Money market funds	......	2.4	1.3	*	.2	6.9	−.5	.5	−.5	.9	5.9	8.0
		All sectors											
61	**Total funds raised, by instrument**	**261.4**	**225.1**	**219.8**	**301.7**	**399.4**	**483.2**	**287.5**	**316.0**	**363.7**	**435.0**	**481.1**	**485.3**
62	Investment company shares	−1.2	−.7	−.1	−1.0	−1.0	−.5	−2.4	.4	−.8	−1.2	−.6	−.4
63	Other corporate equities	10.4	4.8	10.8	12.9	4.8	3.6	15.8	9.9	2.5	7.0	3.1	4.2
64	*Debt instruments*	*252.3*	*221.0*	*209.1*	*289.8*	*395.6*	*480.1*	*274.1*	*305.7*	*362.0*	*429.2*	*478.6*	*481.5*
65	U.S. government securities	28.3	34.3	98.2	88.1	84.3	92.8	91.9	84.3	70.0	98.6	100.4	85.2
66	State and local obligations	14.7	16.5	15.6	19.0	29.2	29.8	19.3	18.7	29.3	29.0	28.5	30.8
67	Corporate and foreign bonds	13.6	23.9	36.4	37.2	36.1	32.1	36.1	38.4	30.5	41.7	32.3	31.8
68	Mortgages	79.9	60.5	57.2	87.1	134.0	145.9	77.7	96.4	121.2	146.7	140.3	151.5
69	Consumer credit	23.8	10.2	9.4	23.6	35.0	50.5	22.9	24.3	35.7	34.4	49.8	51.3
70	Bank loans n.e.c.	51.6	38.3	−13.9	6.4	32.2	50.2	.1	12.6	28.4	35.9	48.2	52.2
71	Open market paper and RPs	21.2	14.8	−2.4	13.3	19.8	42.8	13.3	13.3	27.6	11.9	43.7	41.9
72	Other loans	19.1	22.6	8.7	15.3	25.1	36.1	12.9	17.7	19.2	31.0	35.4	36.8

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates.

Transaction category, or sector	1973	1974	1975	1976	1977	1978	1976 H1	1976 H2	1977 H1	1977 H2	1978 H1	1978 H2
1 **Total funds advanced in credit markets to nonfinancial sectors**	**196.1**	**184.9**	**198.0**	**261.7**	**337.4**	**387.4**	**245.9**	**277.5**	**301.0**	**373.8**	**376.8**	**398.0**
By public agencies and foreign												
2 *Total net advances*	*34.1*	*52.6*	*44.3*	*54.5*	*85.4*	*102.8*	*49.7*	*59.3*	*69.3*	*101.6*	*103.5*	*102.0*
3 U.S. government securities	9.5	11.9	22.5	26.8	40.2	43.1	24.4	29.3	27.2	53.2	42.7	43.6
4 Residential mortgages	8.2	14.7	16.2	12.8	20.4	24.6	11.8	13.7	20.0	20.9	23.5	25.7
5 FHLB advances to S&Ls	7.2	6.7	−4.0	−2.0	4.3	12.5	−1.5	−2.5	3.4	5.2	14.1	10.9
6 Other loans and securities	9.2	19.4	9.5	16.9	20.5	22.6	15.0	18.8	18.6	22.4	23.3	21.8
Totals advanced, by sector												
7 U.S. government	2.8	9.7	15.1	8.9	11.8	18.3	6.3	11.5	6.1	17.6	19.2	17.4
8 Sponsored credit agencies	21.4	25.6	14.5	20.6	26.9	44.0	20.0	21.2	26.7	27.2	44.9	43.2
9 Monetary authorities	9.2	6.2	8.5	9.8	7.1	7.0	13.7	6.0	10.2	4.1	12.9	1.0
10 Foreign	.6	11.2	6.1	15.2	39.5	33.5	9.7	20.6	26.4	52.7	26.4	40.5
11 Agency borrowing not included in line 1	19.9	23.1	13.5	18.6	26.3	39.0	18.2	19.0	25.0	27.5	41.5	36.5
Private domestic funds advanced												
12 *Total net advances*	*182.0*	*155.3*	*167.3*	*225.7*	*278.2*	*323.6*	*214.4*	*237.1*	*256.8*	*299.7*	*314.8*	*332.5*
13 U.S. government securities	18.8	22.4	75.7	61.3	44.1	49.7	67.5	55.1	42.8	45.4	57.7	41.6
14 State and local obligations	14.7	16.5	15.6	19.0	29.2	29.6	19.3	18.7	29.3	29.0	28.5	30.8
15 Corporate and foreign bonds	10.0	20.9	32.8	30.5	22.3	23.4	28.6	32.3	17.2	27.3	22.4	24.3
16 Residential mortgages	48.4	26.9	23.2	52.7	83.2	86.9	45.6	59.7	74.9	91.6	84.9	88.9
17 Other mortgages and loans	97.2	75.4	16.1	60.4	103.7	146.6	51.9	68.9	96.0	111.5	135.4	157.8
18 LESS: FHLB advances	7.2	6.7	−4.0	−2.0	4.3	12.5	−1.5	−2.5	3.4	5.2	14.1	10.9
Private financial intermediation												
19 *Credit market funds advanced by private financial institutions*	*165.4*	*126.2*	*119.9*	*191.2*	*249.6*	*289.6*	*174.4*	*207.9*	*241.1*	*258.0*	*283.7*	*295.5*
20 Commercial banking	86.5	64.5	27.6	58.0	85.8	119.2	46.6	69.4	81.1	90.5	120.4	117.9
21 Savings institutions	36.9	26.9	52.0	71.4	84.8	79.1	70.5	72.4	85.3	84.3	77.2	81.0
22 Insurance and pension funds	23.9	30.0	41.5	51.7	62.0	71.4	53.2	50.2	60.3	63.7	69.4	73.4
23 Other finance	18.0	4.7	−1.1	10.1	16.9	19.9	4.2	15.9	14.5	19.4	16.6	23.2
24 *Sources of funds*	*165.4*	*126.2*	*119.9*	*191.2*	*249.6*	*289.6*	*174.4*	*207.9*	*241.1*	*258.0*	*283.7*	*295.5*
25 Private domestic deposits	86.6	69.4	90.6	121.5	136.0	124.5	108.3	134.6	127.0	145.0	119.4	129.6
26 Credit market borrowing	36.2	13.0	−2.5	9.6	32.0	53.7	10.0	9.2	36.0	28.0	60.3	47.0
27 *Other sources*	*42.5*	*43.8*	*31.9*	*60.1*	*81.6*	*111.4*	*56.1*	*64.1*	*78.2*	*85.1*	*104.0*	*118.9*
28 Foreign funds	5.8	16.8	.9	5.1	11.6	15.7	.7	9.5	.7	22.4	4.0	27.5
29 Treasury balances	−1.0	−5.1	−1.7	−.1	4.3	9.7	2.3	−2.5	−1.8	10.4	.7	20.1
30 Insurance and pension reserves	18.4	26.0	29.6	34.8	48.0	57.0	35.8	33.8	45.5	50.4	55.9	58.2
31 Other, net	19.4	6.0	3.1	20.3	17.8	29.0	17.2	23.4	33.7	1.9	44.9	13.1
Private domestic nonfinancial investors												
32 *Direct lending in credit markets*	*52.8*	*42.2*	*44.9*	*44.1*	*60.6*	*87.7*	*50.0*	*38.4*	*51.6*	*69.6*	*91.4*	*84.0*
33 U.S. government securities	19.2	17.5	23.0	19.6	24.6	33.1	25.0	14.1	14.1	35.2	36.3	30.0
34 State and local obligations	5.4	9.3	8.3	6.8	9.1	8.8	7.6	6.0	8.2	10.1	10.8	6.8
35 Corporate and foreign bonds	1.3	4.7	8.0	2.1	1.1	.9	2.9	1.3	.4	1.8	−2.6	.8
36 Commercial paper	18.3	2.4	−.8	4.1	9.5	27.8	4.8	3.4	13.0	6.0	28.8	26.9
37 Other	8.6	8.2	6.4	11.5	16.2	18.8	9.7	13.5	15.9	16.5	18.2	19.5
38 *Deposits and currency*	*90.6*	*75.7*	*96.8*	*128.8*	*144.3*	*133.8*	*114.3*	*143.3*	*132.6*	*156.0*	*129.5*	*138.0*
39 *Time and savings accounts*	*76.1*	*66.7*	*84.8*	*112.2*	*120.1*	*117.8*	*99.5*	*125.0*	*110.5*	*129.7*	*110.2*	*125.5*
40 Large negotiable CDs	18.1	18.8	−14.1	−14.4	9.3	13.8	−19.8	−9.1	−4.4	22.9	10.3	17.3
41 Other at commercial banks	29.6	26.1	39.4	58.1	41.7	42.8	52.0	64.3	45.3	38.2	45.0	40.5
42 At savings institutions	28.5	21.8	59.4	68.5	69.1	61.3	67.3	69.8	69.6	68.7	54.9	67.7
43 *Money*	*14.4*	*8.9*	*12.0*	*16.6*	*24.2*	*15.9*	*14.8*	*18.3*	*22.1*	*26.3*	*19.3*	*12.5*
44 Demand deposits	10.5	2.6	5.8	9.3	15.9	6.6	8.9	9.6	16.5	15.3	9.2	4.1
45 Currency	3.9	6.3	6.2	7.3	8.3	9.3	6.0	8.6	5.6	11.0	10.1	8.5
46 **Total of credit market instruments, deposits and currency**	**143.4**	**117.8**	**141.6**	**172.9**	**204.9**	**221.5**	**164.3**	**181.6**	**184.2**	**225.6**	**220.9**	**222.0**
47 Public support rate (in percent)	17.4	28.5	22.4	20.8	25.3	26.5	20.2	21.4	23.0	27.2	27.5	25.6
48 Private financial intermediation (in percent)	90.9	81.3	71.7	84.7	89.7	89.5	81.3	87.7	93.9	86.1	90.1	88.9
49 Total foreign funds	6.4	28.0	7.1	20.3	51.1	49.2	10.4	30.1	27.1	75.1	30.4	68.0
MEMO: Corporate equities not included above												
50 **Total net issues**	9.2	4.1	10.7	11.9	3.8	3.1	13.4	10.4	1.7	5.8	2.5	3.8
51 Mutual fund shares	−1.2	−.7	−.1	−1.0	−1.0	.5	−2.4	.4	−.8	−1.2	−.6	.4
52 Other equities	10.4	4.8	10.8	12.9	4.8	3.6	15.8	9.9	2.5	7.0	3.1	4.2
53 Acquisitions by financial institutions	13.3	5.8	9.7	12.5	6.2	4.9	13.1	12.0	6.1	6.3	1.7	8.0
54 Other net purchases	−4.1	−1.6	1.0	−.7	−2.4	−1.7	.3	−1.6	−4.4	−.5	.8	−4.2

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

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1976	1977	1978	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.
1 **Industrial production**	**129.8**	**137.1**	**145.2**	**147.1**	**147.8**	**148.7**	**149.6**	**150.9**	**150.9**	**151.0**	**152.2**
Market groupings											
2 *Products, total*	*129.3*	*137.1*	*144.3*	*146.2*	*146.5*	*147.0*	*147.7*	*149.1*	*149.4*	*149.7*	*150.7*
3 Final, total	127.2	134.9	141.4	143.3	143.7	144.1	144.5	145.6	145.9	146.2	147.3
4 Consumer goods	136.2	143.4	147.4	148.4	149.0	149.2	149.7	150.6	150.6	150.7	151.9
5 Equipment	114.6	123.2	133.1	136.3	136.4	137.0	137.3	138.7	139.4	140.1	140.9
6 Intermediate	137.2	145.1	155.3	156.4	157.0	158.0	159.3	161.8	162.3	162.9	163.4
7 Materials	130.6	136.9	146.5	148.6	149.7	151.4	152.7	153.8	153.3	153.0	154.6
Industry groupings:											
8 Manufacturing	129.5	137.1	145.6	147.6	148.7	149.5	150.4	151.8	152.0	152.1	153.3
Capacity utilization (percent)[1]											
9 Manufacturing	80.2	82.4	84.2	85.0	85.3	85.5	85.8	86.3	86.1	85.9	86.3
10 Industrial materials industries	80.4	81.9	84.9	85.9	86.3	87.1	87.6	86.1	87.5	87.1	87.9
11 Construction contracts[2]	190.2	160.5	174.3	177.0	182.0	193.0	173.0	184.0	181.0	231.0	n.a.
12 **Nonagricultural employment, total**[3]	**120.7**	**125.0**	**130.3**	**130.9**	**131.0**	**131.6**	**132.3**	**133.5**	**133.0**	**133.5**	**134.0**
13 Goods-producing, total	100.2	104.2	108.9	109.2	109.3	110.1	111.0	111.7	112.0	112.4	113.0
14 Manufacturing, total	97.7	101.0	104.5	104.3	104.3	105.1	105.9	106.6	107.1	107.5	107.8
15 Manufacturing, production-worker	95.3	98.6	102.1	101.6	101.6	102.4	103.5	104.3	104.8	105.3	105.7
16 Service-producing	131.9	136.4	142.1	142.8	142.9	143.4	144.0	144.2	144.5	145.0	145.5
17 **Personal income, total**[4]	**220.4**	**244.0**	**272.5**	**276.3**	**278.4**	**282.2**	**285.0**	**288.5**	**290.3**	**292.4**	**295.4**
18 Wages and salary disbursements	189.3	230.1	257.5	260.0	262.0	266.1	268.8	271.5	274.4	276.8	280.2
19 Manufacturing	177.1	198.6	223.6	224.5	226.4	230.3	234.8	238.0	238.0	241.0	247.0
20 Disposable personal income	176.8	194.5	216.7	219.2	......	......	226.0	......	......	n.a.	......
21 Retail sales[5]	203.5	224.4	248.0	251.7	253.5	257.5	262.0	265.3	266.3	n.a.	n.a.
Prices[6]											
22 Consumer[7]	170.5	181.5	195.4	197.8	199.3	200.9	202.0	202.9	204.7	207.1	n.a.
23 Producer finished goods[8]	170.3	180.6	194.6	195.3	196.9	199.7	200.6	202.4	205.2	207.4	208.8

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

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

3 Based on data in *Employment and Earnings* (U.S. Department of Labor). Series covers employees only, excluding personnel in the Armed Forces.

4 Based on data in *Survey of Current Business* U.S. Department of Commerce). Series for disposable income is quarterly.

5 Based on Bureau of Census data published in *Survey of Current Business* (U.S. Department of Commerce).

6 Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Department of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

7 Beginning Jan. 1978, based on new index for all urban consumers.

8 Beginning with the November 1978 BULLETIN, producer price data in this table have been changed to the BLS series for producer finished goods. The previous data were producer prices for all commodities.

NOTE. Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Department of Commerce).

Figures for industrial production for the last two months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	Output (1967 = 100) 1978 Q2	1978 Q3	1978 Q4[r]	1979 Q1	Capacity (percent of 1967 output) 1978 Q2	1978 Q3	1978 Q4	1979 Q1	Utilization rate (percent) 1978 Q2	1978 Q3	1978 Q4	1979 Q1
1 **Manufacturing**	**144.4**	**147.7**	**150.6**	**152.5**	**172.0**	**173.7**	**175.4**	**177.1**	**84.0**	**85.0**	**r85.9**	**86.1**
2 Primary processing	154.1	158.2	161.9	162.6	178.5	180.2	181.9	183.8	86.3	87.8	89.0	88.5
3 Advanced processing	139.3	142.1	144.5	147.2	168.5	170.2	171.8	173.4	82.7	83.5	84.1	84.9
4 **Materials**	**145.1**	**148.7**	**152.6**	**153.6**	**171.7**	**173.0**	**174.2**	**175.6**	**84.5**	**86.0**	**87.6**	**87.5**
5 Durable goods	144.0	150.4	155.2	156.0	175.2	176.3	177.4	178.4	82.2	85.3	87.5	87.4
6 Basic metal	117.5	124.6	129.4	n.a.	146.1	146.5	146.8	n.a.	80.4	85.1	r88.1	n.a.
7 Nondurable goods	163.2	163.2	166.9	169.3	184.4	186.5	188.5	190.7	88.5	87.5	88.5	88.8
8 Textile, paper, and chemical	167.7	168.4	172.2	175.0	193.1	195.4	197.5	199.8	86.8	86.2	87.2	87.6
9 Textile	117.1	117.3	119.4	n.a.	144.1	144.7	145.2	n.a.	81.2	81.0	82.2	n.a.
10 Paper	139.7	134.8	137.2	n.a.	154.8	155.8	156.9	n.a.	90.3	86.5	r87.4	n.a.
11 Chemical	201.4	204.4	209.5	n.a.	230.1	233.5	236.8	n.a.	87.5	87.5	88.5	n.a.
12 Energy	125.5	127.0	128.7	128.7	147.8	148.4	148.9	150.2	84.9	85.6	r86.4	85.7

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

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

Category	1976	1977	1978	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.
	Household survey data									
1 **Noninstitutional population**[1]	**156,048**	**158,559**	**161,058**	**161,570**	**161,829**	**162,033**	**162,250**	**162,448**	**162,633**	**162,909**
2 **Labor force (including Armed Forces)**[1]	**96,917**	**99,534**	**102,537**	**103,097**	**103,199**	**103,745**	**103,975**	**104,277**	**104,621**	**104,804**
3 Civilian labor force	94,773	97,401	100,420	100,974	101,077	101,628	101,867	102,183	102,527	102,714
Employment:										
4 Nonagricultural industries[2]	84,188	87,302	91,031	91,604	91,867	92,476	92,468	93,068	93,335	93,499
5 Agriculture	3,297	3,244	3,342	3,406	3,374	3,275	3,387	3,232	3,311	3,343
Unemployment:										
6 Number	7,288	6,855	6,047	5,964	5,836	5,877	6,012	5,883	5,881	5,871
7 *Rate (percent of civilian labor force)*	*7.7*	*7.0*	*6.0*	*5.9*	*5.8*	*5.8*	*5.9*	*5.8*	*5.7*	*5.7*
8 **Not in labor force**	**59,130**	**59,025**	**58,521**	**58,473**	**58,630**	**58,288**	**58,275**	**58,170**	**58,012**	**58,105**
	Establishment survey data[4]									
9 **Nonagricultural payroll employment**[3]	**79,382**	**82,256**	**85,760**	**86,163**	**86,573**	**87,036**	**87,281**	**r87,524**	**r87,832**	**p88,156**
10 Manufacturing	18,997	19,647	20,331	20,286	20,436	20,601	20,729	r20,825	r20,902	p20,972
11 Mining	779	809	837	887	893	903	904	r905	r916	p917
12 Contract construction	3,576	3,833	4,213	4,298	4,341	4,368	4,397	r4,381	r4,383	p4,454
13 Transportation and public utilities	4,582	4,696	4,858	4,855	4,922	4,947	4,967	r4,974	r5,004	p5,031
14 Trade	17,755	18,492	19,392	19,546	19,632	19,701	19,697	r19,817	r19,910	p19,999
15 Finance	4,271	4,452	4,676	4,719	4,737	4,774	4,789	r4,809	r4,828	p4,844
16 Service	14,551	15,249	15,976	16,127	16,169	16,270	16,327	r16,352	r16,427	p16,444
17 Government	14,871	15,079	15,478	15,445	15,443	15,472	15,471	r15,461	r15,462	p15,495

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).

4. The establishment survey data in this table have been revised to conform to the industry definitions of the 1972 Standard Industrial Classification (SIC) Manual and to reflect employment benchmark levels for March 1977. In addition, seasonal factors for these data have been revised, based on experience through May 1978.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

	Grouping	1967 proportion	1978 average[p]	1978 Jan.	1978 Feb.	1978 Mar.	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.[r]	1979 Jan.	1979 Feb.[r]	1979 Mar.
			Index (1967 = 100)												
	MAJOR MARKET														
1	**Total index**	100.00	145.2	138.8	139.2	140.9	146.1	147.1	147.8	148.7	149.6	150.9	150.9	151.0	152.2
2	**Products**	60.71	144.3	138.5	139.6	141.6	145.0	146.2	146.5	147.0	147.7	149.1	149.4	149.7	150.7
3	*Final products*	*47.82*	*141.4*	*134.9*	*136.4*	*138.9*	*142.2*	*143.3*	*143.7*	*144.1*	*144.5*	*145.6*	*145.9*	*146.2*	*147.3*
4	Consumer goods	27.68	147.4	141.8	143.8	145.9	147.7	148.4	149.0	149.2	149.7	150.6	150.6	150.7	151.9
5	Equipment	20.14	133.1	125.4	126.2	129.1	134.7	136.3	136.4	137.0	137.3	138.7	139.4	140.1	140.9
6	Intermediate products	12.89	155.3	151.6	151.4	151.4	155.6	156.4	157.0	158.0	159.3	161.8	162.3	162.9	163.4
7	**Materials**	39.29	146.5	139.2	138.6	139.9	147.9	148.6	149.7	151.4	152.7	153.8	153.3	153.0	154.6
	Consumer goods														
8	*Durable consumer goods*	*7.89*	*158.9*	*146.5*	*151.2*	*157.5*	*160.9*	*161.5*	*160.3*	*161.6*	*161.8*	*161.9*	*160.9*	*161.0*	*164.1*
9	Automotive products	2.83	178.6	157.5	162.8	175.8	182.2	182.1	178.3	185.6	189.0	185.1	181.5	179.1	185.4
10	Autos and utility vehicles	2.03	172.5	145.5	153.9	171.0	176.7	175.6	170.0	180.5	185.0	179.3	173.7	170.7	179.2
11	Autos	1.90	148.5	127.4	131.5	149.7	152.7	151.1	144.4	154.2	159.7	151.8	145.9	144.9	153.7
12	Auto parts and allied goods	80	194.0	187.8	185.3	188.5	196.1	198.0	199.8	199.1	199.0	200.1	201.8	200.7	201.1
13	Home goods	5.06	147.8	140.3	144.6	147.2	148.9	150.0	150.2	148.2	146.5	148.9	149.2	151.0	152.2
14	Appliances, A/C, and TV	1.40	132.5	116.1	133.3	135.4	133.7	133.9	134.4	128.7	123.4	129.1	125.9	130.5	131.9
15	Appliances and TV	1.33	134.5	117.4	135.7	137.9	136.8	135.6	136.9	129.9	124.4	129.8	126.8	131.6	......
16	Carpeting and furniture	1.07	164.3	159.1	160.2	159.3	168.5	167.9	169.0	168.0	164.9	166.8	170.1	171.2	......
17	Miscellaneous home goods	2.59	149.3	145.9	144.3	148.7	149.1	151.3	150.8	150.6	151.3	152.0	153.1	153.9	145.9
18	*Nondurable consumer goods*	*19.79*	*142.8*	*139.9*	*140.8*	*141.3*	*142.4*	*143.1*	*144.4*	*144.3*	*144.8*	*146.2*	*146.7*	*146.6*	*147.0*
19	Clothing	4.29	125.5	118.3	121.1	122.4	125.1	126.6	128.9	128.3	......	130.1	130.2	......	......
20	Consumer staples	15.50	147.6	145.9	146.3	146.4	147.3	147.8	148.8	148.8	149.2	150.6	151.1	151.5	152.1
21	Consumer foods and tobacco	8.33	140.1	136.5	138.3	138.7	140.2	140.8	141.2	140.4	141.0	143.0	142.6	143.1	......
22	Nonfood staples	7.17	156.2	156.6	155.8	155.3	155.5	155.9	157.4	158.5	158.8	159.6	161.0	161.4	161.4
23	Consumer chemical products	2.63	187.1	187.4	184.3	182.1	186.7	188.0	191.9	191.9	190.7	193.2	196.4	197.2	......
24	Consumer paper products	1.92	118.1	121.4	118.8	118.9	117.5	117.3	118.2	117.6	117.6	116.9	119.1	120.4	......
25	Consumer energy products	2.62	153.2	151.5	154.5	155.0	151.9	152.0	153.3	155.4	156.7	156.9	156.2	155.4	......
26	Residential utilities	1.45	161.5	161.7	167.6	166.9	159.9	160.1	160.9	162.8	162.1	161.1	......	......	......
	Equipment														
27	*Business*	*12.63*	*162.0*	*152.6*	*154.2*	*157.4*	*163.8*	*165.4*	*165.8*	*166.9*	*167.2*	*168.7*	*169.7*	*170.1*	*171.0*
28	Industrial	6.77	149.9	144.3	144.6	146.9	151.9	152.8	152.7	152.9	151.8	152.2	145.7	155.4	156.1
29	Building and mining	1.44	223.4	211.1	214.9	221.7	228.9	228.1	226.3	226.5	223.8	222.3	222.0	223.0	223.1
30	Manufacturing	3.85	121.9	118.8	117.7	118.3	122.6	123.9	124.4	125.0	124.2	124.7	127.8	128.4	129.0
31	Power	1.47	151.0	146.1	145.8	148.8	152.8	154.6	154.8	154.0	153.4	155.6	158.5	159.5	160.9
32	Commercial transit, farm	5.86	176.0	162.2	165.5	169.4	177.5	179.9	180.8	182.9	184.9	187.8	186.8	186.9	188.4
33	Commercial	3.26	208.6	198.5	200.9	202.0	210.6	212.2	214.1	215.1	214.9	217.1	217.9	217.9	218.9
34	Transit	1.93	133.8	111.1	115.9	126.1	134.9	138.5	138.6	142.6	147.5	151.0	147.6	147.1	149.5
35	Farm	67	138.9	131.4	134.8	137.0	138.5	141.3	142.0	143.2	145.8	151.5	149.5	151.0	......
36	*Defense and space*	*7.51*	*84.5*	*79.7*	*79.2*	*81.9*	*85.9*	*87.1*	*87.1*	*86.7*	*87.2*	*87.9*	*88.7*	*89.8*	*90.1*
	Intermediate products														
37	Construction supplies	6.42	153.3	149.2	148.6	147.9	153.5	154.7	155.6	157.0	159.0	160.8	161.2	161.7	162.0
38	Business supplies	6.47	157.3	153.8	154.2	155.0	157.6	158.2	158.4	159.2	159.9	162.7	163.3	164.1	......
39	Commercial energy products	1.14	166.5	165.5	165.6	164.3	164.1	167.4	169.9	168.8	168.8	170.0	169.2	168.9	......
	Materials														
40	*Durable goods materials*	*20.35*	*146.9*	*138.2*	*137.0*	*138.6*	*148.7*	*150.4*	*152.1*	*154.0*	*154.9*	*156.8*	*155.7*	*155.4*	*156.8*
41	Durable consumer parts	4.58	140.3	133.0	131.1	133.1	142.0	142.2	144.8	147.3	147.4	148.4	147.8	146.0	147.5
42	Equipment parts	5.44	159.1	148.7	146.6	151.3	161.7	162.9	164.6	166.0	167.6	170.5	170.5	171.4	172.5
43	Durable materials n.e.c.	10.34	143.4	134.9	134.6	134.5	144.7	147.6	148.7	150.5	151.6	153.6	151.2	151.2	152.6
44	Basic metal materials	5.57	120.4	110.2	111.0	110.4	121.7	125.4	126.7	128.2	129.1	130.9	125.4	125.0	......
45	*Nondurable goods materials*	*10.47*	*162.9*	*155.0*	*158.5*	*160.5*	*162.5*	*162.7*	*164.4*	*165.7*	*167.8*	*167.1*	*168.6*	*169.0*	*170.2*
46	Textile, paper, and chemical materials	7.62	167.9	160.7	162.8	165.7	168.3	167.0	170.0	171.0	173.3	172.3	174.0	174.7	176.2
47	Textile materials	1.85	117.2	114.9	115.8	115.1	117.1	116.0	118.7	118.7	120.4	119.0	118.6	117.9	......
48	Paper materials	1.62	137.1	135.0	136.8	137.8	135.1	131.5	137.7	137.3	137.6	136.6	133.5	137.4	......
49	Chemical materials	4.15	202.6	191.4	194.2	199.2	204.0	203.7	205.5	207.6	210.7	210.3	214.3	214.8	......
50	Containers, nondurable	1.70	160.5	150.4	158.7	158.1	155.4	161.8	161.1	163.4	165.6	165.5	167.6	167.5	......
51	Nondurable materials n.e.c.	1.14	133.2	123.6	128.9	129.3	135.7	134.8	131.8	134.5	134.5	135.4	133.7	133.3	......
52	Energy materials	8.48	125.2	122.2	117.7	117.5	127.9	127.0	126.0	128.0	128.4	129.6	128.5	127.8	130.1
53	Primary energy	4.65	112.7	105.2	101.0	104.5	116.7	115.4	111.8	115.9	117.4	116.9	113.4	111.9	......
54	Converted fuel materials	3.82	140.5	142.8	138.0	133.3	141.6	141.3	143.4	142.7	141.8	145.1	146.7	147.2	......
	Supplementary groups														
55	Home goods and clothing	9.35	137.6	130.2	133.8	135.9	138.0	139.2	140.3	139.1	138.5	140.2	140.5	141.1	141.4
56	Energy, total	12.23	135.1	132.5	130.0	129.8	136.4	136.1	135.9	137.6	138.2	139.3	138.1	137.5	139.1
57	Products	3.76	157.2	155.8	157.9	157.9	155.6	156.7	158.3	159.3	160.4	161.0	160.2	159.5	......
58	Materials	8.48	125.2	122.2	117.7	117.5	127.9	127.0	126.0	128.0	128.4	129.6	128.3	127.8	130.1

For NOTE see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1978 average[p]	1978 Jan.	1978 Feb.	1978 Mar.	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.[r]	1979 Jan.	1979 Feb.[r]	1979 Mar.
				Index (1967 = 100)											
MAJOR INDUSTRY															
1 *Mining and utilities*	......	*12.05*	*141.6*	*137.4*	*137.7*	*138.2*	*142.6*	*142.5*	*142.1*	*144.1*	*144.5*	*145.0*	*143.5*	*143.1*	*144.3*
2 Mining	......	6.36	124.2	115.0	114.4	119.3	127.1	126.0	124.1	127.6	128.1	127.6	123.7	122.1	124.8
3 Utilities	......	5.69	161.0	162.3	163.5	159.5	159.9	160.8	162.3	162.4	162.9	164.3	165.7	166.6	166.2
4 Electric	......	3.88	182.2	183.6	184.3	178.8	182.1	183.2	184.4	184.1	185.0	186.6	......	......	......
5 *Manufacturing*	......	*87.95*	*145.7*	*138.7*	*139.4*	*141.4*	*146.7*	*147.6*	*148.7*	*149.5*	*150.4*	*151.8*	*152.0*	*152.1*	*153.3*
6 Nondurable	......	35.97	154.8	149.8	150.6	151.4	155.0	155.6	157.1	157.4	158.5	159.6	160.6	160.6	161.5
7 Durable	......	51.98	139.3	131.1	131.5	134.4	141.1	142.2	142.8	144.0	144.8	146.4	146.1	146.3	147.7
Mining															
8 Metal	10	.51	121.0	121.4	119.9	127.6	117.0	117.9	115.6	122.1	125.3	123.9	123.0	124.3	......
9 Coal	11, 12	.69	115.7	54.8	56.5	78.4	131.7	124.9	114.7	114.7	145.1	146.8	116.0	104.0	124.0
10 Oil and gas extraction	13	4.40	124.7	121.1	120.4	123.3	126.8	126.2	124.9	124.5	124.9	123.8	123.0	122.2	122.8
11 Stone and earth minerals	14	.75	131.1	130.0	129.1	128.2	131.3	131.6	133.8	134.0	132.9	134.2	136.3	136.5	......
Nondurable manufactures															
12 Foods	20	8.75	142.9	139.3	140.8	141.1	142.9	144.0	144.4	143.2	144.2	145.7	145.8	146.2	......
13 Tobacco products	21	.67	119.2	113.4	117.7	115.6	120.8	118.6	120.6	119.0	121.5	122.0	122.0	......	......
14 Textile mill products	22	2.68	140.0	137.1	136.4	135.1	141.0	139.5	142.2	142.1	143.9	144.9	144.4	142.7	......
15 Apparel products	23	3.31	126.3	118.6	121.1	122.8	124.5	127.2	130.9	130.6	......	131.4	132.9	......	......
16 Paper and products	26	3.21	144.5	139.9	143.9	144.9	140.5	141.9	142.3	145.8	145.3	147.8	144.9	146.3	148.0
17 Printing and publishing	27	4.72	129.9	129.9	128.3	129.1	130.3	129.5	131.0	130.5	132.1	133.0	135.8	136.6	137.8
18 Chemicals and products	28	7.74	190.7	184.4	183.7	185.2	192.3	192.2	194.2	195.9	197.6	197.9	200.7	201.3	......
19 Petroleum products	29	1.79	144.2	139.7	139.0	140.1	144.3	144.1	147.1	147.1	148.9	149.9	148.5	146.1	146.9
20 Rubber and plastic products	30	2.24	254.8	238.7	240.0	243.1	259.1	261.1	263.1	264.1	264.2	267.0	268.1	268.9	......
21 Leather and products	31	.86	74.1	74.5	73.0	72.1	74.5	74.0	74.1	73.8	74.1	74.0	75.7	75.3	......
Durable manufactures															
22 Ordnance, private and government	19,91	3.64	73.7	72.3	71.2	72.7	75.2	75.2	74.3	73.9	73.6	74.2	73.4	73.5	73.1
23 Lumber and products	24	1.64	138.9	138.5	135.5	136.5	138.1	136.9	139.2	141.2	142.5	146.0	143.0	140.2	......
24 Furniture and fixtures	25	1.37	154.7	146.4	150.1	149.5	158.1	159.0	160.7	160.9	157.6	156.7	161.7	162.3	......
25 Clay, glass, stone products	32	2.74	159.2	152.2	152.6	154.2	158.8	159.5	160.9	162.1	166.3	167.7	168.6	168.6	......
26 Primary metals	33	6.57	119.0	107.4	106.2	106.1	123.0	126.0	127.9	128.6	129.0	130.4	122.8	122.5	124.9
27 Iron and steel	331, 2	4.21	113.2	99.5	96.3	96.4	119.0	120.9	123.2	123.8	124.1	124.5	113.4	113.5	......
28 Fabricated metal products	34	5.93	142.6	136.9	136.9	138.1	144.0	145.8	146.3	146.0	146.9	149.0	151.0	151.7	152.5
29 Nonelectrical machinery	35	9.15	155.6	150.1	150.1	151.5	156.1	157.3	158.7	160.3	160.3	161.8	163.7	164.4	165.3
30 Electrical machinery	36	8.05	154.3	144.0	146.4	149.5	157.9	156.9	158.3	157.9	159.0	161.9	163.9	165.1	166.4
31 Transportation equipment	37	9.27	130.5	116.2	118.4	126.5	132.1	133.4	132.8	137.0	139.3	139.5	137.6	136.9	140.3
32 Motor vehicles and parts	371	4.50	168.3	146.6	153.1	165.1	169.7	171.0	168.9	176.8	180.8	179.7	174.4	171.4	177.1
33 Aerospace and miscellaneous transportation equipment	372-9	4.77	94.9	87.6	85.8	90.1	96.5	98.3	98.9	99.6	100.2	101.7	103.0	104.5	105.7
34 Instruments	38	2.11	171.6	163.4	163.5	168.7	172.2	175.4	174.6	175.3	172.2	179.5	180.4	181.1	182.5
35 Miscellaneous manufactures	39	1.51	153.3	153.0	151.8	153.7	153.2	153.8	154.1	153.9	152.1	153.7	154.8	156.3	157.0
				Gross value (billions of 1972 dollars, annual rates)											
MAJOR MARKET															
36 **Products, total**	......	**[1]507.4**	**609.6**	**582.0**	**591.2**	**601.1**	**610.3**	**613.3**	**613.6**	**621.3**	**625.3**	**632.0**	**630.2**	**630.9**	**635.1**
37 *Final*	......	*[1]390.9*	*469.3*	*445.1*	*454.4*	*463.5*	*469.6*	*472.2*	*471.8*	*478.8*	*481.6*	*486.6*	*484.1*	*484.6*	*487.6*
38 Consumer goods	......	[1]277.5	324.0	311.2	318.6	321.6	323.4	324.7	324.4	328.1	330.8	332.3	331.3	330.6	332.2
39 Equipment	......	[1]113.4	145.3	133.9	135.8	142.0	146.4	147.5	147.7	150.6	150.9	154.3	152.8	154.0	155.3
40 Intermediate	......	[1]116.6	140.4	136.7	137.0	137.5	140.7	141.4	141.9	142.6	144.0	145.6	145.8	146.2	147.7

1. 1972 dollars.

NOTE. Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), December 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1976	1977	1978	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.[r]	1979 Feb.
	Private residential real estate activity (thousands of units)									
NEW UNITS										
1 *Permits authorized*	*1,296*	*1,677*	*1,658*	*1,563*	*1,731*	*1,729*	*1,724*	*1,664*	*1,324*	*1,321*
2 1-family	894	1,126	1,078	1,020	1,092	1,135	1,114	1,149	841	787
3 2-or-more-family	402	551	581	543	639	592	610	515	483	534
4 *Started*	*1,538*	*1,986*	*2,019*	*2,004*	*2,024*	*2,054*	*2,107*	*2,062*	*1,699*	*1,411*
5 1-family	1,163	1,451	1,433	1,431	1,432	1,436	1,502	1,529	1,148	964
6 2-or-more-family	377	535	586	585	612	636	597	533	521	447
7 *Under construction, end of period* [1]	*1,147*	*1,442*	*1,355*	*1,303*	*1,311*	*1,320*	*1,337*	*1,355*	*1,378*	n.a.
8 1-family	655	829	1,378	786	784	781	791	802	821	n.a.
9 2-or-more-family	492	613	553	517	526	539	545	553	556	n.a.
10 *Completed*	*1,362*	*1,652*	*1,866*	*1,948*	*1,900*	*1,883*	*1,885*	*1,872*	*1,814*	n.a.
11 1-family	1,026	1,254	1,368	1,363	1,370	1,414	1,375	1,405	1,314	n.a.
12 2-or-more-family	336	398	498	584	530	468	510	467	500	n.a.
13 Mobile homes shipped	246	277	276	283	272	286	280	303	311	264
Merchant builder activity in 1-family units:										
14 Number sold	639	819	817	778	796	900	[r]803	[r]787	748	663
15 Number for sale, end of period [1]	433	407	423	418	417	407	412	[r]414	415	415
Price (thous. of dollars) [2]										
Median:										
16 Units sold	44.2	48.9	55.9	56.1	57.3	58.3	58.8	59.9	60.2	61.1
17 Units for sale	41.6	48.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average:										
18 Units sold	48.1	54.4	62.7	63.0	64.4	65.7	[r]66.3	[r]67.1	67.9	70.0
EXISTING UNITS (1-family)										
19 Number sold	3,002	3,572	3,905	4,080	3,950	4,290	4,350	4,160	3,710	3,620
Price of units sold (thous. of dollars): [2]										
20 Median	38.1	42.9	48.7	50.3	50.2	50.1	50.7	50.9	52.0	51.9
21 Average	42.2	47.9	55.1	57.5	57.7	57.3	57.4	58.1	59.8	59.5
	Value of new construction [4] (millions of dollars)									
CONSTRUCTION										
22 **Total put in place**	**148,778**	**172,552**	**[r]202,219**	**[r]208,434**	**[r]209,833**	**[r]211,984**	**[r]215,827**	**[r]218,529**	**[r]208,600**	**205,482**
23 *Private*	*110,416*	*134,723*	*[r]157,455*	*[r]160,272*	*[r]161,863*	*[r]164,096*	*[r]167,931*	*[r]170,966*	*[r]162,260*	*164,262*
24 Residential	60,519	80,957	[r]93,088	[r]94,811	[r]94,682	[r]95,162	[r]97,594	[r]98,793	[r]92,188	94,133
25 Nonresidential, total	49,897	53,766	[r]64,367	[r]65,461	[r]67,181	[r]68,934	[r]70,337	[r]72,173	[r]70,072	70,129
Buildings:										
26 Industrial	7,182	7,713	[r]10,762	12,043	12,634	12,627	12,529	13,273	[r]12,512	12,983
27 Commercial	12,757	14,789	[r]18,280	18,835	18,926	19,410	20,294	20,049	[r]19,272	18,782
28 Other	6,155	6,200	[r]6,659	6,721	6,686	6,667	6,877	6,922	[r]6,598	6,328
29 Public utilities and other	23,803	25,064	[r]28,666	[r]27,862	[r]28,935	[r]30,230	[r]30,637	[r]31,929	[r]31,690	32,036
30 *Public*	*38,312*	*37,828*	*[r]44,762*	*[r]48,162*	*47,970*	*[r]47,888*	*[r]47,897*	*[r]47,563*	*[r]46,339*	*41,220*
31 Military	1,521	1,517	1,462	1,520	1,615	[r]1,409	[r]1,415	[r]1,442	[r]1,621	1,438
32 Highway	9,439	9,280	8,627	11,427	10,862	11,428	10,956	11,176	n.a.	n.a.
33 Conservation and development	3,751	3,882	3,697	5,231	5,660	3,851	4,593	4,357	n.a.	n.a.
34 Other [3]	23,601	23,149	23,503	29,984	29,833	[r]31,200	30,933	30,588	n.a.	n.a.

1 Not at annual rates.
2 Not seasonally adjusted.
3 Beginning Jan. 1977 Highway imputations are included in Other.
4 Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted.

Item	12 months to— 1978 Feb.	12 months to— 1979 Feb.	3 months (at annual rate) to— 1978 Mar.	1978 June	1978 Sept.	1978 Dec.	1 month to— 1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	Index level Feb. 1979 (1967 = 100)[2]
	Consumer prices[3]											
1 **All items**	**6.4**	**9.9**	**8.9**	**10.7**	**8.5**	**8.5**	**.8**	**.6**	**.6**	**.9**	**1.2**	**207.1**
2 *Commodities*	*5.4*	*10.0*	*8.5*	*10.5*	*7.3*	*9.6*	*.8*	*.7*	*.8*	*1.1*	*1.2*	*198.3*
3 Food	7.6	13.0	14.9	18.3	4.8	10.2	.9	.6	1.0	1.4	1.6	228.2
4 Commodities less food	4.5	8.8	5.8	7.2	8.3	9.6	.7	.7	.8	.9	1.0	183.7
5 Durable	4.7	9.8	7.9	9.0	9.1	11.3	.8	1.0	.8	.9	1.0	183.6
6 Nondurable	5.8	10.2	3.8	5.5	6.9	6.7	.5	.5	.6	1.1	1.5	204.0
7 *Services*	*7.8*	*9.7*	*9.1*	*11.0*	*10.3*	*7.2*	*.9*	*.5*	*.4*	*.5*	*1.1*	*223.3*
8 Rent	6.3	7.1	6.5	8.2	7.3	7.7	.6	.7	.6	.3	.4	171.0
9 Services less rent	8.1	10.2	9.5	11.3	10.8	7.1	.9	.4	.4	.6	1.1	232.9
Other groupings												
10 All items less food	6.1	9.3	7.6	8.9	9.3	8.5	.8	.6	.6	.8	1.0	201.8
11 All items less food and energy	6.2	9.1	6.3	10.4	9.7	7.7	.8	.7	.4	.5	.9	198.8
12 Homeownership	9.2	13.5	11.4	13.2	14.6	10.9	1.4	.8	.4	.8	1.8	245.6
	Producer prices, formerly Wholesale prices											
13 Finished goods	6.7	10.0	8.7	10.3	7.4	10.1	.8	.9	r1.3	r1.0	1.0	207.4
14 Consumer	6.4	10.7	9.5	10.6	7.5	10.8	.8	r.6	r1.2	1.4	1.2	206.1
15 Foods	7.9	12.5	16.8	11.4	4.9	15.3	1.6	r.8	r1.2	1.8	1.6	224.6
16 Excluding foods	7.5	8.4	5.3	10.5	8.8	8.4	.4	r.6	r1.1	1.2	.9	194.8
17 Capital equipment	5.6	9.6	7.1	9.1	7.0	8.8	.6	r.8	r.6	1.0	.8	210.5
18 Materials	5.9	11.6	11.0	9.9	7.5	13.0	1.5	.9	.7	1.4	1.6	236.6
19 Intermediate[1]	6.8	8.9	8.1	7.2	6.9	10.8	1.1	.9	r.6	1.2	.9	228.9
Crude												
20 Nonfood	5.4	19.0	10.7	14.9	16.9	19.6	1.7	r1.7	1.2	1.7	2.8	321.0
21 Food	3.8	21.0	25.1	26.6	2.8	21.0	3.7	r.9	r.3	2.8	.2	243.6

1 Excludes intermediate materials for food manufacturing and manufactured animal feeds.

2 Not seasonally adjusted.

3 Beginning Jan. 1978 figures for consumer prices are those for all urban consumers.

SOURCE. Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1976	1977	1978r	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4r
	Gross national product								
1 **Total**	**1,700.1**	**1,887.2**	2,107.6	**1,916.8**	**1,958.1**	**1,992.0**	**2,087.5**	**2,136.1**	**2,214.8**
By source									
2 *Personal consumption expenditures*	*1,090.2*	*1,206.5*	*1,340.1*	*1,214.5*	*1,255.2*	*1,276.7*	*1,322.9*	*1,356.9*	*1,403.9*
3 Durable goods	156.6	178.4	197.5	177.4	187.2	183.5	197.8	199.5	209.1
4 Nondurable goods	442.6	479.0	526.5	479.7	496.9	501.4	519.3	531.7	553.4
5 Services	491.0	549.2	616.2	557.5	571.1	591.8	605.8	625.8	641.4
6 *Gross private domestic investment*	*243.0*	*297.8*	*345.6*	*309.7*	*313.5*	*322.7*	*345.4*	*350.1*	*364.0*
7 Fixed investment	232.8	282.3	329.6	287.8	300.5	306.0	325.3	336.5	350.5
8 *Nonresidential*	*164.6*	*190.4*	*222.6*	*193.5*	*200.3*	*205.6*	*220.1*	*227.5*	*237.1*
9 Structures	57.3	63.9	77.8	65.4	67.4	68.5	76.6	80.9	85.1
10 Producers' durable equipment	107.3	126.5	144.8	128.1	132.8	137.1	143.5	146.6	152.0
11 Residential structures	68.2	91.9	107.0	94.3	100.2	100.3	105.3	109.0	113.4
12 Nonfarm	65.8	88.9	103.8	91.2	97.5	97.3	102.1	105.7	110.2
13 Change in business inventories	10.2	15.6	16.0	21.9	13.1	16.7	20.1	13.6	13.5
14 Nonfarm	12.2	15.0	16.7	22.0	10.4	16.9	22.1	14.6	13.4
15 *Net exports of goods and services*	*7.4*	*−11.1*	*−12.0*	*−7.0*	*−23.2*	*−24.1*	*−5.5*	*−10.7*	*−7.6*
16 Exports	163.2	175.5	204.8	180.8	172.1	181.7	205.4	210.1	221.9
17 Imports	155.7	186.6	216.8	187.8	195.2	205.8	210.9	220.8	229.5
18 *Government purchases of goods and services*	*359.5*	*394.0*	*433.9*	*399.5*	*412.5*	*416.7*	*424.7*	*439.8*	*454.5*
19 Federal	129.9	145.1	153.8	146.8	152.2	151.5	147.2	154.0	162.5
20 State and local	229.6	248.9	280.2	252.7	260.3	265.2	277.6	285.8	292.0
By major type of product									
21 Final sales, total	1,689.9	1,871.6	2,091.6	1,894.9	1,945.0	1,975.3	2,067.4	2,122.5	2,201.3
22 *Goods*	*760.3*	*832.6*	*918.4*	*844.7*	*859.6*	*861.8*	*912.2*	*927.3*	*972.5*
23 Durable	304.6	341.3	376.8	346.5	347.4	351.2	375.8	380.1	400.1
24 Nondurable	455.7	491.3	541.7	498.2	512.2	510.6	536.4	547.2	572.4
25 Services	778.0	862.8	962.5	875.3	893.6	926.4	952.0	973.7	997.7
26 Structures	161.9	191.8	226.7	196.8	204.9	203.8	223.4	235.0	244.7
27 Change in business inventories	10.2	15.6	16.0	21.9	13.1	16.7	20.1	13.6	13.5
28 Durable goods	5.3	8.4	11.7	11.9	6.3	14.8	10.8	10.2	10.8
29 Nondurable goods	4.9	7.2	4.3	10.0	6.8	1.9	9.3	3.4	2.7
30 MEMO: **Total GNP in 1972 dollars**	**1,271.0**	**1,332.7**	1,385.7	**1,343.9**	**1,354.5**	**1,354.2**	**1,382.6**	**1,391.4**	**1,414.7**
	National income								
31 **Total**	**1,359.2**	**1,515.3**	1,703.8	**1,537.6**	**1,576.9**	**1,603.1**	**1,688.1**	**1,728.4**	1,795.6
32 Compensation of employees	1,036.8	1,153.4	1,301.4	1,165.8	1,199.7	1,241.0	1,287.8	1,317.1	1,359.8
33 *Wages and salaries*	*890.1*	*983.6*	*1,101.0*	*993.6*	*1,021.2*	*1,050.8*	*1,090.2*	*1,113.4*	*1,149.4*
34 Government and government enterprises	187.6	200.8	216.1	201.7	208.1	211.4	213.9	216.8	222.3
35 Other	702.5	782.9	884.8	791.9	813.1	839.3	876.3	896.6	927.1
36 *Supplement to wages and salaries*	*146.7*	*169.8*	*200.5*	*172.2*	*178.4*	*190.2*	*197.6*	*203.6*	*210.4*
37 Employer contributions for social insurance	69.7	79.4	94.5	79.9	82.4	90.2	93.6	95.7	98.6
38 Other labor income	77.0	90.4	105.9	92.2	96.1	100.0	104.0	107.9	111.8
39 *Proprietors' income*[1]	*88.6*	*99.8*	*113.2*	*97.2*	*107.3*	*105.0*	*110.1*	*114.5*	*123.0*
40 Business and professional[1]	70.2	79.5	87.8	80.8	82.3	83.1	86.1	89.6	92.6
41 Farm[1]	18.4	20.3	25.3	16.5	25.1	21.9	24.0	25.0	30.4
42 Rental income of persons[2]	22.5	22.5	23.4	22.4	22.7	22.8	22.2	24.3	24.4
43 Corporate profits[1]	127.0	144.2	159.6	154.8	148.2	132.6	163.4	165.2	177.0
44 Profits before tax[3]	155.9	173.9	202.1	177.5	178.3	172.1	205.5	205.4	225.3
45 Inventory valuation adjustment	−14.5	−14.8	−24.4	−7.7	−14.8	−23.5	−24.9	−20.9	−28.4
46 Capital consumption adjustment	−14.4	−14.9	−18.1	−15.0	−15.3	−16.1	−17.2	−19.3	−19.9
47 Net interest	84.3	95.4	106.3	97.3	99.0	101.7	104.6	107.4	111.4

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.50.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1976	1977	1978r	1977 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 Q4r
	Personal income and saving								
1 **Total personal income**	**1,380.9**	**1,529.0**	**1,708.0**	**1,543.7**	**1,593.0**	**1,628.9**	**1,682.4**	**1,731.7**	**1,789.0**
2 *Wage and salary disbursements*	*890.1*	*983.6*	*1,100.9*	*993.6*	*1,021.2*	*1,050.8*	*1,090.2*	*1,113.2*	*1,149.4*
3 Commodity-producing industries	307.5	343.7	390.2	348.3	357.1	365.9	387.0	396.4	411.3
4 Manufacturing	237.5	266.3	299.9	269.3	277.3	286.9	296.1	302.0	314.4
5 Distributive industries	216.4	239.1	268.9	241.2	247.5	257.0	266.4	271.6	280.4
6 Service industries	178.6	200.1	225.8	202.3	208.5	216.5	222.8	228.5	235.4
7 Government and government enterprises	187.6	200.8	216.1	201.7	208.1	211.4	213.9	216.7	222.3
8 Other labor income	77.0	90.4	105.9	92.2	96.1	100.0	104.0	107.9	111.8
9 *Proprietors' income*[1]	*88.6*	*99.8*	*113.2*	*97.2*	*107.3*	*105.0*	*110.1*	*114.5*	*123.0*
10 Business and professional[1]	70.2	79.5	87.8	80.8	82.3	83.1	86.1	89.6	92.6
11 Farm[1]	18.4	20.3	25.3	16.5	25.1	21.9	24.0	25.0	30.4
12 Rental income of persons[2]	22.5	22.5	23.4	22.4	22.7	22.8	22.2	24.3	24.4
13 Dividends	37.9	43.7	49.3	44.1	46.3	47.0	48.1	50.1	51.9
14 Personal interest income	126.3	141.2	159.0	143.6	146.0	151.4	156.3	161.7	166.6
15 Transfer payments	193.9	208.8	226.0	211.9	215.9	219.2	220.6	230.4	233.9
16 Old-age survivors, disability, and health insurance benefits	92.9	105.0	117.4	108.5	110.1	112.1	113.7	121.1	122.7
17 LESS: Personal contributions for social insurance	55.5	61.0	69.7	61.4	62.6	67.2	69.2	70.5	72.1
18 EQUALS: Personal income	1,380.9	1,529.0	1,708.0	1,543.7	1,593.0	1,628.9	1,682.4	1,731.7	1,789.0
19 LESS: Personal tax and nontax payments	196.5	226.0	256.2	224.6	233.3	237.3	249.1	263.2	275.1
20 EQUALS: Disposable personal income	1,184.4	1,303.0	1,451.8	1,319.1	1,359.6	1,391.6	1,433.3	1,468.4	1,513.9
21 LESS: Personal outlays	1,116.3	1,236.1	1,374.9	1,244.8	1,285.9	1,309.2	1,357.0	1,392.5	1,440.9
22 EQUALS: Personal saving	68.0	66.9	76.9	74.3	73.7	82.4	76.3	76.0	73.0
MEMO ITEMS: Per capita (1972 dollars):									
23 Gross national product	5,906	6,144	6,340	6,191	6,226	6,215	6,334	r6,360	6,452
24 Personal consumption expenditures	3,808	3,954	4,080	3,953	4,030	4,009	4,060	r4,092	4,159
25 Disposable personal income	4,136	4,271	4,421	4,293	4,365	4,370	4,399	4,428	4,485
26 Saving rate (percent)	5.7	5.1	5.3	5.6	5.4	5.9	5.3	5.2	4.8
	Gross saving								
27 **Gross private saving**	**270.7**	**290.8**	**320.2**	**310.7**	**304.3**	**305.4**	**319.9**	**325.7**	**329.9**
28 Personal saving	68.0	66.9	76.9	74.3	73.7	82.4	76.3	76.0	73.0
29 Undistributed corporate profits[1]	24.8	28.7	26.3	38.0	28.0	15.6	30.3	29.0	30.5
30 Corporate inventory valuation adjustment	−14.5	−14.8	−24.4	−7.7	−14.8	−23.5	−24.9	−20.9	−28.4
Capital consumption allowances:									
31 Corporate	111.5	120.9	132.5	122.6	124.6	127.4	130.5	134.7	137.4
32 Noncorporate	66.3	74.3	84.4	75.9	77.9	79.9	82.8	86.1	89.0
33 Wage accruals less disbursements	....	....	....	....	....	....	....	....	....
34 *Government surplus, or deficit (−), national income and product accounts*	*−33.2*	*−18.6*	*−1.6*	*−25.2*	*−29.6*	*−21.1*	*6.2*	*.6*	*8.2*
35 Federal	−53.8	−48.1	−29.9	−56.4	−58.6	−52.6	−23.6	−22.8	−20.6
36 State and local	20.7	29.6	28.3	31.2	29.0	31.5	29.8	23.4	28.8
37 Capital grants received by the United States, net	....	....	....	....	....	....	....	....	....
38 *Investment*	*241.7*	*276.9*	*320.4*	*292.6*	*279.5*	*286.4*	*326.6*	*326.6*	*342.0*
39 Gross private domestic	243.0	297.8	345.6	309.7	313.5	322.7	345.4	350.1	364.0
40 Net foreign	−1.2	−20.9	−25.2	−17.1	−34.1	−36.3	−18.9	−23.5	−22.1
41 Statistical discrepancy	4.2	4.7	1.7	7.1	4.8	2.2	.5	.4	3.9

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustment.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1976	1977	1978	1977	1978			
				Q4	Q1	Q2	Q3	Q4
1 Merchandise exports	114,694	120,576	141,844	29,637	30,787	35,256	36,486	39,315
2 Merchandise imports	124,047	151,706	175,988	39,009	42,707	43,125	44,478	45,678
3 Merchandise trade balance[2]	-9,353	-31,130	-34,144	-9,372	-11,920	-7,869	-7,992	-6,363
4 Military transactions, net	312	1,334	531	5	210	444	12	-136
5 Investment income, net[3]	15,933	17,507	19,915	3,812	4,877	4,581	4,878	5,580
6 Other service transactions, net	2,469	1,705	2,814	482	532	835	666	781
7 Balance on goods and services[3,4]	**9,361**	**-10,585**	**-10,885**	**-5,072**	**-6,302**	**-2,009**	**-2,436**	**-138**
8 Remittances, pensions, and other transfers	-1,878	-1,932	-2,048	-473	-504	-536	-496	-513
9 U.S. government grants (excluding military)	-3,145	-2,776	-3,028	-591	-778	-781	-779	-691
10 Balance on current account[3]	**4,339**	**-15,292**	**-15,961**	**-6,136**	**-7,584**	**-3,326**	**-3,711**	**-1,342**
11 *Not seasonally adjusted[3]*	....	....	....	*-5,245*	*-6,382*	*-2,803*	*-6,326*	*-449*
12 Change in U.S. government assets, other than official reserve assets, net (increase, -)	-4,213	-3,679	-4,657	-838	-896	-1,176	-1,498	-1,086
13 *Change in U.S. official reserve assets (increase, −)*	*-2,530*	*-231*	*872*	....	*246*	*329*	*115*	*182*
14 Gold	....	-118	-65	-60	....	....	....	-65
15 Special Drawing Rights (SDRs)	-78	-121	1,249	-29	-16	-104	-43	1,412
16 Reserve position in International Monetary Fund (IMF)	-2,212	-294	4,231	42	324	437	195	3,275
17 Foreign currencies	-240	302	-4,543	47	-62	-4	-37	-4,440
18 Change in U.S. private assets abroad (increase, −)[3]	**-43,865**	**-30,740**	**-54,963**	**-13,862**	**-14,417**	**-5,320**	**-8,833**	**-26,394**
19 Bank-reported claims	-21,368	-11,427	-33,957	-8,750	-6,270	-503	-5,622	-21,562
20 *Nonbank-reported claims*	*-2,030*	*-1,700*	*2,256*	*-1,184*	*-2,222*	*267*	*-36*	*-265*
21 Long-term	5	25	33	-279	57	80	62	-52
22 Short-term	-2,035	-1,725	-2,289	-905	-2,165	187	98	-213
23 U.S. purchase of foreign securities, net	-8,852	-5,398	3,389	-731	-949	-1,103	-467	870
24 U.S. direct investments abroad, net[3]	-11,614	-12,215	-15,361	-3,197	-4,976	-3,981	-2,708	-3,697
25 *Change in foreign official assets in the United States (increase, +)*	*18,073*	*37,124*	*33,967*	*15,543*	*15,760*	*-5,685*	*4,852*	*19,040*
26 U.S. Treasury securities	9,333	30,294	24,063	12,900	12,965	-5,728	3,029	13,797
27 Other U.S. government obligations	573	2,308	656	973	117	211	443	-115
28 Other U.S. government liabilities[5]	4,993	1,644	2,810	390	804	-312	350	1,968
29 Other U.S. liabilities reported by U.S. banks	969	773	5,043	909	1,456	-493	946	3,134
30 Other foreign official assets[6]	2,205	2,105	1,395	371	418	637	84	256
31 Change in foreign private assets in the United States (increase, +)[3]	**18,897**	**13,746**	**29,293**	**4,522**	**2,336**	**6,090**	**10,637**	**10,230**
32 U.S. bank-reported liabilities	10,990	6,719	16,860	3,143	-314	1,836	7,965	7,373
33 *U.S. nonbank-reported liabilities*	*-507*	*257*	*1,676*	*425*	*495*	*248*	*986*	*-53*
34 Long-term	-958	-620	-49	-242	38	-68	106	-125
35 Short-term	451	877	1,725	667	457	316	880	72
36 Foreign private purchases of U.S. Treasury securities, net	2,783	563	2,248	299	881	847	1,053	1,573
37 Foreign purchases of other U.S. securities, net	1,284	2,869	2,899	803	462	1,308	533	596
38 Foreign direct investments in the United States, net[3]	4,347	3,338	5,611	450	812	1,852	2,206	741
39 Allocation of SDRs	....	....	....	....	....	....	....	....
40 *Discrepancy*	*9,300*	*-927*	*11,449*	*771*	*4,555*	*9,087*	*-1,562*	*-630*
41 Owing to seasonal adjustments	....	....	....	1,445	917	108	-2,455	1,431
42 Statistical discrepancy in recorded data before seasonal adjustment	9,300	-927	11,449	-674	3,638	8,979	893	-2,061
MEMO ITEMS:								
Changes in official assets:								
43 U.S. official reserve assets (increase, −)	-2,530	-231	872	....	246	329	115	182
44 Foreign official assets in the United States (increase, +)	13,080	35,480	31,157	15,153	14,956	-5,373	4,502	17,072
45 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the Unites States (part of line 25 above)	9,581	6,733	570	1,024	1,963	-2,838	-1,592	1,897
46 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	373	194	274	71	75	57	69	73

1 Seasonal factors are no longer calculated for lines 13 through 46.

2 Data are on an international accounts (IA) basis. Differs from the census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of line 4.

3 Includes reinvested earnings of incorporated affiliates.

4 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition excludes certain military sales to Israel from exports and excludes U.S. government interest payments from imports.

5 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.

6 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1976	1977	1978	1978					1979	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	115,156	121,150	143,575	12,294	13,274	12,901	13,451	13,282	13,132	13,507
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	121,009	147,685	172,026	14,133	14,820	14,852	14,825	15,032	16,231	14,806
3 **Trade balance**	**5,853**	**-26,535**	**28,451**	**1,839**	**1,545**	**1,950**	**-1,374**	**1,749**	**-3,099**	**-1,299**

NOTE. Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE. FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Department of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1976	1977	1978	1978				1979		
				Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.[p]
1 **Total**	**18,747**	**19,312**	**18,650**	**18,850**	**18,935**	**17,967**	**18,650**	**20,468**	**21,641**	**[3]21,658**
2 Gold stock, including Exchange Stabilization Fund[1]	11,598	11,719	11,671	11,668	11,655	11,642	11,671	11,592	11,544	11,479
3 Special Drawing Rights[2]	2,395	2,629	4,374	2,942	3,097	1,522	1,558	2,661	2,672	[3]2,667
4 Reserve position in International Monetary Fund	4,434	4,946	1,047	4,214	4,147	1,099	1,047	1,017	1,120	[3]1,121
5 Convertible foreign currencies[4]	320	18	1,558	26	36	3,704	4,374	5,198	6,305	6,391

1 Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.24.

2 Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; and $1,103 million on Jan. 1, 1979; plus net transactions in SDRs.

3 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

4 Beginning November 1978, valued at current market exchange rates.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1975	1976	1977	1978[2] July	1978[2] Aug.	1978[2] Sept.	1978[2] Oct.	1978[2] Nov.[r]	1978[2] Dec.	1979 Jan.[p]
	All foreign countries									
1 **Total, all currencies**	**176,493**	**219,420**	**258,897**	**269,542**	**274,929**	**287,369**	**292,305**	**295,482**	**305,599**	**294,586**
2 *Claims on United States*	*6,743*	*7,889*	*11,623*	*9,254*	*10,024*	*14,976*	*12,169*	*13,385*	*16,702*	*15,205*
3 Parent bank	3,665	4,323	7,806	5,096	5,818	10,693	7,879	9,007	12,153	10,462
4 Other	3,078	3,566	3,817	4,158	4,206	4,283	4,290	4,378	4,549	4,743
5 *Claims on foreigners*	*163,391*	*204,486*	*238,848*	*250,700*	*254,782*	*262,063*	*269,121*	*271,015*	*277,579*	*267,724*
6 Other branches of parent bank	34,508	45,955	55,772	55,236	58,746	63,493	67,748	68,310	70,210	66,575
7 Banks	69,206	83,765	91,883	94,659	92,811	95,222	98,104	101,043	102,783	97,729
8 Public borrowers[1]	5,792	10,613	14,634	23,288	23,354	23,896	23,936	22,993	23,679	23,734
9 Nonbank foreigners	53,886	64,153	76,560	77,517	79,871	79,452	79,333	78,669	80,907	79,686
10 Other assets	6,359	7,045	8,425	9,588	10,123	10,330	11,015	11,082	11,318	11,657
11 **Total payable in U.S. dollars**	**132,901**	**167,695**	**193,764**	**198,205**	**200,779**	**212,063**	**210,939**	**218,149**	**224,131**	**214,106**
12 *Claims on United States*	*6,408*	*7,595*	*11,049*	*8,473*	*9,219*	*14,168*	*11,328*	*12,489*	*15,744*	*14,371*
13 Parent bank	3,628	4,264	7,692	4,906	5,628	10,535	7,688	8,838	11,967	10,269
14 Other	2,780	3,332	3,357	3,567	3,591	3,633	3,640	3,651	3,777	4,102
15 *Claims on foreigners*	*123,496*	*156,896*	*178,896*	*185,425*	*187,041*	*193,457*	*194,882*	*200,679*	*203,327*	*194,352*
16 Other branches of parent bank	28,478	37,909	44,256	43,447	46,326	50,880	52,887	54,632	55,282	51,723
17 Banks	55,319	66,331	70,786	71,592	69,560	71,892	72,644	76,473	78,367	73,465
18 Public borrowers[1]	4,864	9,022	12,632	20,291	20,255	20,505	20,301	19,618	19,868	20,103
19 Nonbank foreigners	34,835	43,634	51,222	50,095	50,900	50,180	49,050	49,956	49,810	49,061
20 Other assets	2,997	3,204	3,820	4,307	4,519	4,438	4,729	4,981	5,060	5,383
	United Kingdom									
21 **Total, all currencies**	**74,883**	**81,466**	**90,933**	**92,989**	**93,333**	**99,084**	**101,887**	**102,032**	**106,593**	**100,847**
22 *Claims on United States*	*2,392*	*3,354*	*4,341*	*2,615*	*2,624*	*2,940*	*3,119*	*3,706*	*5,370*	*3,982*
23 Parent bank	1,449	2,376	3,518	1,515	1,595	2,014	2,230	2,779	4,448	2,952
24 Other	943	978	823	1,100	1,029	926	889	927	922	1,030
25 *Claims on foreigners*	*70,331*	*75,859*	*84,016*	*87,479*	*87,772*	*93,364*	*95,774*	*95,220*	*98,137*	*93,733*
26 Other branches of parent bank	17,557	19,753	22,017	20,438	21,661	24,691	r26,516	25,802	27,830	25,925
27 Banks	35,904	38,089	39,899	42,462	40,350	42,677	r43,926	44,353	45,013	42,543
28 Public borrowers[1]	881	1,274	2,206	4,637	4,583	4,549	4,692	4,526	4,522	4,560
29 Nonbank foreigners	15,990	16,743	19,895	19,942	21,178	21,447	20,640	20,539	20,772	20,705
30 Other assets	2,159	2,253	2,576	2,895	2,937	2,780	2,994	3,106	3,086	3,132
31 **Total payable in U.S. dollars**	**57,361**	**61,587**	**66,635**	**65,452**	**64,449**	**70,008**	**70,209**	**71,761**	**75,860**	**70,547**
32 *Claims on United States*	*2,273*	*3,275*	*4,100*	*2,321*	*2,335*	*2,598*	*2,877*	*3,475*	*5,113*	*3,760*
33 Parent bank	1,445	2,374	3,431	1,386	1,481	1,895	2,187	2,727	4,386	2,900
34 Other	828	902	669	935	854	703	690	748	727	860
35 *Claims on foreigners*	*54,121*	*57,488*	*61,408*	*61,938*	*60,910*	*66,242*	*66,132*	*67,031*	*69,416*	*65,393*
36 Other branches of parent bank	15,645	17,249	18,947	17,438	18,305	20,934	21,377	21,197	22,838	21,185
37 Banks	28,224	28,983	28,530	29,455	27,268	29,859	29,680	30,565	31,482	29,115
38 Public borrowers[1]	648	846	1,669	3,660	3,544	3,471	3,595	3,467	3,317	3,350
39 Nonbank foreigners	9,604	10,410	12,263	11,385	11,793	11,978	11,480	11,802	11,779	11,743
40 Other assets	967	824	1,126	1,193	1,204	1,168	1,200	1,255	1,331	1,394
	Bahamas and Caymans									
41 **Total, all currencies**	**45,203**	**66,774**	**79,052**	**82,145**	**85,654**	**88,755**	**86,291**	**89,559**	**90,907**	**87,639**
42 *Claims on United States*	*3,229*	*3,508*	*5,782*	*5,132*	*5,620*	*10,053*	*7,247*	*7,460*	*8,997*	*9,598*
43 Parent bank	1,477	1,141	3,051	2,381	2,751	7,090	4,255	4,398	5,771	6,300
44 Other	1,752	2,367	2,731	2,751	2,869	2,963	2,992	3,062	3,226	3,298
45 *Claims on foreigners*	*41,040*	*62,048*	*71,671*	*74,988*	*77,949*	*76,651*	*76,868*	*79,890*	*79,586*	*75,687*
46 Other branches of parent bank	5,411	8,144	11,120	10,292	12,134	12,348	12,618	13,433	12,776	11,385
47 Banks	16,298	25,354	27,939	29,302	29,749	29,472	30,317	33,060	33,653	31,644
48 Public borrowers[1]	3,576	7,105	9,109	12,599	12,461	12,362	12,094	11,535	11,520	11,395
49 Nonbank foreigners	15,756	21,445	23,503	22,795	23,605	22,469	21,839	21,862	21,637	21,263
50 Other assets	933	1,217	1,599	2,025	2,085	2,051	2,176	2,209	2,324	2,354
51 **Total payable in U.S. dollars**	**41,887**	**62,705**	**73,987**	**76,494**	**79,701**	**83,007**	**80,223**	**83,570**	**84,608**	**81,423**

For notes see opposite page.

3.13 Continued

Liability account	1975	1976	1977	1978[2] July	1978[2] Aug.	1978[2] Sept.	1978[2] Oct.	1978[2] Nov.r	1978[2] Dec.	1979 Jan.p
					All foreign countries					
52 **Total, all currencies**	**176,493**	**219,420**	**258,897**	**269,542**	**274,929**	**287,369**	**292,305**	**295,482**	**305,599**	**294,586**
53 *To United States*	*20,221*	*32,719*	*44,154*	*51,583*	*52,441*	*49,325*	*51,506*	*57,076*	*58,255*	*52,376*
54 Parent bank	12,165	19,773	24,542	r27,346	r28,676	24,590	r26,842	31,283	29,841	24,028
55 Other banks in United States	8,057	12,946	19,613	8,608	7,659	10,064	8,362	9,084	12,538	8,253
56 Nonbanks				r15,629	r16,106	14,671	r16,302	16,709	15,876	20,095
57 *To foreigners*	*149,815*	*179,954*	*206,579*	*209,810*	*213,974*	*228,733*	*231,152*	*228,748*	*237,167*	*231,958*
58 Other branches of parent bank	34,111	44,370	53,244	53,788	56,955	61,599	r65,010	65,903	68,064	65,335
59 Banks	72,259	83,880	94,140	88,561	89,234	97,629	95,956	93,749	97,918	92,752
60 Official institutions	22,773	25,829	28,110	31,640	31,461	33,086	32,246	30,922	30,650	31,078
61 Nonbank foreigners	20,672	25,877	31,085	35,821	36,324	36,419	r37,940	38,174	40,535	42,793
62 Other liabilities	6,456	6,747	8,163	8,149	8,514	9,311	9,647	9,658	10,177	10,252
63 **Total payable in U.S. dollars**	**135,907**	**173,071**	**198,572**	**202,407**	**204,938**	**215,496**	**215,518**	**222,738**	**230,000**	**220,024**
64 *To United States*	*19,503*	*31,932*	*42,881*	*49,668*	*50,325*	*47,171*	*49,273*	*55,125*	*56,122*	*50,348*
65 Parent bank	11,939	19,559	24,213	r26,575	r27,784	23,640	r25,907	30,454	28,816	23,089
66 Other banks in United States	7,564	12,373	18,669	8,286	7,286	9,724	8,008	8,813	12,284	7,992
67 Nonbanks				r14,807	r15,255	13,807	r15,358	15,858	15,022	19,267
68 *To foreigners*	*112,879*	*137,612*	*151,363*	*148,630*	*150,478*	*163,626*	*161,542*	*162,644*	*168,626*	*164,097*
69 Other branches of parent bank	28,217	37,098	43,268	42,852	45,620	49,978	52,052	53,409	53,950	51,374
70 Banks	51,583	60,619	64,872	56,405	55,285	63,271	58,912	58,654	63,215	58,447
71 Official institutions	19,982	22,878	23,972	26,717	26,184	27,367	26,341	25,377	25,118	25,506
72 Nonbank foreigners	13,097	17,017	19,251	22,656	23,389	23,010	24,237	25,204	26,343	28,770
73 Other liabilities	3,526	3,527	4,328	4,109	4,135	4,699	4,703	4,969	5,252	5,579
					United Kingdom					
74 **Total, all currencies**	**74,883**	**81,466**	**90,933**	**92,989**	**93,333**	**99,084**	**101,887**	**102,032**	**106,593**	**100,847**
75 *To United States*	*5,646*	*5,997*	*7,753*	*8,011*	*6,978*	*8,033*	*8,347*	*9,053*	*10,235*	*8,134*
76 Parent bank	2,122	1,198	1,451	1,959	1,905	1,872	2,176	2,367	2,669	1,586
77 Other banks in United States	3,523	4,798	6,302	2,987	2,290	3,150	2,949	3,234	4,395	2,710
78 Nonbanks				3,065	2,783	3,011	3,222	3,452	3,171	3,838
79 *To foreigners*	*67,240*	*73,228*	*80,736*	*81,847*	*82,991*	*87,678*	*89,979*	*89,347*	*92,697*	*88,983*
80 Other branches of parent bank	6,494	7,092	9,376	10,098	11,708	12,006	r12,175	13,153	12,928	12,853
81 Banks	32,964	36,259	37,893	34,859	35,293	37,677	39,277	38,167	40,692	36,629
82 Official institutions	16,553	17,273	18,318	20,666	19,863	21,493	21,193	20,182	20,181	19,674
83 Nonbank foreigners	11,229	12,605	15,149	16,224	16,127	16,502	r17,334	17,845	18,896	19,827
84 Other liabilities	1,997	2,241	2,445	3,131	3,364	3,373	3,561	3,632	3,661	3,730
85 **Total payable in U.S. dollars**	**57,820**	**63,174**	**67,573**	**65,671**	**64,918**	**70,227**	**71,158**	**72,812**	**77,030**	**72,089**
86 *To United States*	*5,415*	*5,849*	*7,480*	*7,652*	*6,606*	*7,650*	*7,985*	*8,666*	*9,833*	*7,751*
87 Parent bank	2,083	1,182	1,416	1,926	1,852	1,805	2,116	2,321	2,618	1,539
88 Other banks in United States	3,332	4,667	6,064	2,904	2,209	3,092	2,902	3,178	4,307	2,618
89 Nonbanks				2,822	2,545	2,753	2,967	3,167	2,908	3,594
90 *To foreigners*	*51,447*	*56,372*	*58,977*	*56,636*	*57,015*	*61,231*	*61,802*	*62,631*	*65,711*	*62,651*
91 Other branches of parent bank	5,442	5,874	7,505	7,696	9,163	9,317	9,301	10,302	9,764	10,012
92 Banks	23,330	25,527	25,608	20,659	20,601	22,936	23,260	23,044	26,062	22,107
93 Official institutions	14,498	15,423	15,482	17,265	16,113	17,659	17,106	16,317	16,309	15,809
94 Nonbank foreigners	8,176	9,547	10,382	11,016	11,138	11,319	12,135	12,968	13,576	14,723
95 Other liabilities	959	953	1,116	1,383	1,297	1,346	1,371	1,515	1,486	1,687
					Bahamas and Caymans					
96 **Total, all currencies**	**45,203**	**66,774**	**79,052**	**82,145**	**85,654**	**88,755**	**86,291**	**89,559**	**90,907**	**87,639**
97 *To United States*	*11,147*	*22,721*	*32,176*	*37,041*	*39,532*	*34,378*	*35,676*	*40,603*	*38,826*	*36,921*
98 Parent bank	7,628	16,161	20,956	r21,379	r22,940	18,410	r19,402	23,503	20,804	17,021
99 Other banks in United States	3,520	6,560	11,220	4,587	4,509	5,511	4,415	4,852	6,270	4,323
100 Nonbanks				r11,075	r12,083	10,457	r11,859	12,248	11,752	15,577
101 *To foreigners*	*32,949*	*42,899*	*45,292*	*43,649*	*44,597*	*52,574*	*48,955*	*47,274*	*50,239*	*48,902*
102 Other branches of parent bank	10,569	13,801	12,816	11,165	11,436	14,762	15,635	14,715	16,115	14,240
103 Banks	16,825	21,760	24,717	21,951	21,884	27,372	22,471	21,922	23,004	22,214
104 Official institutions	3,308	3,573	3,000	4,227	4,604	4,477	4,449	4,354	4,208	4,611
105 Nonbank foreigners	2,248	3,765	4,759	6,306	6,673	5,963	6,400	6,283	6,912	7,837
106 Other liabilities	1,106	1,154	1,584	1,455	1,525	1,803	1,660	1,682	1,842	1,816
107 **Total payable in U.S. dollars**	**42,197**	**63,417**	**74,463**	**78,131**	**81,314**	**84,317**	**81,324**	**84,877**	**86,204**	**82,903**

[1] In May1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

[2] In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1975	1976	1977	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.^{p}	1979 Feb.^{p}
				A. By type						
1 **Total**[1]	**82,572**	**95,634**	**131,097**	**146,168**	**145,293**	**152,463**	**156,261**	**162,303**	**162,605**	**159,933**
2 Liabilities reported by banks in the United States[2]	16,262	17,231	18,003	20.120	19.822	22.300	21.695	23.086	22,588	23.167
3 U.S. Treasury bills and certificates[3]	34,199	37.725	47,820	56.299	55,014	57.967	62,635	67.650	68,415	65.713
U.S. Treasury bonds and notes										
4 Marketable	6,671	11.788	32,164	34.873	35.577	36.153	36.222	35.877	35.987	35,470
5 Nonmarketable[4]	19,976	20,648	20.443	20.375	20,304	21.426	20.993	20,970	20.952	20.912
6 U.S. securities other than U.S. Treasury securities[5]	5,464	8,242	12,667	14.501	14.576	14.617	14.716	14.720	14.663	14,671
				B. By area						
7 **Total**	**82,572**	**95,634**	**131,097**	**146,168**	**145,293**	**152,463**	**156,261**	**162,303**	**162,605**	**159,933**
8 Western Europe[1]	45,701	45,882	70,748	79.724	80.268	85,294	88,389	92,946	94.371	92.727
9 Canada	3.132	3,406	2,334	2.071	1.497	2.619	2.446	2,486	2.150	1.911
10 Latin America and Caribbean	4,461	4,926	4,649	4.621	3.899	4.611	4.495	5,029	4.297	4,367
11 Asia	24.411	37,767	50,693	56.923	56,883	57.016	57.835	58.656	58,963	57.766
12 Africa	2,983	1,893	1,742	2.036	2.006	2.184	2.301	2.443	2,299	2.371
13 Other countries[6]	1.884	1,760	931	793	740	739	795	743	525	791

1 Includes the Bank for International Settlements.

2 Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.

3 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.

4 Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.

5 Debt securities of U.S. government corporations and federally sponsored agencies, and U.S. corporate stocks and bonds.

6 Includes countries in Oceania and Eastern Europe.

NOTE. Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States.

For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.15 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Item	1975	1976	1977	1978					1979	
				Aug.	Sept.	Oct.	Nov.	Dec.	Jan.p	Feb.p
				A. By holder and type of liability						
1 **All foreigners**	**95,590**	**110,657**	**126,168**	**140,535**	**144,116**	**150,584**	**158,421**	**166,267**	**163,906**	**163,431**
2 Banks' own liabilities				63,931	68,593	71,102	75,166	77,711	74,118	76,155
3 Demand deposits	13,564	16,803	18,996	16,104	17,204	17,557	18,264	19,199	17,744	17,201
4 Time deposits[1]	10,267	11,347	11,521	12,634	12,154	12,279	12,514	12,298	12,166	12,026
5 Other[2]				7,234	6,697	9,756	8,645	9,527	8,952	9,197
6 Own foreign offices[3]				27,960	32,538	31,511	35,744	36,687	35,256	37,731
7 Banks' custody liabilities[4]				76,604	75,523	79,482	83,255	88,556	89,788	87,275
8 U.S. Treasury bills and certificates[5]	37,414	40,744	48,906	57,264	56,665	59,077	63,434	68,434	69,186	66,663
9 Other negotiable and readily transferable instruments[6]				17,198	16,492	17,619	17,424	17,581	18,184	18,303
10 Other				2,142	2,366	2,786	2,397	2,541	2,418	2,310
11 **Nonmonetary international and regional organizations[7]**	**5,699**	**5,714**	**3,274**	**2,823**	**3,406**	**2,929**	**2,225**	**2,617**	**2,312**	**2,095**
12 Banks' own liabilities				808	767	336	417	916	762	506
13 Demand deposits	139	290	231	142	144	133	153	330	333	272
14 Time deposits[1]	148	205	139	97	99	116	102	94	88	102
15 Other[2]				569	523	87	161	492	340	131
16 Banks' custody liabilities[4]				2,014	2,639	2,593	1,809	1,701	1,550	1,589
17 U.S. Treasury bills and certificates	2,554	2,701	706	368	1,036	403	183	201	183	193
18 Other negotiable and readily transferable instruments[6]				1,645	1,603	2,189	1,625	1,499	1,362	1,393
19 Other				1	1	1	1	1	5	3
20 **Official institutions[8]**	**50,461**	**54,956**	**65,822**	**76,419**	**74,836**	**80,267**	**84,329**	**90,737**	**91,003**	**88,880**
21 Banks' own liabilities				9,085	9,455	11,474	10,820	11,732	10,500	11,071
22 Demand deposits	2,644	3,394	3,528	2,643	3,307	3,046	3,414	3,389	2,702	2,759
23 Time deposits[1]	3,423	2,321	1,797	2,595	2,563	2,399	2,345	2,334	2,288	2,169
24 Other[2]				3,848	3,585	6,030	5,060	6,008	5,510	6,143
25 Banks' custody liabilities[4]				67,334	65,381	68,793	73,510	79,005	80,503	77,809
26 U.S. Treasury bills and certificates[5]	34,199	37,725	47,820	56,299	55,014	57,967	62,635	67,650	68,415	65,713
27 Other negotiable and readily transferable instruments[6]				10,831	10,122	10,616	10,768	11,185	11,897	11,905
28 Other				205	245	210	107	170	191	191
29 **Banks[9]**	**29,330**	**37,174**	**42,335**	**45,532**	**50,515**	**51,379**	**55,273**	**56,861**	**54,563**	**55,805**
30 Banks' own liabilities				41,028	45,744	46,425	50,440	52,035	49,812	51,047
31 Unaffiliated foreign banks				13,068	13,206	14,914	14,696	15,349	14,556	13,316
32 Demand deposits	7,534	9,104	10,933	9,229	9,713	10,156	10,068	11,239	10,379	9,426
33 Time deposits[1]	1,873	2,297	2,040	1,390	1,269	1,552	1,735	1,489	1,495	1,336
34 Other[2]				2,449	2,223	3,206	2,893	2,621	2,683	2,554
35 Own foreign offices[3]				27,960	32,538	31,511	35,744	36,687	35,256	37,731
36 Banks' custody liabilities[4]				4,504	4,771	4,955	4,834	4,826	4,751	4,757
37 U.S. Treasury bills and certificates	335	119	141	296	307	381	371	300	302	399
38 Other negotiable and readily transferable instruments[6]				2,382	2,536	2,447	2,561	2,417	2,422	2,384
39 Other				1,827	1,928	2,126	1,902	2,109	2,027	1,973
40 **Other foreigners**	**10,100**	**12,814**	**14,736**	**15,761**	**15,359**	**16,008**	**16,593**	**16,052**	**16,028**	**16,652**
41 Banks' own liabilities				13,009	12,627	12,867	13,490	13,028	13,045	13,531
42 Demand deposits	3,248	4,015	4,304	4,090	4,039	4,222	4,628	4,242	4,330	4,744
43 Time deposits[1]	4,823	6,524	7,546	8,552	8,222	8,213	8,331	8,380	8,295	8,419
44 Other[2]				368	365	432	531	406	420	368
45 Banks' custody liabilities[4]				2,752	2,732	3,141	3,103	3,024	2,983	3,120
46 U.S. Treasury bills and certificates	325	198	240	301	308	326	245	282	285	357
47 Other negotiable and readily transferable instruments[6]				2,341	2,231	2,367	2,471	2,480	2,503	2,620
48 Other				110	193	448	387	262	195	143
49 MEMO: Negotiable time certificates of deposit held in custody for foreigners				10,181	10,043	10,977	10,803	10,926	11,080	10,989

1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2 Includes borrowings under repurchase agreements.
3 U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly-owned subsidiaries of head office or parent foreign bank.
4 Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
6 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8 Foreign central banks and foreign central governments and the Bank for International Settlements.
9 Excludes central banks, which are included in "Official institutions."

NOTE. Data for time deposits prior to April 1978 represent short-term only.

For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.15 Continued

Item	1975	1976	1977	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.p	1979 Feb.p
	B. By area and country									
1 **Total**	**95,590**	**110,657**	**126,168**	**140,535**	**144,116**	**150,584**	**158,421**	**166,267**	**163,906**	**163,431**
2 **Foreign countries**	**89,891**	**104,943**	**122,893**	**137,712**	**140,710**	**147,655**	**156.196**	**163,650**	**161,594**	**161,336**
3 *Europe*	*44,072*	*47,076*	*60,295*	*67,340*	*69,157*	*73,408*	*78,418*	*84,861*	*83,949*	*81,615*
4 Austria	759	346	318	424	431	473	514	506	555	498
5 Belgium-Luxembourg	2,893	2,187	2,531	2,174	2,368	2,464	2,471	2,546	2,481	2,177
6 Denmark	329	356	770	1,593	1,673	1,734	1,827	1,946	2,036	2,073
7 Finland	391	416	323	416	415	424	388	346	379	357
8 France	7,726	4,876	5,269	7,989	8,060	8,421	8,817	8,631	8,377	8,153
9 Germany	4,543	6,241	7,239	10,766	11,206	13,345	15,652	17,286	15,800	13,867
10 Greece	284	403	603	826	865	887	907	826	653	761
11 Italy	1,059	3,182	6,857	8,055	7,394	7,346	7,761	7,674	8,723	8,056
12 Netherlands	3,407	3,003	2,869	3,240	2,756	2,523	2,518	2,402	2,536	2,786
13 Norway	994	782	944	1,516	1,208	1,210	1,102	1,271	1,411	1,445
14 Portugal	193	239	273	324	521	386	379	330	255	248
15 Spain	423	559	619	752	765	702	885	778	759	704
16 Sweden	2,277	1,692	2,712	3,355	3,341	3,187	3,216	3,131	2,955	2,656
17 Switzerland	8,476	9,460	12,343	11,987	12,997	14,314	15,810	18,820	20,051	19,975
18 Turkey	118	166	130	137	226	164	163	157	141	141
19 United Kingdom	6,867	10,018	14,125	10,956	11,807	12,438	12,826	14,214	13,080	13,631
20 Yugoslavia	126	189	232	149	167	158	190	254	174	184
21 Other Western Europe[1]	2,970	2,673	1,804	2,427	2,631	2,887	2,719	3,334	3,283	3,667
22 U.S.S.R.	40	51	98	46	65	82	73	82	150	62
23 Other Eastern Europe[2]	197	236	236	210	262	262	198	325	150	172
24 *Canada*	*2,919*	*4,659*	*4,607*	*5,890*	*5,101*	*7,418*	*8,001*	*6,963*	*6,575*	*7,636*
25 *Latin America and Caribbean*	*15,028*	*19,132*	*23,670*	*27,261*	*29,216*	*28,470*	*31,111*	*31,470*	*30,863*	*32,283*
26 Argentina	1,146	1,534	1,416	1,453	1,393	1,650	1,504	1,498	1,696	1,812
27 Bahamas	1,874	2,770	3,596	4,601	7,251	4,880	6,309	6,615	7,310	7,276
28 Bermuda	184	218	321	372	409	387	425	428	386	463
29 Brazil	1,219	1,438	1,396	1,382	1,275	1,441	1,234	1,130	1,102	1,154
30 British West Indies	1,311	1,877	3,998	5,474	5,380	5,919	6,692	5,978	5,715	6,846
31 Chile	319	337	360	346	351	333	341	399	376	357
32 Colombia	417	1,021	1,221	1,486	1,431	1,483	1,612	1,756	1,769	1,867
33 Cuba	6	6	6	10	7	7	7	13	7	13
34 Ecuador	120	320	330	347	405	369	348	322	321	274
35 Guatemala[3]	...	...	...	419	347	368	357	416	352	386
36 Jamaica[3]	...	...	...	59	78	57	43	52	72	43
37 Mexico	2,070	2,870	2,876	3,171	3,112	3,101	3,413	3,397	3,178	3,160
38 Netherlands Antilles[4]	129	158	196	288	317	352	368	308	321	361
39 Panama	1,115	1,167	2,331	2,628	2,741	2,396	2,808	2,992	2,826	2,494
40 Peru	243	257	287	311	321	323	337	363	321	347
41 Uruguay	172	245	243	185	197	210	211	233	223	221
42 Venezuela	3,309	3,118	2,929	3,210	2,562	3,696	3,550	3,809	3,337	3,706
43 Other Latin America and Caribbean	1,393	1,797	2,167	1,517	1,639	1,496	1,553	1,760	1,550	1,501
44 *Asia*	*22,384*	*29,766*	*30,488*	*33,463*	*33,501*	*34,630*	*34,843*	*36,394*	*36,654*	*36,467*
45 China (Mainland)	123	48	53	44	46	49	57	67	65	105
46 China (Taiwan)	1,025	990	1,013	1,262	1,280	1,319	1,247	499	546	502
47 Hong Kong	605	894	1,094	1,211	1,250	1,368	1,189	1,256	1,400	1,436
48 India	115	638	961	762	833	899	843	790	804	838
49 Indonesia	369	340	410	309	348	575	439	449	575	357
50 Israel	387	392	559	440	432	453	469	674	669	617
51 Japan	10,207	14,363	14,616	19,755	19,933	19,937	21,355	21,969	21,428	21,764
52 Korea	390	438	602	736	776	790	750	795	772	827
53 Philippines	700	628	687	566	623	594	578	639	613	549
54 Thailand	252	277	264	296	290	352	279	427	379	307
55 Middle East oil-exporting countries[5]	7,355	9,360	8,979	6,719	6,350	6,911	6,381	7,420	8,121	7,866
56 Other Asia	856	1,398	1,250	1,364	1,341	1,384	1,256	1,411	1,283	1,297
57 *Africa*	*3,369*	*2,298*	*2,535*	*2,578*	*2,645*	*2,540*	*2,636*	*2,886*	*2,694*	*2,805*
58 Egypt	342	333	404	463	417	322	312	404	337	279
59 Morocco	68	87	66	67	74	84	30	32	29	32
60 South Africa	166	141	174	160	238	266	294	168	179	207
61 Zaire	62	36	39	52	45	39	43	43	48	42
62 Oil-exporting countries[6]	2,240	1,116	1,155	1,198	1,270	1,230	1,335	1,525	1,379	1,549
63 Other Africa	491	585	698	638	601	600	622	715	721	697
64 *Other countries*	*2,119*	*2,012*	*1,297*	*1,180*	*1,090*	*1,189*	*1,187*	*1,076*	*860*	*1,131*
65 Australia	2,006	1,905	1,140	1,051	899	975	950	838	655	933
66 All other	113	107	158	130	191	213	236	239	204	198
67 **Nonmonetary international and regional organizations**	**5,699**	**5,714**	**3,274**	**2,823**	**3,406**	**2,929**	**2,225**	**2,617**	**2,312**	**2,095**
68 International	5,415	5,157	2,752	2,157	2,339	1,789	1,033	1,485	1,210	919
69 Latin American regional	188	267	278	437	799	856	870	808	804	865
70 Other regional[7]	96	290	245	228	269	284	323	324	299	311

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.16 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1975	1976	1977	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.[p]	1979 Feb.[p]
1 **Total**	**58,308**	**79,301**	**90,206**	**92,269**	**94,620**	**96,820**	**105,337**	**114,606**	**105,859**	**103,765**
2 **Foreign countries**	**58,275**	**79,261**	**90,163**	**92,231**	**94,581**	**96,779**	**105,291**	**114,550**	**105,819**	**103,725**
3 *Europe*	*11,109*	*14,776*	*18,114*	*17,172*	*18,390*	*19,327*	*20,504*	*24,181*	*20,740*	*20,491*
4 Austria	35	63	65	107	95	111	142	140	147	115
5 Belgium-Luxembourg	286	482	561	847	964	1,052	1,232	1,200	1,504	1,376
6 Denmark	104	133	173	146	147	160	193	254	172	170
7 Finland	180	199	172	216	221	232	260	305	281	264
8 France	1,565	1,549	2,082	2,573	2,831	2,752	2,716	3,737	2,632	2,317
9 Germany	380	509	644	645	742	808	838	900	840	717
10 Greece	290	279	206	125	126	161	134	164	162	169
11 Italy	443	993	1,334	1,037	1,016	1,355	1,453	1,504	1,402	1,395
12 Netherlands	305	315	338	403	379	494	602	680	683	621
13 Norway	131	136	162	163	263	238	282	299	251	252
14 Portugal	30	88	175	105	99	106	180	171	169	173
15 Spain	424	745	722	676	735	929	980	1,110	905	1,102
16 Sweden	198	206	218	290	325	348	465	537	449	388
17 Switzerland	199	379	564	1,013	871	781	1,045	1,283	1,051	970
18 Turkey	164	249	360	305	305	293	283	283	179	132
19 United Kingdom	5,170	7,033	8,964	7,206	7,890	8,065	8,356	10,124	8,434	8,883
20 Yugoslavia	210	234	311	281	307	293	302	363	400	409
21 Other Western Europe[1]	76	85	86	125	128	147	107	122	135	110
22 U.S.S.R	406	485	413	343	370	387	321	366	327	309
23 Other Eastern Europe[2]	513	613	566	564	575	617	612	638	619	619
24 *Canada*	*2,834*	*3,319*	*3,355*	*3,349*	*3,451*	*3,586*	*4,552*	*5,142*	*4,954*	*5,047*
25 *Latin America and Caribbean*	*23,863*	*38,879*	*45,850*	*49,216*	*49,482*	*49,267*	*54,341*	*56,507*	*52,834*	*50,181*
26 Argentina	1,377	1,192	1,478	1,566	1,690	1,447	1,698	2,266	2,134	2,359
27 Bahamas	7,583	15,464	19,858	21,825	19,110	19,208	23,541	21,118	20,890	18,658
28 Bermuda	104	150	232	194	141	352	141	189	185	155
29 Brazil	3,385	4,901	4,629	4,838	5,252	5,596	6,137	6,251	6,259	6,112
30 British West Indies	1,464	5,082	6,481	7,019	8,397	7,170	6,432	9,173	5,327	5,054
31 Chile	494	597	675	809	742	832	862	968	1,012	939
32 Colombia	751	675	671	687	727	793	936	1,012	1,054	1,019
33 Cuba	14	13	10	1	1	*	4	*	*	*
34 Ecuador	252	375	517	560	646	621	680	705	700	768
35 Guatemala[3]	...	...	...	86	79	85	89	94	87	109
36 Jamaica[3]	...	...	...	44	46	45	49	40	37	48
37 Mexico	3,745	4,822	4,909	5,016	5,010	4,927	5,255	5,417	5,449	5,394
38 Netherlands Antilles[4]	72	140	224	198	230	212	242	268	259	217
39 Panama	1,138	1,372	1,410	1,631	2,280	2,480	2,531	3,074	3,656	3,493
40 Peru	805	933	962	930	967	945	931	918	873	846
41 Uruguay	57	42	80	56	51	63	58	52	50	44
42 Venezuela	1,319	1,828	2,318	2,513	2,746	3,105	3,367	3,474	3,324	3,481
43 Other Latin America and Caribbean	1,302	1,293	1,394	1,245	1,367	1,386	1,388	1,487	1,538	1,485
44 *Asia*	*17,706*	*19,204*	*19,236*	*19,256*	*20,037*	*21,358*	*22,691*	*25,511*	*24,233*	*25,102*
45 China (Mainland)	22	3	10	31	8	10	6	4	15	13
46 China (Taiwan)	1,053	1,344	1,719	1,177	1,241	1,285	1,356	1,499	1,457	1,757
47 Hong Kong	289	316	543	790	903	1,368	1,385	1,573	1,620	1,960
48 India	57	69	53	73	76	66	46	54	61	60
49 Indonesia	246	218	232	125	152	144	188	143	141	123
50 Israel	721	755	584	504	544	555	719	872	996	896
51 Japan	10,944	11,040	9,839	9,853	10,260	10,568	11,997	12,734	12,565	12,219
52 Korea	1,791	1,978	2,336	1,925	1,933	1,788	1,741	2,277	2,239	2,478
53 Philippines	534	719	594	728	730	732	717	680	607	692
54 Thailand	520	442	633	685	633	734	758	753	751	832
55 Middle East oil-exporting countries[5]	744	1,459	1,746	2,099	2,200	2,097	2,188	3,118	2,332	2,487
56 Other Asia	785	863	947	1,265	1,357	2,012	1,592	1,804	1,451	1,585
57 *Africa*	*1,933*	*2,311*	*2,518*	*2,264*	*2,158*	*2,219*	*2,163*	*2,221*	*2,145*	*2,092*
58 Egypt	123	126	119	62	67	56	68	107	82	83
59 Morocco	8	27	43	42	38	40	36	82	97	88
60 South Africa	657	957	1,066	1,058	1,022	990	906	860	838	760
61 Zaire	181	112	98	79	82	161	162	164	156	155
62 Oil-exporting countries[6]	382	524	510	458	406	438	439	452	438	456
63 Other	581	565	682	565	544	534	551	556	533	551
64 *Other countries*	*830*	*772*	*1,090*	*974*	*1,063*	*1,023*	*1,041*	*988*	*914*	*812*
65 Australia	700	597	905	829	894	879	894	877	792	704
66 All other	130	175	186	145	168	145	147	111	122	108
67 **Nonmonetary international and regional organizations**[7]	33	40	43	38	39	41	45	56	40	39

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.17 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States

Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1975	1976	1977	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.p	1979 Feb.p
1 **Total**	**58,308**	**79,301**	**90,206**	....	**103,736**	....	....	**125,616**	....	....
2 Banks' own claims on foreigners	....	....	....	92.269	94.620	96.820	105.337	114.606	105.859	103.765
3 Foreign public borrowers	....	....	....	7.591	8.006	8.051	9.197	10.047	10.287	10.494
4 Own foreign offices[1]	....	....	....	37.537	35.001	36.357	40.412	40.882	38.373	35.551
5 Unaffiliated foreign banks	....	....	....	27.500	31.448	31.080	33.461	40.379	34.515	34.643
6 Deposits	....	....	....	4.595	4.688	3.965	4.370	5.506	4.689	5.163
7 Other	....	....	....	22,905	26.760	27.115	29.090	34.873	29,826	29.480
8 All other foreigners	....	....	....	19.641	20.165	21.332	22.267	23.298	22.685	23,077
9 Claims of banks' domestic customers[2]	....	....	....	....	9.116	....	....	11.009	....	....
10 Deposits	....	....	....	....	500	....	....	972	....	....
11 Negotiable and readily transferable instruments[3]	....	....	....	....	3,724	....	....	4.762	....	....
12 Outstanding collections and other claims[4]	5,467	5,756	6,176	....	4.892	....	....	5.275	....	....
13 MEMO: Customer liability on acceptances	....	....	....	....	12.747	....	....	14.837	....	....

[1] U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly-owned subsidiaries of head office or parent foreign bank.

[2] Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

[3] Principally negotiable time certificates of deposit and bankers acceptances.

[4] Data for March 1978 and for period prior to that are outstanding collections only.

NOTE. Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.18 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1978	1979	1978 June	1978 Sept.p	1978 Dec.p	1979 Mar.	1979 June	1979 Sept.
1 Total	....	....	55,128	59,516	73,250	....	....	....
By borrower								
2 Maturity of 1 year or less[1]	....	....	43,682	46,684	57,982	....	....	....
3 Foreign public borrowers	....	....	2,919	3,640	4,497	....	....	....
4 All other foreigners	....	....	40,763	43,044	53,486	....	....	....
5 Maturity of over 1 year[1]	....	....	11,445	12,832	15,268	....	....	....
6 Foreign public borrowers	....	....	3,162	3,928	5,315	....	....	....
7 All other foreigners	....	....	8,283	8,904	9,952	....	....	....
By area								
Maturity of 1 year or less[1]								
8 Europe	....	....	9,532	10,386	14,934	....	....	....
9 Canada	....	....	1,615	1,943	2,662	....	....	....
10 Latin America and Caribbean	....	....	17,036	18,518	20,813	....	....	....
11 Asia	....	....	13,515	13,712	17,500	....	....	....
12 Africa	....	....	1,461	1,535	1,512	....	....	....
13 All other[2]	....	....	523	591	562	....	....	....
Maturity of over 1 year[1]								
14 Europe	....	....	2,979	3,104	3,163	....	....	....
15 Canada	....	....	330	793	1,426	....	....	....
16 Latin America and Caribbean	....	....	5,979	6,843	8,444	....	....	....
17 Asia	....	....	1,282	1,305	1,393	....	....	....
18 Africa	....	....	629	577	629	....	....	....
19 All other[2]	....	....	247	211	214	....	....	....

[1] Remaining time to maturity.
[2] Includes nonmonetary international and regional organizations.

NOTE. The first available data are for June 1978. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.19 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1975	1976	1977	1978 Mar.	1978 June	1978 Sept.p	1978 Dec.p
1 Banks' own liabilities	560	781	925	986	1,704	1,981	2,055
2 Banks' own claims[1]	1,459	1,834	2,356	2,383	3,153	3,530	3,612
3 Deposits	656	1,103	941	948	1,290	1,386	1,797
4 Other claims	802	731	1,415	1,435	1,863	2,144	1,815
5 Claims of banks' domestic customers[2]	....	....	....	....	809	446	400

[1] Includes claims of banks' domestic customers through March 1978.
[2] Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE. Data on claims exclude foreign currencies held by U.S. monetary authorities.
For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.20 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1977	1978	1979 Jan.-Feb.p	1978 Aug.	Sept.	Oct.	Nov.	Dec.	1979 Jan.p	Feb.p
	Holdings (end of period)[4]									
1 **Estimated total**[1]	**38,640**	**44,933**	....	**41,578**	**42,217**	**43,627**	**43,852**	**44,933**	**46,166**	**46,975**
2 **Foreign countries**[1]	**33,894**	**39,812**	....	**37,124**	**37,830**	**38,476**	**38,474**	**39,812**	**41,297**	**42,271**
3 *Europe*[1]	*13,936*	*17,072*	....	*14,154*	*14,689*	*15,260*	*15,654*	*17,072*	*18,360*	*19,853*
4 Belgium-Luxembourg	19	19	....	19	19	19	19	19	19	19
5 Germany[1]	3,168	8,705	....	5,761	6,157	6,645	7,102	8,705	8,864	10,212
6 Netherlands	911	1,358	....	1,278	1,306	1,356	1,351	1,358	1,433	1,517
7 Sweden	100	285	....	210	211	231	266	285	320	355
8 Switzerland	497	977	....	636	694	731	915	977	1,818	1,508
9 United Kingdom	8,888	5,373	....	5,862	5,909	5,915	5,674	5,373	5,489	5,823
10 Other Western Europe	349	354	....	387	393	365	327	354	417	420
11 Eastern Europe	4	....	....	....	....	....	....	....	....	....
12 Canada	288	152	....	276	276	151	151	152	150	146
13 Latin America and Caribbean	551	416	....	545	445	426	416	416	395	379
14 Venezuela	199	144	....	244	144	144	144	144	144	144
15 Other Latin American and Caribbean	183	110	....	139	139	119	109	110	88	72
16 Netherlands Antilles	170	162	....	162	162	162	162	162	162	162
17 Asia	18,745	21,483	....	21,652	21,924	21,942	21,565	21,483	21,704	21,205
18 Japan	6,860	11,528	....	10,791	11,096	11,560	11,483	11,528	12,226	12,422
19 Africa	362	691	....	491	491	691	691	691	691	691
20 All other	11	-3	....	7	5	6	3	3	3	-3
21 **Nonmonetary international and regional organizations**	**4,746**	**5,121**	....	**4,454**	**4,387**	**5,151**	**5,378**	**5,121**	**4,869**	**4,704**
22 International	4,646	5,089	....	4,421	4,354	5,118	5,345	5,089	4,837	4,666
23 Latin American regional	100	33	....	33	33	33	33	33	33	38
	Transactions (net purchases, or sales (−), during period)									
24 **Total**[1]	**22,843**	**6,292**	**2,042**	**425**	**639**	**1,410**	**225**	**1,081**	**1,233**	**809**
25 **Foreign countries**[1]	**21,130**	**5,916**	**2,460**	**813**	**706**	**646**	**3**	**1,338**	**1,485**	**974**
26 Official institutions	20,377	3,712	407	710	704	577	69	-346	111	-517
27 Other foreign[1]	753	2,205	2,868	103	3	69	-72	1,683	1,375	1,493
28 **Nonmonetary international and regional organizations**	**1,713**	**375**	**-417**	**-387**	**-67**	**764**	**227**	**-256**	**-252**	**-165**
MEMO: Oil-exporting countries										
29 Middle East[2]	4,451	1,785	-1,154	31	31	-401	-241	127	-461	-693
30 Africa[3]	181	329	*	....	....	200	-1	....	....	*

1 Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents.

2 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

3 Comprises Algeria, Gabon, Libya, and Nigeria.

4 Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.21 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1976	1977	1978	1978 Sept.	Oct.	Nov.	Dec.	1979 Jan.	Feb.	Mar.p
1 Deposits	352	424	367	325	305	379	367	338	343	351
Assets held in custody										
2 U.S. Treasury securities[1]	66,532	91,962	117,126	102,699	107,934	112,434	117,126	116,961	114,005	105,362
3 Earmarked gold[2]	16,414	15,988	15,463	15,553	15,548	15,525	15,463	15,448	15,432	13,107

1 Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and inforeign 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.

3.22 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

	Transactions, and area or country	1977	1978	1979 Jan.–Feb.[p]	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.[p]	1979 Feb.[p]
		U.S. corporate securities									
	Stocks										
1	Foreign purchases	14,155	20,130	2,745	2,446	2,357	1,509	1,461	1,438	1,361	1,384
2	Foreign sales	11,479	17,723	2,565	2,680	2,115	1,523	1,359	1,102	1,301	1,264
3	**Net purchases, or sales (−)**	**2,676**	**2,408**	**180**	**−235**	**241**	**14**	**103**	**336**	**60**	**120**
4	**Foreign countries**	**2,661**	**2,454**	**165**	**−235**	**244**	**−15**	**102**	**336**	**61**	**104**
5	Europe	1,006	1,271	45	−152	33	−91	10	264	7	52
6	France	40	47	10	9	2	−4	1	−38	6	16
7	Germany	291	620	2	−54	24	30	8	264	18	20
8	Netherlands	22	22	50	22	7	7	6	−9	−35	−15
9	Switzerland	152	585	−18	−184	−115	−118	−88	−23	30	12
10	United Kingdom	613	1,218	104	110	54	58	67	74	85	19
11	Canada	65	74	1	18	117	22	6	38	7	−6
12	Latin America and Caribbean	127	151	8	48	1	13	2	16	34	25
13	Middle East[1]	1,390	781	30	−134	120	42	109	4	−16	46
14	Other Asia	59	187	80	34	35	−4	1	15	49	30
15	Africa	5	−13	5	12	5	2	2	−1	2	6
16	Other countries	8	3	−4	−1	−1	2	1	1	4	1
17	**Nonmonetary international and regional organizations**	**15**	**46**	**15**	*	**3**	**1**	**1**	*	**1**	**16**
	Bonds[2]										
18	Foreign purchases	7,739	7,955	1,094	868	610	727	437	884	641	453
19	Foreign sales	3,546	5,453	1,251	490	550	530	388	558	704	547
20	**Net purchases, or sales (−)**	**4,192**	**2,502**	**−157**	**379**	**60**	**197**	**49**	**326**	**−63**	**−94**
21	**Foreign countries**	**4,096**	**2,093**	**83**	**326**	**62**	**137**	**39**	**134**	**54**	**28**
22	Europe	1,863	972	149	137	80	89	25	152	39	110
23	France	−34	30	18	6	2	10	3	17	18	*
24	Germany	−20	119	55	38	−5	−12	6	10	42	13
25	Netherlands	72	19	−14	18	19	4	1	6	−4	10
26	Switzerland	94	100	15	20	43	9	9	39	8	6
27	United Kingdom	1,703	936	39	89	*	110	9	115	54	93
28	Canada	141	102	21	24	16	5	*	6	11	10
29	Latin America and Caribbean	64	78	32	17	11	13	1	5	23	9
30	Middle East[1]	1,695	810	−140	99	−73	19	8	−21	−34	−106
31	Other Asia	338	131	20	48	28	60	23	5	16	4
32	Africa	−6	1	1	*	*	*	*	*	*	1
33	Other countries	*	1	*	1	*	*	*	−3	*	*
34	**Nonmonetary international and regional organizations**	**96**	**409**	**−240**	**53**	**−3**	**60**	**10**	**192**	**−118**	**122**
		Foreign securities									
35	**Stocks, net purchases, or sales (−)**	**−410**	**527**	**17**	**52**	**69**	**−19**	**163**	**−12**	**11**	**−28**
36	Foreign purchases	2,255	3,666	497	383	261	299	360	232	265	232
37	Foreign sales	2,665	3,139	514	331	330	318	197	244	254	260
38	**Bonds, net purchases, or sales (−)**	**−5,096**	**−4,017**	**−872**	**−205**	**36**	**−677**	**−446**	**73**	**−550**	**−322**
39	Foreign purchases	8,040	11,044	1,725	990	762	941	856	1,020	783	942
40	Foreign sales	13,136	15,061	2,597	1,195	726	1,618	1,302	948	1,333	1,264
41	**Net purchases, or sales (−) of stocks and bonds**	**−5,506**	**−3,490**	**−889**	**−153**	**−33**	**696**	**−283**	**61**	**−540**	**−349**
42	**Foreign countries**	**−3,949**	**−3,313**	**653**	**−157**	**−67**	**−507**	**−303**	**19**	**−513**	**−141**
43	Europe	1,100	40	−166	94	−86	13	−102	53	−124	42
44	Canada	−2,404	−3,237	490	161	41	747	246	−24	−305	184
45	Latin America and Caribbean	−82	201	130	17	12	−17	18	*	60	70
46	Asia	−97	350	−122	46	72	236	21	15	−141	19
47	Africa	2	441	8	−123	−1	1	1	*	3	−5
48	Other countries	−267	−146	3	3	1	6	4	5	1	2
49	**Nonmonetary international and regional organizations**	**1,557**	**177**	**−236**	**5**	**34**	**−189**	**20**	**41**	**−27**	**−209**

[1] Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

[2] Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.23 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	1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.	1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.
	Liabilities to foreigners					Claims on foreigners				
1 **Total**	**7,243**	**7,910**	**8,361**	**8,792**	**9,645**	**15,223**	**16,221**	**18,399**	**18,162**	**18,260**
By type										
2 *Payable in dollars*	*6,386*	*7,109*	*7,477*	*7,967*	*8,794*	*14,120*	*14,803*	*16,636*	*16,598*	*16,291*
3 *Payable in foreign currencies*	*857*	*801*	*884*	*825*	*851*	*1,104*	*1,418*	*1,763*	*1,564*	*1,969*
4 Deposits with banks abroad in reporter's name	.....	.....	.....	.....	.....	414	613	783	673	804
5 Other	.....	.....	.....	.....	.....	690	805	980	890	1,165
By area or country										
6 **Foreign countries**	**7,089**	**7,695**	**8,214**	**8,661**	**9,521**	**15,222**	**16,220**	**18,397**	**18,160**	**18,258**
7 *Europe*	*2,317*	*2,491*	*2,820*	*2,993*	*3,159*	*5,062*	*5,764*	*5,508*	*5,273*	*5,887*
8 Austria	19	21	26	26	33	24	24	21	28	25
9 Belgium-Luxembourg	126	116	171	167	165	226	211	187	155	172
10 Denmark	16	14	23	22	17	44	56	47	40	34
11 Finland	11	9	12	3	4	59	13	13	53	50
12 France	170	238	273	302	260	430	513	545	533	622
13 Germany	226	284	335	356	391	395	450	420	436	534
14 Greece	78	85	108	82	71	52	41	42	40	44
15 Italy	107	128	104	156	188	351	387	381	451	400
16 Netherlands	180	232	253	220	222	161	166	184	192	175
17 Norway	12	7	9	18	23	38	40	40	45	42
18 Portugal	12	11	7	25	11	34	69	27	54	34
19 Spain	74	77	94	105	110	307	387	408	376	351
20 Sweden	41	28	37	38	51	91	117	117	78	80
21 Switzerland	257	263	211	282	308	146	220	202	285	346
22 Turkey	97	108	93	92	102	32	39	35	29	31
23 United Kingdom	765	735	937	962	1,058	2,479	2,795	2,619	2,338	2,818
24 Yugoslavia	92	90	82	84	76	20	20	24	27	23
25 Other Western Europe	9	10	8	18	17	15	25	33	24	28
26 U.S.S.R.	11	24	15	19	27	62	55	44	37	33
27 Other Eastern Europe	14	12	23	17	25	96	135	121	51	45
28 *Canada*	*451*	*504*	*530*	*524*	*566*	*2,649*	*2,681*	*3,428*	*3,502*	*3,724*
29 *Latin America*	*1,038*	*1,201*	*1,353*	*1,421*	*1,532*	*4,619*	*4,467*	*5,943*	*6,001*	*5,142*
30 Argentina	50	40	53	74	131	53	53	53	61	65
31 Bahamas	248	329	327	321	353	1,963	2,019	3,122	3,081	2,350
32 Brazil	76	49	62	63	87	414	493	482	479	418
33 Chile	13	17	14	23	14	40	45	40	37	40
34 Colombia	24	42	26	42	42	85	84	80	79	69
35 Cuba	*	*	*	*	*	*	*	*	*	1
36 Mexico	103	114	169	185	235	302	314	312	331	382
37 Panama	12	22	12	71	59	222	91	175	97	76
38 Peru	13	15	22	17	19	30	32	30	30	25
39 Uruguay	4	3	5	9	7	5	5	6	4	5
40 Venezuela	210	216	264	185	232	251	269	306	309	284
41 Other Latin American republics	122	118	107	101	121	257	281	268	229	223
42 Netherlands Antilles	9	25	41	30	19	8	12	24	19	21
43 Other Latin America	154	209	250	299	213	989	768	1,045	1,245	1,183
44 *Asia*	*2,583*	*2,835*	*2,814*	*3,008*	*3,517*	*2,398*	*2,777*	*2,970*	*2,810*	*2,905*
45 China, Mainland	1	8	1	1	4	12	9	22	21	23
46 China, Taiwan	152	156	167	170	176	139	157	144	173	157
47 Hong Kong	25	40	32	30	61	73	98	85	92	127
48 India	44	37	26	10	23	42	38	85	93	85
49 Indonesia	60	56	57	59	49	184	375	185	152	167
50 Israel	58	63	68	59	68	46	38	47	43	86
51 Japan	604	695	761	807	865	1,026	1,068	1,379	1,142	1,157
52 Korea	75	103	99	107	103	153	171	133	168	161
53 Philippines	78	74	95	107	157	111	99	94	96	107
54 Thailand	17	17	11	27	43	24	23	32	30	29
55 Other Asia	1,469	1,588	1,498	1,631	1,968	587	702	764	800	804
56 *Africa*	*588*	*571*	*594*	*603*	*661*	*340*	*386*	*402*	*430*	*441*
57 Egypt	45	13	19	25	34	18	34	31	36	29
58 Morocco	105	112	130	148	145	10	21	22	16	16
59 South Africa	29	20	30	36	34	75	75	71	88	74
60 Zaire	48	46	55	57	56	19	15	11	16	12
61 Other Africa	361	380	360	338	391	218	241	268	274	311
62 *Other countries*	*111*	*93*	*104*	*111*	*85*	*153*	*146*	*145*	*143*	*158*
63 Australia	93	75	89	97	72	113	111	111	109	118
64 All other	18	18	14	14	14	41	35	34	34	40
65 **Nonmonetary international and regional organizations**	**154**	**215**	**147**	**132**	**125**	**1**	**1**	**1**	**2**	**2**

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.

3.24 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

	Type and country	1974	1975	1976	1977	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.[p]
1	**Total**	**3,357**	**3,799**	**5,720**	**7,136**	**8,949**	**10,098**	**8,635**	**10,503**	**11,223**	**9,515**
	By type										
2	*Payable in dollars*	*2,660*	*3,042*	*4,984*	*6,121*	*7,643*	*8,818*	*7,409*	*9,240*	*9,981*	*8,264*
3	Deposits	2,591	2,710	4,505	5,703	7,172	8,282	6,985	8,688	9,362	7,744
4	Short-term investments [1]	69	332	479	418	471	536	424	552	619	520
5	*Payable in foreign currencies*	*697*	*757*	*735*	*1,015*	*1,305*	*1,280*	*1,225*	*1,263*	*1,241*	*1,252*
6	Deposits	429	511	404	547	689	660	730	789	771	873
7	Short-term investments [1]	268	246	331	468	616	620	495	474	470	379
	By country										
8	United Kingdom	1,350	1,306	1,838	2,120	1,878	1,869	2,246	2,949	3,137	2,728
9	Canada	967	1,156	1,698	1,777	2,537	3,013	2,452	2,858	2,833	2,144
10	Bahamas	391	546	1,355	1,896	3,217	3,543	2,247	2,819	3,033	2,519
11	Japan	398	343	133	153	279	276	250	234	249	203
12	All other	252	446	716	1,190	1,038	1,397	1,440	1,643	1,971	1,921

1 Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE. Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in table 3.26.

3.25 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

	Area and country	Liabilities to foreigners: 1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.	Claims on foreigners: 1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.
1	**Total**	**3,331**	**3,175**	**3,149**	**3,077**	**3,122**	**4,719**	**5,077**	**5,143**	**5,067**	**5,007**
2	Europe	2,555	2,425	2,498	2,422	2,471	833	864	937	943	927
3	Germany	407	255	295	282	290	79	74	75	71	76
4	Netherlands	272	287	292	266	275	81	82	81	76	74
5	Switzerland	224	241	241	236	246	42	49	48	55	58
6	United Kingdom	1,237	1,222	1,228	1,214	1,253	282	310	332	363	341
7	Canada	67	62	58	56	65	1,462	1,776	1,792	1,811	1,779
8	Latin America	289	284	248	248	234	1,367	1,402	1,387	1,298	1,283
9	Bahamas	151	148	142	141	138	36	40	42	2	2
10	Brazil	7	7	6	7	7	134	144	154	143	144
11	Chile	1	1	1	1	1	201	203	194	190	176
12	Mexico	30	30	27	26	29	187	177	183	188	217
13	Asia	358	342	284	290	289	829	817	810	803	812
14	Japan	319	305	250	255	254	94	66	83	78	70
15	Africa	3	2	2	2	3	165	161	156	154	149
16	All other[1]	59	60	60	60	61	63	59	60	59	56

1 Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Mar. 31, 1979 Per-cent	Rate on Mar. 31, 1979 Month effective	Country	Rate on Mar. 31, 1979 Per-cent	Rate on Mar. 31, 1979 Month effective	Country	Rate on Mar. 31, 1979 Per-cent	Rate on Mar. 31, 1979 Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	7.0	Feb. 1978
Austria	3.75	Jan. 1979	Germany, Fed. Rep. of	4.0	Mar. 1979	Sweden	6.5	July 1978
Belgium	6.0	July 1978	Italy	10.5	Sept. 1978	Switzerland	1.0	Feb. 1978
Brazil	33.0	Nov. 1978	Japan	3.5	Mar. 1978	United Kingdom	13.0	Mar. 1979
Canada	11.25	Jan. 1979	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	8.0	July 1977	Netherlands	6.5	Oct. 1978			

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Percent per annum, averages of daily figures

Country, or type	1976	1977	1978	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.
1 Eurodollars	5.58	6.03	8.74	10.12	11.51	11.62	11.16	10.79	10.64
2 United Kingdom	11.35	8.07	9.18	10.44	12.00	12.28	12.61	13.28	11.98
3 Canada	9.39	7.47	8.52	9.68	10.37	10.44	10.87	10.94	11.08
4 Germany	4.19	4.30	3.67	3.90	3.81	4.09	3.85	4.13	4.42
5 Switzerland	1.45	2.56	0.74	0.24	0.20	0.22	0.05	0.13	0.03
6 Netherlands	7.02	4.73	6.53	11.23	8.86	10.25	8.69	7.42	7.35
7 France	8.65	9.20	8.10	7.37	7.06	6.59	6.55	6.83	7.05
8 Italy	16.32	14.26	11.40	10.99	11.17	11.24	11.12	11.38	11.46
9 Belgium	10.25	6.95	7.14	8.55	9.19	9.28	8.93	8.23	7.63
10 Japan	7.70	6.22	4.75	4.44	4.78	4.76	4.52	4.50	4.54

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.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1976	1977	1978	1978 Oct.	1978 Nov.	1978 Dec.	1979 Jan.	1979 Feb.	1979 Mar.
1 Australia/dollar	122.15	110.82	114.41	116.87	114.53	114.15	114.04	113.12	112.15
2 Austria/schilling	5.5744	6.0494	6.8958	7.4526	7.1808	7.2621	7.3821	7.3510	7.3312
3 Belgium/franc	2.5921	2.7911	3.1809	3.4503	3.3389	3.3637	3.4276	3.4153	3.3971
4 Canada/dollar	101.41	94.112	87.729	84.546	85.244	84.763	84.041	83.638	85.187
5 Denmark/krone	16.546	16.658	18.156	19.584	19.025	19.063	19.487	19.423	19.269
6 Finland/markka	25.938	24.913	24.337	25.454	24.932	24.957	25.252	25.186	25.161
7 France/franc	20.942	20.344	22.218	23.767	22.958	23.178	23.570	23.395	23.328
8 Germany/deutsche mark	39.737	43.079	49.867	54.430	52.508	53.217	54.056	53.862	53.754
9 India/rupee	11.148	11.406	12.207	12.643	12.458	12.174	12.185	12.124	12.138
10 Ireland/pound	180.48	174.49	191.84	200.75	196.08	198.61	200.53	200.42	203.73
11 Italy/lira	.12044	.11328	.11782	.12317	.11857	.11863	.11955	.11899	.11888
12 Japan/yen	.33741	.37342	.47981	.54478	.52066	.51038	.50571	.49877	.48470
13 Malaysia/ringgit	39.340	40.620	43.210	45.627	45.415	45.524	45.487	45.488	45.440
14 Mexico/peso	6.9161	4.4239	4.3896	4.3904	4.3881	4.3950	4.4038	4.3952	4.3835
15 Netherlands/guilder	37.846	40.752	46.284	50.017	48.512	49.120	50.082	49.856	49.801
16 New Zealand/dollar	99.115	96.893	103.64	107.37	105.41	105.45	105.64	105.32	105.39
17 Norway/krone	18.327	18.789	19.079	20.325	19.736	19.574	19.730	19.610	19.619
18 Portugal/escudo	3.3159	2.6234	2.2782	2.2342	2.1510	2.1472	2.1358	2.1065	2.0855
19 South Africa/rand	114.85	114.99	115.01	115.00	115.04	115.01	114.96	116.76	118.40
20 Spain/peseta	1.4958	1.3287	1.3073	1.4317	1.4015	1.4085	1.4293	1.4427	1.4490
21 Sri Lanka/rupee	11.908	11.964	6.3834	6.3757	6.4695	6.4700	6.4491	6.4439	6.4593
22 Sweden/krona	22.957	22.383	22.139	23.349	22.856	22.808	22.987	22.898	22.901
23 Switzerland/franc	40.013	41.714	56.283	65.117	59.766	59.703	59.840	59.699	59.473
24 United Kingdom/pound	180.48	174.49	191.84	200.75	196.08	198.61	200.53	200.42	203.78
MEMO:									
25 United States/dollar[1]	105.57	103.31	....	86.04	88.86	88.52	87.77	88.25	88.39

[1] Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972-76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE. Averages of certified noon buying rates in New York for cable transfers.

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

c	Corrected
e	Estimated
p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
*	Amounts insignificant in terms of the last decimal place shown in the table (for example, less than 500,000 when the smallest unit given is millions)
0	Calculated to be zero
n.a.	Not available
n.e.c.	Not elsewhere classified
IPCs	Individuals, partnerships, and corporations
REITs	Real estate investment trusts
RPs	Repurchase agreements
SMSAs	Standard metropolitan statistical areas
......	Cell not applicable

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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