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FEDERAL RESERVE BULLETIN

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At its meeting on February 2–3, 1981, the Committee decided to specify ranges for growth of M-1A and M-1B, adjusted for the effects of flows into NOW accounts, that were ½ percentage point lower than those for 1980 and to retain the 1980 ranges for M-2 and M-3. Thus, the Committee adopted the following ranges for growth of the monetary aggregates over the period from the fourth quarter of 1980 to the fourth quarter of 1981: M-1A, 3 to 5½ percent; M-1B, 3½ to 6 percent; M-2, 6 to 9 percent; and M-3, 6½ to 9½ percent. The associated range for growth of commercial bank credit was 6 to 9 percent.

For the period from December to March, the Committee decided to seek behavior of reserve aggregates associated with growth of M-1A and M-1B at annual rates of 5 to 6 percent and in M-2 of about 8 percent, abstracting from the impact of flows into NOW accounts. Those rates were associated with growth of M-1A, M-1B, and M-2 from the fourth quarter of 1980 to the first quarter of 1981 at annual rates of about 2 percent, $2\frac{3}{4}$ percent, and 7 percent respectively. If it appeared during the period before the next regular meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 15 to 20 percent were likely to be inconsistent with the monetary and related reserve paths, the Manager for Domestic Operations was promptly to notify the Chairman, who would then decide whether the situation called for supplementary instructions from the Committee. In a telephone conference on February 24, the Committee agreed to accept some shortfall in growth of M-1A and M-1B from the rates specified at the meeting on February 2–3.

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U.S. International Transactions in 1980

Lois E. Stekler of the Board's Division of International Finance prepared this article.

The U.S. current account was in balance in 1980, essentially unchanged from 1979. Although the net result for all transactions for the two years was the same, there were significant developments within the trade account, the nontrade current account, and the capital account.

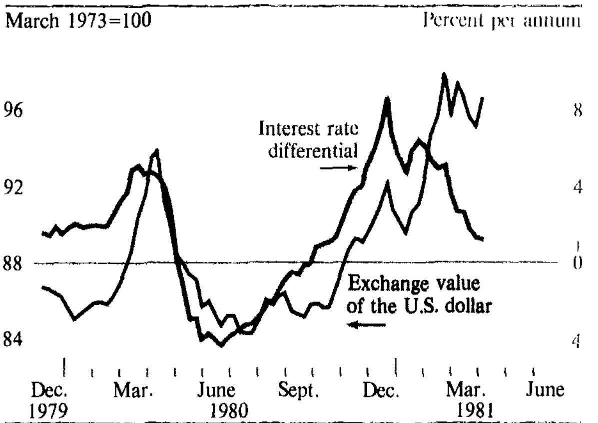
The most striking aspect of the current account in 1980 was the decline in the merchandise trade deficit despite a large increase in the value of oil imports. Exports remained strong, while nonpetroleum imports were sharply cut by the decline in U.S. economic activity in the second quarter. The volume of oil imports fell about one-fifth in 1980 as a result of both slower growth in gross national product and a reduction in the ratio of oil consumption to GNP.

After growing rapidly in 1979, the surplus on nontrade current account fell slightly in 1980, largely as a result of a reduction in net direct investment receipts. Weaker economic activity in foreign countries, together with other factors that held down the profits earned abroad by U.S. petroleum companies, accounted for most of the change.

In contrast to many other countries, the United States was able to absorb the large increases in oil prices in 1979 and 1980 and avoid a deterioration in its current-account position. This relatively smooth adjustment helped maintain the average value of the dollar in 1980; during the year, however, exchange rates fluctuated widely. These movements mirrored not so much changing prospects for the current account as changing financial market conditions. In particular, the path of the weighted-average value of the dollar at times responded strongly to the interest rate differential between investments denominated in dollars and in foreign currencies (chart 1). The dollar appreciated sharply in the first quarter, depreciated in the second, and after little change during the summer, appreciated sharply again in the fourth quarter.

These relative movements in interest rates and exchange rates both influenced and in turn were influenced by private and official capital flows. Because the current account was roughly in balance in 1980, as it was in 1979, by definition the sum of all recorded capital flows plus the statistical discrepancy also was equal to zero in both years. However, the composition of these capital flows differed substantially between 1980 and 1979. In 1980 there were large net increases in foreign official reserve assets in the United States, in contrast to large declines in 1979. A comparison of private capital flows in the two years is clouded by the rise in the statistical discrepancy in the balance of payments accounts in 1980. Generally, the statistical discrepancy is assumed to reflect unrecorded net private capital flows. The very large recorded net private outflow in 1980 was almost matched by an equally large unrecorded net inflow as measured by the statistical discrepancy.

1. Interest rate differential and the exchange value



Exchange value of the U.S. dollar is the index of weighted-average exchange value of the U.S. dollar against currencies of other Group of Ten countries plus Switzerland using 1972–76 total trade weights.

Interest rate differential is the interest rate on three-month U.S. CDs minus the weighted-average foreign three-month interest rate for other G-10 countries plus Switzerland using 1972–76 total trade weights.

MERCHANDISE TRADE

The merchandise trade deficit declined slightly to \$27.4 billion in 1980 despite a \$19 billion increase in the value of imported oil (table 1). Movements of the trade deficit during the year largely reflected the impact on imports of fluctuations in U.S. economic activity and a reduction in oil consumption relative to GNP.

1. U.S. merchandise trade, international accounts basis

Billions of dollars, seasonally adjusted annual rate

Item	1979	1980	1980			
			Q1	Q2	Q3	Q4
Exports	**182.1**	**221.8**	**218.4**	**218.4**	**224.7**	**225.6**
Agricultural ...	35.4	42.0	41.2	38.6	43.5	44.5
Nonagricultural	146.7	179.8	177.2	179.8	181.2	181.0
Imports	**211.5**	**249.1**	**261.8**	**248.4**	**236.2**	**250.1**
Petroleum	60.0	78.9	86.3	83.8	68.9	76.7
Nonpetroleum .	151.5	170.2	175.5	164.6	167.2	173.5
Balance	**−29.4**	**−27.4**	**−43.4**	**−30.0**	**−11.4**	**−24.6**

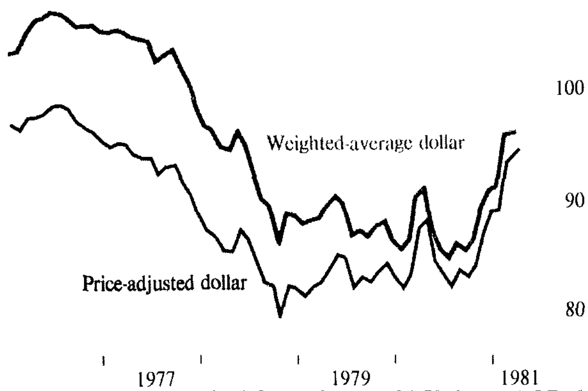
SOURCE. U.S. Department of Commerce.

Agricultural exports increased almost one-fifth in value in 1980, despite the embargo imposed in January that limited grain exports to the Soviet Union to 8 million metric tons. The volume of agricultural exports during 1980 averaged more than 10 percent above the total for 1979 and was almost as high as the record rate in the fourth quarter of 1979. As other major grain-exporting countries increased their shipments to Russia, the United States expanded its sales to nontraditional markets, particularly to Eastern Europe, China, and Latin America. Agricultural export prices, which had risen as a result of the poor Soviet and Eastern European harvests in 1979, were pushed up again in the second half of 1980 by the drought and poor harvests in the United States and several other countries.

The value of nonagricultural exports increased more than one-fifth in 1980; this growth was concentrated in the first quarter of the year and was spread over a wide range of commodities and regional export markets. Part of the growth was attributable to price increases, but volume also increased substantially—by 6 percent over 1979. U.S. exports continued to benefit from the lagged effects of improvements in U.S. competitiveness resulting from the decline in dollar exchange rates in late 1977 and in 1978 (chart 2). After the first quarter, however, export volume leveled off and then declined, as GNP in major foreign trading partners fell (chart 3). This decline in export volume was concentrated in industrial supplies and machinery.

2. Average exchange value of the U.S. dollar

March 1973 = 100

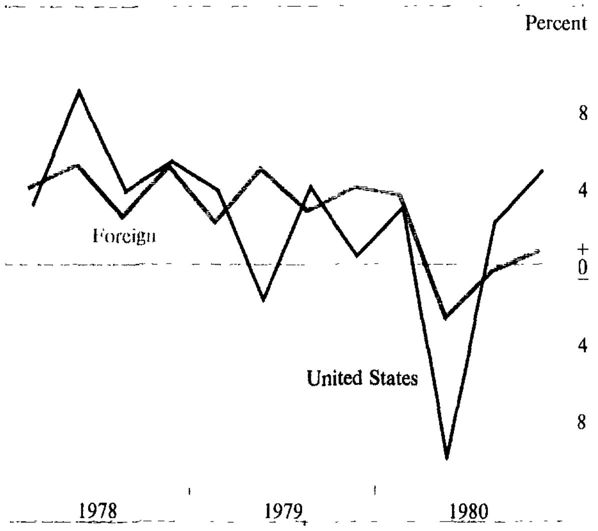


Price-adjusted dollar is weighted-average dollar multiplied by relative consumer prices (U.S. divided by foreign consumer prices).

The economic downturn in Europe has intensified pressures in the European Community for protection and aid for certain industries, including steel, automobiles, and petrochemicals. U.S. exports of petrochemicals and related products (for example, fertilizers, synthetic fibers, and rug yarns) have been the target of dumping complaints and quotas. European producers have charged that U.S. price controls on natural gas subsidize U.S. production and give U.S. exporters an unfair price advantage. U.S. trade negotiators, on the other hand, have argued that our energy price controls do not constitute a subsidy as defined by the General Agreement on Tariffs and Trade, and that lower raw material costs afford only a small part of the advantage enjoyed by U.S. producers. Most of the U.S. advantage is accounted for by more modern equipment, economies of scale, and much higher rates of capacity utilization. Consultations between the United States and the European Community on these issues are continuing.

Oil imports rose to nearly \$80 billion in 1980, an increase of 30 percent over 1979, as a result of higher prices; there was a substantial reduction in volume (table 2). The increases in petroleum prices in 1979 continued through the first quarter

3. Changes in real GNP in major countries



Changes are from previous quarter, seasonally adjusted "Foreign" is the weighted average of 10 countries.

of 1980. From April to October oil import prices increased only slightly, but the outbreak of war between Iraq and Iran in September disrupted supplies and led to a substantial increase in spot market prices. At year-end the Organization of Petroleum Exporting Countries (OPEC) announced price increases of 10 percent, which are reflected in imports in early 1981. Prices of U.S. oil imports rose more than one-third from the fourth quarter of 1979 to the fourth quarter of 1980, and averaged about $32 per barrel at the end of the year.

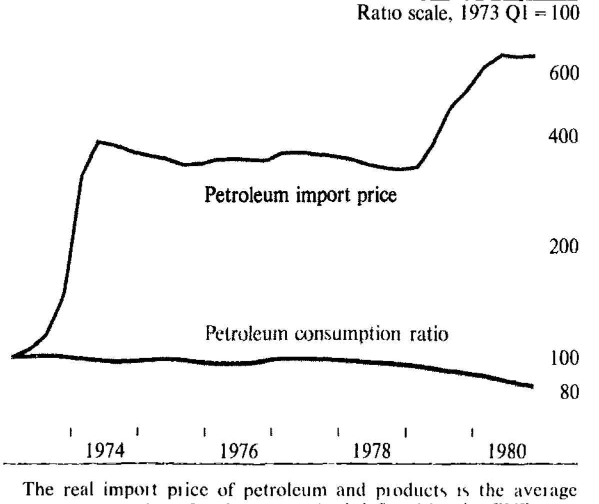
The volume of U.S. oil imports dropped after the first quarter of 1980 and for the year as a whole averaged 7 million barrels per day, down one-fifth from 1979. This decline reflected slower U.S. economic activity, a reduced rate of stock-building, and a continuation of the decline in the ratio of U.S. oil consumption to GNP as a result of conservation and the substitution of other energy sources. Curtailment of oil consumption relative to GNP was much sharper in the wake of recent price increases than after the 1973–74 increases (chart 4). Although the percentage increase in oil import prices was higher in the earlier period, the rate of increase in the prices paid by consumers was about the same because of the relaxation of price controls in the later period and because excise taxes on gasoline changed little. Expectations of continued price increases may also have spurred adjustment after the recent round of oil price increases. Since imported oil accounts for only about 40 percent of U.S. consumption, reductions in total consumption imply, ceteris paribus, larger percentage reductions in the value of oil imports.

2. Imports of petroleum and products, international accounts basis[1]

Year	Quantity[2] (millions of barrels per day)	Price[2] (dollars per barrel)	Value (billions of dollars)
1970	3.75	2.16	2.9
1971	4.14	2.43	3.6
1972	5.00	2.57	4.7
1973	6.83	3.33	8.4
1974	6.61	10.98	26.6
1975	6.50	11.45	27.0
1976	7.81	12.14	34.6
1977	9.27	13.29	45.0
1978	8.72	13.31	42.3
1979	8.81	18.67	60.0
1980	7.09	30.46	78.9

1. Includes imports into the U.S. Virgin Islands.
2. Annual averages.
SOURCE. U.S. Department of Commerce.

4. Real import price of petroleum and products and ratio of petroleum consumption to real GNP



The real import price of petroleum and products is the average quarterly unit value of U.S. imported oil deflated by the GNP price index.
The ratio of consumption to GNP is a four-quarter moving average of U.S. oil consumption (millions of barrels per day) divided by U.S. real GNP.
SOURCES. U.S. Departments of Commerce and Energy.

Nonpetroleum imports rose about 12 percent in value in 1980, entirely as a consequence of higher prices. The volume of these imports, which is highly sensitive to fluctuations in U.S. economic activity, began to decline in the second quarter and by the fourth quarter was almost 4 percent below the year-earlier level. Part of the decline in import volume during 1980 was probably due also to the continued response of demand to previous improvements in the price competitiveness of U.S. goods. The decrease in volume was concentrated in industrial supplies; only marginal declines were recorded in capital goods and consumer goods imports.

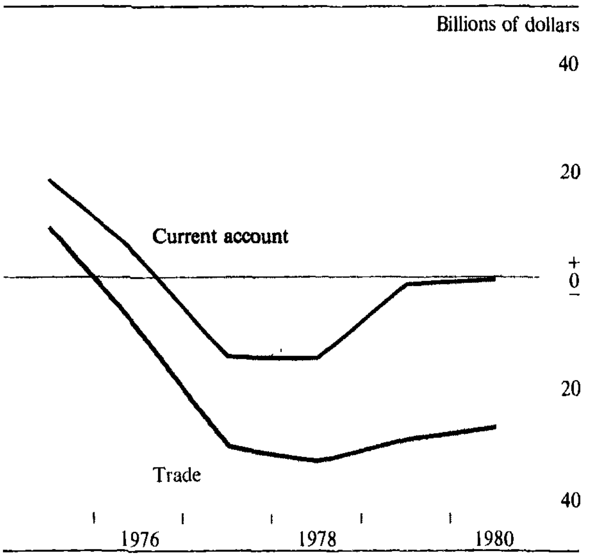
The slowdown in U.S. economic activity also accentuated pressures for protection by certain U.S. industries, particularly automobiles and steel. In June the United Auto Workers filed a case before the International Trade Commission claiming injury due to imports. However, the ITC ruled that imports were not the major cause of the current economic problems of the domestic automobile industry and that import restrictions were not justified. Pressures for protection have continued nevertheless, and the United States is currently trying to reach an understanding with the Japanese regarding their car exports to the United States. Because of the slump in sales of U.S.-produced cars, imports from Europe and Japan averaged 27 percent of total U.S. car sales in 1980 compared with 22 percent in 1979. Although the volume of new foreign car sales was about the same in 1980 as in 1979, the value of imports increased about 15 percent to almost $19 billion because prices were higher and because new car inventories were gradually built up from low levels early in the year. In the fourth quarter the volume of foreign car imports declined somewhat as sales leveled off.

As a result of dumping charges filed by the U.S. Steel Corporation against certain European producers, the trigger-price mechanism (which had in effect set a minimum price for imported steel) was suspended from the end of March to the end of October 1980. The impact of the suspension and reimposition of the trigger-price mechanism on the aggregate steel import data is difficult to assess. The value of steel imports was almost the same in 1980 as in 1979, about $7 billion. Volume was down, but imports as a percent of supply in the U.S. market increased slightly from 15 percent in 1979 to 16 percent in 1980. During the months when the trigger-price mechanism was suspended, the threat of retroactive dumping duties may have deterred foreign exporters from lowering prices in order to expand sales.

The Nontrade Current Account

Net income on nontrade current-account items (services and private and government transfers) fell slightly in 1980, but still offset the merchandise trade deficit and produced a current-account balance for the second year in a row (chart 5). Net direct investment receipts fell from $32 billion in 1979 to $28 billion in 1980, after having increased sharply in both 1978 and 1979 (table 3). In part this fall was a consequence of weaker economic activity abroad, but in part it was the result of special nonrecurring transactions. Direct investment receipts in the second quarter were depressed by a capital loss associated with the sale of assets by a U.S.-owned petroleum company to a Middle Eastern country; payments in the third quarter were increased by capital gains associated with the sale of holdings in the United States by a Canadian-owned company. In contrast to net direct investment receipts, net income from other private investments rose, reflecting higher interest rates in 1980.

5. *U.S. trade, services and transfers, and current-account balances*



Balance on current account includes goods, services, and private and government transfers.
Annual data from the U.S. Department of Commerce.

3. Direct investment receipts and payments

Billions of dollars

Item	1977	1978	1979	1980
Net	**17.2**	**21.0**	**31.8**	**28.2**
Payments	2.8	4.2	6.0	8.9
Receipts by industry	20.1	25.2	37.8	37.1
Petroleum	5.7	5.7	13.2	n.a.
Manufacturing	7.5	10.6	13.6	n.a.
Other	7.0	8.9	10.9	n.a.

n.a. Not available.

SOURCE. U.S. Department of Commerce.

OFFICIAL CAPITAL FLOWS

Foreign official reserve assets in the United States grew $16 billion in 1980 (table 4). This inflow mainly reflected increases in the official holdings of members of OPEC. Data published by the Department of Commerce covering all OPEC investors (official plus private) indicate that the bulk of these OPEC funds were placed in securities issued by either the U.S. Treasury or U.S. corporations. The liabilities of banks in the United States to OPEC investors fell in 1980.

4. Change in official reserve assets

Billions of dollars

Item	1979	1980	1980 Q1	1980 Q2	1980 Q3	1980 Q4
Official reserve assets, net inflow(+)	−15.4	8.0	−10.5	8.3	6.9	3.3
Increase (−) in U.S. reserve assets[1]	−1.1	−8.2	−3.3	.5	−1.1	−4.3
Increase (+) in foreign official reserve assets in the United States	−14.3	16.2	−7.2	7.8	8.0	7.6
Industrial countries	−21.3	1.1	−10.7	3.0	2.4	6.4
OPEC	5.6	13.0	3.0	4.8	4.4	.9
Other	1.5	2.1	.5	*	1.2	.3

1. Includes allocation of SDRs equal to $1,139 million in 1979 Q1 and $1,152 million in 1980 Q1.

*Negligible.

SOURCE. U.S. Department of Commerce.

The official reserve holdings of industrial countries in the United States fell sharply during the first quarter of 1980, when the dollar was strong, because of these countries' intervention sales of dollars and because of swap repayments by the United States. Their holdings rose over the remainder of the year. In the final quarter of 1980, when the value of the dollar was rising sharply, industrial countries added about $6 billion to their dollar holdings. A large part of this sum was acquired as a result of swaps between two European central banks and commercial banks in their countries. These swaps were, in effect, open market operations using dollar-denominated assets. The central banks bought dollars spot and simultaneously sold them forward, thereby providing liquidity in their own currency to the domestic banking systems of the countries involved.

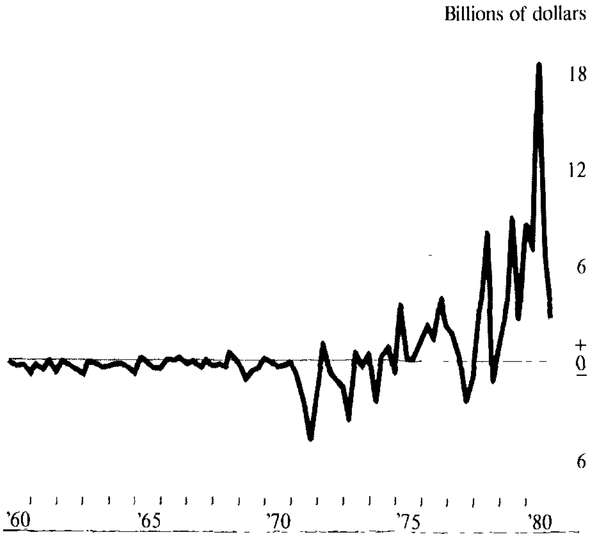
During 1980 the U.S. government took advantage of periods when the dollar was strong to add to its holdings of foreign currencies. By the end of 1980, U.S. foreign currency reserve assets more than covered the Treasury's debt denominated in foreign currencies resulting from the sales of the "Carter bonds."

PRIVATE CAPITAL FLOWS

The analysis of private capital flows in 1980 is clouded by the very large statistical discrepancy in the U.S. balance of payments accounts (chart 6). While undoubtedly there are errors and omissions in the reporting of current-account transactions, particularly service items, sharp shifts in the statistical discrepancy are generally assumed to measure net unrecorded private capital flows. In 1980 the large unrecorded inflow almost offset the large net outflow through banks (table 5). These two-way capital flows reflected the close integration of U.S. and offshore financial markets: the use of U.S. financial markets for intermediation by foreigners and the conduct of U.S. domestic intermediation offshore.

In much of 1979 and in the first quarter of 1980, U.S. banks borrowed heavily from their own offices in foreign countries in order to fund loans in the United States (table 6). After the imposition of the credit restraint program in March and the slowing of U.S. economic activity, U.S. banks repaid about $20 billion in borrowings from their own offices in foreign countries and expanded their loans to nonbanks and to unaffiliated banking offices in foreign countries. At the same time, private foreigners were increasing their holdings of assets in the United States (much of it through unrecorded channels). Little of this inflow was placed directly in U.S. banks.

6 The statistical discrepancy in the balance of payments accounts



Quarterly data from the Commerce Department

These flows in opposite directions cannot be explained by overall interest rate differentials between the United States and foreign countries or by exchange rate expectations, for these would tend to produce flows by all private asset holders in the same direction. Instead, these two-way flows are related to differences in preferences and opportunities faced by U.S. banks, holders of foreign wealth, U.S. borrowers, and foreign borrowers. For example, borrowing from U.S. banks is only one of many sources of funds for U.S. corporations; these other sources are tapped when money market rates are more favorable than U.S. bank rates. Increasingly U.S. corporations have been able to borrow from foreigners directly without using U.S. banks as intermediaries. In some cases last year this borrowing took the form of private placements of U.S. corporate securities with OPEC investors. In other cases multinational corporations obtained funds from their offshore affiliates as a substitute for borrowing in the United States to finance domestic operations. Overall, foreigners made record net purchases of U.S. corporate securities in 1980.

As a result of the increased competition they have faced from other forms of intermediation, both foreign and domestic, U.S. banks have increasingly been making loans to customers at rates below the prime. Credit arrangements that give U.S. corporations the option to borrow at rates based on prime or Libor (the London interbank offered rate) have spread. Many Libor-based loans have been booked offshore. Other things equal, this shifting of loans to offshore branches results in a capital outflow from U.S. banks and a capital inflow through corporations. In the second quarter of 1980, after the imposition of credit controls, particularly the restrictions on the growth of bank credit, U.S. banks lowered the prime rate very slowly, and a substantial gap appeared between the prime rate and other money market rates, including Libor. Many corporations exercised their option to switch to Libor-priced loans, and loans to U.S. residents (nonbanks) from the foreign branches of U.S. banks increased (chart 7).

5. U.S. international transactions

Billions of dollars, seasonally adjusted, outflow (−)

Item	1979	1980	1980			
			Q1	Q2	Q3	Q4
Net private capital flows	−5.0	−39.8	6.4	−24.8	−12.9	−8.3
Change in net foreign portions of banking offices in the United States[1]	6.8	−35.9	6.1	−25.3	−12.1	−4.7
Net private securities transactions[2]	3.1	6.9	4.9	−1.3	0	3.4
Net flows reported by nonbanking concerns	−.3	n.a.	−.8	1.5	.9	n.a.
Net direct investment	−14.6	−12.4	−3.8	.2	−1.7	−7.2
Net official reserve asset flows	−15.4	8.0	−10.5	8.3	6.9	3.3
Current-account balance	−.7	.1	−2.6	−2.4	4.5	.7
Other items	−2.7	−3.9	−.4	−1.1	−1.4	−1.0
Seasonal adjustment discrepancy	...	...	−.1	1.5	−4.0	2.7
Statistical discrepancy	23.8	35.6	7.1	18.7	6.9	2.9

1 Excluding liabilities to foreign official institutions.

2 Including private foreign purchases of U.S. Treasury obligations.

n.a. Not available.

SOURCE. U.S. Department of Commerce.

6. Capital flows reported by banks

Billions of dollars, outflow (−)

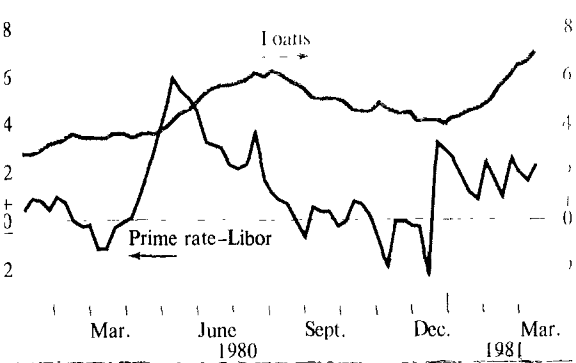
Item	1979	1980	1980			
			Q1	Q2	Q3	Q4
Change in net foreign positions of banking offices in the United States (excluding liabilities to foreign official institutions)	6.8	−35.9	6.1	−25.3	−12.1	−4.7
Through interbank transactions						
With own offices in foreign countries	21.3	−12.3	7.1	−18.2	−2.4	1.2
With unaffiliated banking offices in foreign countries	3.7	−6.4	2.8	−2.2	−4.7	−2.3
Through nonbank transactions						
Claims on nonbanks in foreign countries (increase, −)	−12.2	−11.9	−.4	−3.6	−4.2	−3.8
Liabilities to private nonbanks in foreign countries (including custody liabilities)	2.3	1.0	−.5	.9	−.5	1.1
Miscellaneous[1]	−8.3	−6.3	−2.9	−3.0	−.3	−.9

1. Miscellaneous includes custody claims and banks' own claims and liabilities payable in foreign currencies.
SOURCE. U.S. Department of Commerce.

The closer integration of U.S. and offshore financial markets and the increased competition faced by U.S. banks from offshore centers are also reflected in the Eurodollar holdings of U.S. residents. These holdings leveled off at about $60 billion in 1980, after growing rapidly in 1979. A major part of these Eurodollar holdings was acquired through money market mutual funds and unit investment trusts.

As mentioned earlier, the statistical discrepancy reached a record high in 1980. Several factors may have combined to swell capital inflows through channels that were not adequately covered by the reporting system for U.S. international transactions. Diversification of investments in the United States by OPEC or other foreign investors probably contributed to the statistical discrepancy because investments in real estate or private placements of corporate securities are less likely to be reported accurately than are bank deposits or holdings of U.S. Treasury securities. Political instability abroad may have provided an additional incentive for private foreigners to invest in the United States in 1980. In addition, part of the unrecorded inflow in the second quarter resulted from the omission from reports of some Libor-based bank loans to U.S. corporations.

7. Offshore branch loans to U.S. residents and the prime rate–Libor differential



Loans are credit extended to U.S. nonbank residents by offshore branches of U.S. banks obtained from required reserve reports. Data on the prime rate and the London interbank offered rate (Libor) are from Salomon Brothers' *International Bond Market Roundup*.

OUTLOOK

From the first of this year to mid-February the average value of the dollar relative to major foreign currencies rose sharply. During the following weeks part of that gain was reversed, but at the end of March the dollar remained about 10 percent above its average levels in 1979 and 1980. If sustained, this appreciation, combined with an inflation performance that has been worse on average than that of other major trading nations, will put U.S. producers under greater competitive pressures and make it difficult to sustain further reductions in the trade deficit.

The outlook for the trade balance is also influenced by cyclical factors. The widening of the merchandise trade deficit in the first two months of 1981 reflects in part the impact of more rapid U.S. economic growth on imports.

The value of U.S. petroleum imports is likely to grow more slowly in 1981 than in 1980. World supply has been increased as a result of expanded exports from Iran and Iraq, and demand has been reduced by slow economic growth in other industrial countries and by the continued adjustment of consumers to past price increases. Barring severe reductions in production abroad, price increases are likely to be relatively restrained during the next year. However, under these circumstances the direct investment receipts of U.S. oil companies are not likely to increase substantially. □

New Monetary Control Procedure: Findings and Evaluation from a Federal Reserve Study

This article, which appeared originally as an appendix to the Monetary Policy Report to Congress by the Board of Governors of the Federal Reserve System, February 25, 1981, was prepared by Stephen H. Axilrod, the Board's Staff Director for Monetary and Financial Policy.

This paper reviews experience with the new monetary control procedure established in October 1979 and evaluates implications for current and alternative control techniques. The new procedure involved employing reserve aggregates—on a day-to-day basis, nonborrowed reserves—as operating tools for achieving control of the money supply. Less emphasis was placed on confining short-term fluctuations in the federal funds rate—the overnight market rate reflecting the demand for and supply of bank reserves. The change in procedure, it should be pointed out, represented a technical innovation rather than a change in the broader objectives of monetary policy or in the monetary targets themselves. Target ranges for various measures of the money supply, with the actual behavior of money in the course of 1980, are shown in the chart.

The paper is divided into three sections. The first presents an overview of findings about the effects of the new monetary control procedure on economic and financial behavior based on evidence gathered in staff papers.[1] Because the new control procedure was designed to strengthen the System's ability to control the money supply, the second section provides certain additional background analysis relevant to assessment of the role of money as an intermediate target for monetary policy. The third section contains an evaluation of the current operating procedure and alternatives.

1. The staff papers are listed in the appendix and are available on request from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

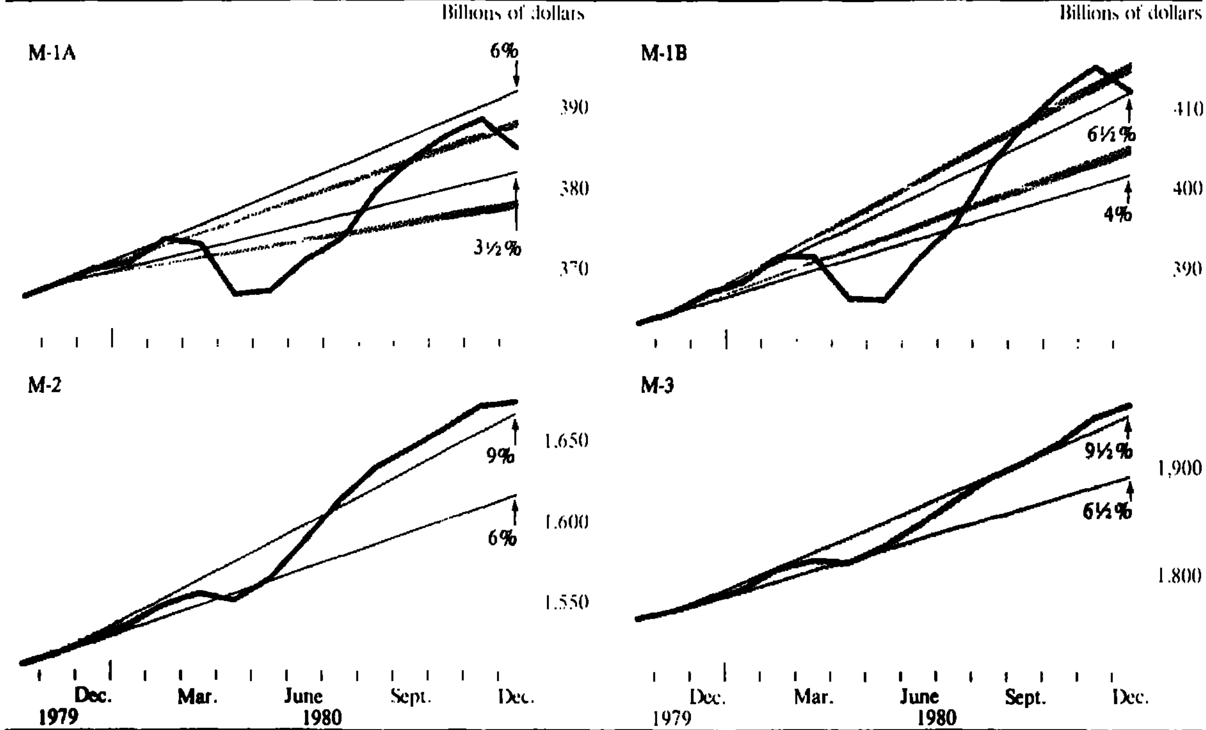
Overview of Findings with Regard to Experience since Adoption of New Procedure

Questions investigated in reviewing experience with the new control procedure included, among others, its impact on precision of money control, volatility of interest rates, the course of economic activity, and exchange market conditions. Of course, other influences on financial markets and the broader economy were surely of far more importance than the particular technical innovations under consideration here. Indeed, a major problem has been to distinguish the impacts of the new procedure per se from larger influences operating on the economy. This difficulty is especially acute given the relatively short period of time since the new procedure was implemented—a period of time that may have been too short for market participants to have fully adjusted to the new environment and a period of time in which markets were buffeted by changing inflationary expectations, fiscal uncertainties, credit controls, and oil price shocks.

Relation between Reserves and Money

1. Over the operating periods between meetings of the Federal Open Market Committee, actual nonborrowed reserves fell below the Trading Desk's operating target by about 0.3 of 1 percent on average; the average absolute miss was about 0.4 of 1 percent. These deviations reflected in part errors in projection of uncontrollable factors affecting reserves (such as float). In addition, the Desk at times accommodated to variations relative to expectations in banks' demand for borrowing in the course of a bank statement week (for example, an unexpected willingness by banks to obtain reserves by borrowing heavily over a weekend). Total reserves came out some-

Growth ranges and actual monetary growth



The shaded lines reflect adjustments that should be made for technical reasons to the original range for M-1A and M-1B to allow for unanticipated shifts of existing deposits from demand deposits to interest-bearing transactions accounts, such as ATS (automatic transfer from savings) and related accounts. At the beginning of 1980 it appeared that such shifts would have just a limited effect on growth of M-1A and M-1B, and the longer-run growth range for M-1A was set only [illegible] percentage point below the growth range for M-1B. Passage of the Monetary Control Act later altered the financial environment by making permanent the authority of banks to offer ATS accounts and by permitting all institutions to offer NOW and similar accounts beginning in 1981. As the year progressed, banks offered ATS accounts more actively and more funds than expected were being diverted to these accounts from demand deposits. Such shifts are estimated to have depressed growth of M-1A over the year 1980 by [illegible] to 1 percentage point, and of M-1B by [illegible] to [illegible] of a percentage point, more than had been originally anticipated. The shaded range allows *for these unanticipated shifts, and therefore in an economic sense* more accurately represents the intentions underlying the original target.

what above intermeeting period paths, by about 0.2 of a percent on average; the absolute miss averaged about 0.8 of a percent. The individual intermeeting period misses reflected deviation of money stock from short-run targets, variations in excess reserves, and multiplier adjustments to the original path (to take account of changes in required reserves for a given level of deposits) that turned out to be incomplete.

2. Econometric evidence from simulations of monthly money market models carried out with various reserve measures as operating targets (nonborrowed and total reserves and the monetary base), given the existing institutional framework, buttresses indications from last year's actual experience that the relationship between reserves and money is relatively loose in the short run. Over the one-year period since October 1979, the mean absolute error of misses in the level of M-1B relative to target path during the four- to seven-week operating periods between FOMC meetings was a little over 0.6 of a percent. This degree of variability was in line with--in some cases less than and in some cases more than--model simulation results (holding various reserve measures at predetermined target levels for the simulations).[2] In comparing the models and the reserve technique actually used, it should also be observed that model simulations generally implied more interest rate variability

2. The root mean square errors of actual misses and simulated model misses ranged around 0.7 to 0.8 of a percent over *short-run operating periods of a month or so. This would* mean that, with disturbances similar to last year's, two-thirds of the time M-1B would generally come within plus or minus 0.7 to 0.8 of a percent of the intermeeting target path over approximately a one-month period (or, expressed in annual rate terms, within a range of plus or minus 8 to 10 percentage points over such a period).

last year than proved to be the product of the technique actually in use.

3. In the model simulations of the past year, control of money supply through strict adherence to a total reserves or total monetary base target produced more slippage than control through the nonborrowed counterparts of each. This phenomenon largely reflects the presence of multiplier disturbances on the supply side that would be generated, for example, in the current institutional environment by changes in deposit mix and hence in required reserves for any given level of money supply. In the model simulations, use of total reserves or the total base as an invariant target over the control period does not permit these disturbances to be cushioned by changes in borrowings.

4. Judgmental predictions of the multiplier relationship between reserves or base measures and money made since the shift in operating procedure were generally superior to, though on a few tests not significantly different from, forecasts derived from econometric models.

5. Over a longer period than a month (or than an intermeeting period) errors in the predicted relationship between money and reserves may be expected to average out; that is, over time, errors in one direction tend to be offset by errors in the other. Simulations of the Board's monthly model suggest that such a process is at work. In actual operations over a one-year period since October 1979, the absolute miss in the level of M-1B when individual misses relative to the short-run target paths are averaged over three or four intermeeting periods was reduced from a little over 0.6 of a percent (reported above) to more than 0.4 of a percent. This represents a somewhat smaller reduction than would have been expected from certain results and may have reflected the nature of unusually large, unanticipated successive month-to-month changes in money demand last year, first in one direction and then in the other. These changes were related in part to identifiable special factors such as the imposition and subsequent removal of the credit control program. Accommodation to such special and temporary factors, as they emerged, might tend to lengthen the period over which deviations from monetary targets could be expected to average out, but would, by the same token, tend to dampen fluctuations in interest rates that would not have contributed to better control of money over time.

Variability in Money Growth

1. Evaluation of the variability of money supply series is importantly affected by the seasonal adjustment process. Seasonal factors applied during a current year are unable adequately to reflect changing seasonal patterns in the course of that year; after a year is over, therefore, reestimation of seasonal factors often tends to smooth variability. Based on current seasonal adjustment factors for the year just past (that is, factors before seasonal revisions that take account of the influence of actual experience this year), variability in weekly, monthly, and quarterly growth of M-1 (and also M-2) was substantially greater than in any year during the past decade. However, when the variability in money growth during the year from October 1979 to October 1980 is compared with variability in earlier years—with earlier years adjusted using seasonal factors that were current in those years—nearly all of the heightened variability in weekly growth of M-1 and a sizable portion of the monthly and quarterly variability are removed. While this comparison makes it seem probable that seasonal factor distortions are overstating variability in the year just past, the extent cannot be assessed with confidence until a number of years have passed. In general, it would appear that money has been more variable over the past year—especially on a monthly and quarterly basis—though so far as can be judged from the available data, still generally well within the range of foreign experience with money supply volatility.

2. The variability in money growth of the past year appears to be related to an unusual combination of circumstances:

a. There were large swings within the year in the demand for money resulting from sharp short-run variations in economic activity caused in large part by factors independent of the new monetary control procedure, such as the imposition and subsequent removal of the credit control program. The imposition and subsequent removal of the credit control program may have also increased the variability of money growth through a more direct channel, as the associated large variation in bank loans was accompanied by temporary changes in demand deposits—for example, as large loan repayments were initially made from existing demand balances.

b. In addition, econometric evidence from a variety of models suggests that there were "unexplained" factors other than economic activity and interest rates causing substantial fluctuations in money demand. In particular, money levels fell considerably short of model simulations (given gross national product and interest rates) in the second quarter, when money growth was negative. Relatively rapid growth in subsequent quarters reflected in part a tendency for money levels to move back toward more normal relationships with GNP and interest rates.

3. The money targets on which reserve paths were based reflected the intention to return money over time to the long-run objective following divergences. In 1980 the target for narrow money in the month following the FOMC meeting typically implied making up about 30 percent of the difference between the projected level of the money stock in the month of the meeting and the long-run target path. If disturbances in 1980 had been more representative of those prevailing in the 1970s, simulations using the Board's monthly model suggest that the reserve operating technique would have kept money closer to long-run objectives on a month-by-month basis last year than actually was the case. These simulations also indicate a distinct trade-off between variability of the federal funds rate—and money market rates generally—and the speed with which attempts are made to return the money stock to its longer-term path once it moves off path. The more rapid the attempted return to path, the larger are the implied fluctuations in money market rates.

4. Interpretation of money supply volatility is complicated by the large amount of noise in weekly and monthly changes in first-published figures for the narrow monetary aggregates (and for monthly changes in M-2) resulting from transitory variation and seasonal factor uncertainty. Based on data for the 1973–79 period, the estimated standard deviation of the noise factor for monthly changes in M-1A and M-1B is about $1.5 billion ($4\frac{1}{2}$ percent at an annual rate), and about $3.3 billion for weekly changes. For M-2, the estimated standard deviation of noise in monthly growth rates is $3\frac{1}{2}$ percent at an annual rate. The noise factor declines for growth rates over longer periods of time.

Variability of Interest Rates

1. As expected, the federal funds rate has been more variable on an intra-day, intra-weekly, and inter-weekly basis since the new procedure was implemented. Intra-day and day-to-day variability has tended to be at least twice as large as before, as have weekly changes after adjusting for trend. This greater variability of the federal funds rate reflects the role of nonborrowed reserves as an operating guide for the Desk.

2. There has also been heightened variability of interest rates on Treasury securities of all maturities following adoption of the new operating procedure. Based on data from which cyclical movements were removed, the variability in Treasury yields measured on a weekly average basis has been at least twice as large as before October 1979.

3. The relationship over interest rate cycles between the federal funds rate and yields on Treasury securities of all maturities has been essentially the same before and after October 1979, suggesting that the underlying linkage between the federal funds rate and other market rates has remained about unchanged. At the same time, however, correlations between very short-run nonsystematic movements in the funds rate and other market rates have increased substantially since the new procedure was implemented. This higher correlation possibly reflects the sensitivity of market participants to day-to-day changes in the funds rate in last year's uncertain environment but possibly also reflects concurrent adjustments in market interest rates generally, particularly short rates, that tend to occur as closer control is sought over the money supply, given variations in money demand.

Effects on Domestic Financial Markets

The swings in interest rates last year and the high levels reached clearly affected behavior in financial markets. It is difficult to isolate the role of the new operating procedure, as such, in contributing to interest rate swings or changes in market behavior. It is likely that large cyclical variations in interest rates would have developed last year in any event if the basic monetary aggregate targets were pursued by other operating techniques in the face of cyclical variations in money and credit demands that were exceptionally large and compressed in time. And adjustments that took place in financial market behavior last year largely represented adaptations that would have been expected on the basis of past cyclical experience—for example, constraints on housing finance—or that were related to the special credit control program. Market adjustments that might have primarily reflected adaptations to the new procedure as such are likely to be those more associated with a perceived greater continuing risk of short-term interest rate volatility—adjustments that would be difficult to detect in an environment like that of last year, which was dominated by cyclical changes in credit flows, a credit control program, and inflationary expectations.

1. *Mortgage markets.* Greater interest rate volatility since October 1979 may have hastened the trend in process for a number of years toward more flexible mortgage instruments, such as variable-rate, renegotiable, and equity participation mortgages. In addition, mortgage bankers and other originators in their commitment policies appear to have attempted to avoid some of the risk of interest rate changes occurring between the time a commitment is made and funds are extended. They have done so by setting rates or points at the time of closing, shortening the period for guaranteed fixed-rate mortgage commitments, and by imposing large nonrefundable commitment fees to discourage cancellation if rates should decline.

2. *Dealer market for Treasury and agency securities.* Wider bid–ask spreads on Treasury bills appear to have emerged last year. Evidence on such spreads for coupon issues is difficult to interpret; spreads rose considerably a few months before introduction of the new procedure, and thereafter remained wider than in earlier years. Greater uncertainty about interest rates may have influenced dealers to maintain leaner inventory positions relative to transactions; turnover of dealer inventories rose last year as a very large expansion in gross transactions outpaced the rise in the level of inventories.

3. *Underwriting spreads on corporate bonds.* Underwriting spreads on corporate bonds issued on a negotiated basis did not widen, on balance, over the year since October 1979. However, data on competitively bid issues suggest that spreads on such issues have widened. This might tend to raise bond costs, but any such effect last year would appear to have been very small relative to the more basic supply and demand conditions affecting markets.

4. *Commercial bank behavior.* Bank behavior last year was strongly influenced by a number of factors other than the new procedure, such as the imposition and removal of the special voluntary credit restraint program, marginal reserve requirements on managed liabilities, and increasing reliance, especially by small banks, on money market certificates as a source of funds. It is difficult to detect changes in behavior associated with the new procedure per se. There appears to have been some increased reliance on floating-rate loans, especially for term loans, but this trend was evident before October 1979.

5. *Futures markets.* Futures market activity expanded rapidly in the period following October 1979, raising the possibility that the new procedure led to an increased desire to hedge against expected greater interest rate fluctuations. However, the expansion in activity represented a continuation of a trend of recent years, as has been the case with other market adaptations noted above. It is virtually impossible to separate growth in futures activity arising from attempts to reduce exposure to interest rate risk in the new environment from underlying trend growth connected with increasing familiarization by the public with the variety of financial futures instruments that are becoming available.

6. *Liquidity premiums.* An attempt was made to determine whether there was an increase last year in liquidity premiums, manifested by a rise in long-term rates relative to short-term rates. Such a result might be expected if risk-averse

financial market participants attempted to protect themselves from a perceived risk that the new procedure would make for greater interest rate variability and hence greater risk of capital loss on holdings of longer-term issues. There appears to be little, if any, evidence that liquidity premiums became greater last year—although as noted above there may have been some increase of transaction costs in financial markets.

Exchange Market and Other External Impacts

1. The spot value of the dollar appreciated more than 5 percent in the 14-month period subsequent to late September 1979, though there were pronounced cycles that coincided with intermediate-term movements of interest rates in the United States.

2. Day-to-day movement in money market rates related to the new procedure could have had some influence on very short-term exchange rate volatility. Spot rates have displayed more variability on a daily basis since the new procedure was adopted, reflecting greater daily variability of interest rate differentials between U.S. dollar assets and foreign currency assets. In addition, the evidence on weekly and monthly exchange rate movements suggests more variability, but the evidence is not so conclusive as that for daily variability.

3. There is little evidence of a significant increase in the variability of foreign interest rates, except in Canada, on a monthly basis related to the new procedure as such. Some countries, especially developing countries with currencies tied to the dollar and with inflexible interest rate structures, appear to have experienced some technical difficulties over this period connected, for example, with the impact of interest rate variability on financial flows.

4. The evidence does not suggest that the new operating procedure has contributed to the variable nature of gross U.S. international capital flows since the fall of 1979. Significantly greater contributing factors were the credit control program and marginal reserve requirements on managed liabilities.

5. The proposition that more short-term variability of exchange rates could have adverse effects on the domestic price level, because price increases caused by currency depreciation would not be fully offset by the reverse effect of currency appreciation, is not supported by econometric evidence. Therefore, the short-term variability of exchange rates since October 1979 would not itself appear to have raised the domestic price level. Meanwhile, the underlying trend toward appreciation since that time would have had a favorable effect on the price level.

Economic Activity

1. Assessing the contribution of the new procedure as such to the pattern of economic activity and inflationary expectations is complicated—as noted at other points in this paper—by the force of other factors that were importantly influencing the markets for goods and services over the recent period, including the effect of the basic money supply targets themselves. Certain "fundamentals"—such as the previous sharp increase in oil prices, the relatively low saving rate, and the illiquid balance sheet of the household sector—suggest that economic activity would have contracted in any event in 1980. In addition, prices and real economic activity were strongly influenced by the highly sensitive state of inflationary psychology, the imposition and removal of the credit control program that lasted from mid-March to early July 1980, and the erosion of fiscal restraint.

2. Nevertheless, to the extent that the new control procedure encouraged more prompt interest rate adjustments in response to cyclical fluctuations in money and credit demands, it probably exerted some influence on the pattern of economic activity. It may have hastened the slowdown in economic activity—especially in housing and possibly consumer durable goods—in early 1980 and also hastened the recovery in the summer, as interest rates advanced rapidly to peak levels and then contracted sharply. Psychological reactions to the credit control program, however, may have been an important influence on the depth of the recession and the promptness and strength of the subsequent rebound. There was a sharp contraction in spending following introduction of the program, and relief on the part of both financial institutions and borrowers

as the program was phased out probably encouraged a sizable resurgence of spending.

3. In view of the lags in the response of capital spending plans to changes in credit conditions, the new procedure does not appear to have exerted much influence on plant and equipment spending during the past year. The timing of inventory movements, by contrast, may have been altered to the extent that the new procedure had effects on the pattern of final sales and on movements in short-term financing costs.

4. The new control procedure was adopted in part to provide more assurance that inflation would come under control (as money growth was restrained), and thereby to reduce inflationary expectations. It is difficult to measure inflationary expectations, let alone to attribute changes to a technical change in monetary control procedures in so highly unsettled a period as last year. Indirect evidence about inflation expectations based on changes in interest rates is obviously difficult to interpret, since interest rates are also influenced by other factors. Some direct evidence about consumer expectations of inflation can be gleaned from the University of Michigan index of consumer sentiment. No clear improvement in inflationary attitudes is evident until the spring, probably related in large part to the sharp contraction of economic activity in the second quarter. Also, according to the Michigan survey, there did not appear to be any significant worsening of expectations in the latter part of the year as the economy strengthened.

5. The Board's large-scale quarterly econometric model, as well as two other much more simplified models used for comparison, were employed to help evaluate the extent to which the actual fluctuations in money and interest rates affected economic activity in the course of the year. These models, of course, all suffer from an inability to take account adequately of attitudinal changes and other behavioral factors related to the special conditions of a particular year, including any attitudinal changes that might be occasioned by the shift in operating procedure. Simulation results suggest that, because of long response lags, the pattern of economic activity last year would not have been particularly sensitive to efforts at smoothing the quarter-to-quarter pattern either of money growth or of interest rate variations, though smoothing money growth had slightly more impact. The smoothing of money growth would have been at the cost of even greater interest rate variability than was actually observed over the last five quarters.

General Considerations

Evaluation of the current and alternative operating techniques to be discussed in the next section depends very much on the role accorded intermediate targets, particularly the monetary aggregates, in the formulation of monetary policy. This section examines advantages and disadvantages involved in employing monetary aggregates, or for that matter interest rates, as intermediate targets and also examines certain limitations on the feasible range of target settings.

Monetary Aggregates as Intermediate Targets

1. *Advantages*

a. Money stock control tends to work toward stabilizing GNP when the economy is buffeted by disturbances to spending on goods and services and shifts in inflation expectations; such factors appeared to be an important influence on economic and financial behavior last year. If spending surges unexpectedly, for example, as it did in the second half of 1980, adherence to a money stock target would automatically lead to tighter financial markets, tending to offset some of the surge in spending. Similarly, if spending were to weaken unexpectedly—and very substantial weakness developed in the second quarter of last year—efforts to hold to a money stock target would lead automatically to lower market rates of interest, which would tend to partially restore spending to desired levels.

b. Current approaches emphasizing control of monetary aggregates rest on the proposition that planned deceleration in monetary growth will lower inflation over time by limiting funds available to finance price increases and encouraging expectations and behavioral patterns consistent with reduced inflation.

c. By clearly communicating to the public the Federal Reserve's objectives for monetary policy, a monetary aggregates targeting procedure enables private decisionmakers to plan their activities better and to make wage and price decisions that are more harmonious with noninflationary growth in money and credit.

Targeting on monetary aggregates involves adjustments of market interest rates, in response to underlying changes in demands for credit, that might otherwise be unduly delayed, either on the down- or on the up-side.

2. *Disadvantages*

a. Looseness in the relationship between money demand and nominal GNP reduces the significance of monetary aggregates as a target, particularly in the short run. Unexpected shifts in this relationship lead to undesirable interest rate movements with strict adherence to money supply targets. Last year, there was evidence of looseness in this relationship. For example, as noted earlier, econometric models suggest a sizable downward shift in the demand for money in the second quarter, given actual GNP and interest rates.

b. Attempts to achieve steady growth in monetary aggregates on a month-by-month or even quarter-by-quarter basis can lead to large fluctuations in interest rates, given the high degree of variability in short-run money flows and the relatively interest-inelastic demand for money over the near term. Large fluctuations in interest rates have certain risks; for instance, they might endanger financial institutions that are unable to make timely compensating adjustments in their balance sheets, adversely affect the functions of securities and exchange markets, and lead to confusion about the basic thrust of policy.

c. Money supply targeting procedures might introduce recurrent cyclical responses of economic activity following an economic disturbance. Whether this is a realistic risk depends on the nature of response functions in the economy. It would be a high risk in the degree that (1) money demand was very insensitive to interest rate changes (and thus interest rates would need to change sharply to maintain steady money growth in response to an exogenous disturbance from the goods market), and (2) there was no significant current impact on spending from such changes in rates, but impacts were felt over later periods. It would be difficult to attribute the cyclical behavior of economic activity over the past year to such a process, though, given model estimates of the interest-elasticity of money demand and of relatively long lags between interest rates and spending (with such lags implying a longer cycle than observed last year).

d. The concept of money is elusive and is becoming more so as new substitutes evolve for traditional transaction media and as improvements in financial technology facilitate the ability of the public to shift funds about for payments purposes.

Interest Rates As Targets

1. *Advantages*

a. Control over total spending can be strengthened by greater emphasis on stabilizing interest rates when disturbances stem mainly from the monetary sector rather than from markets for goods and services.

b. Control over rates might make for greater short-run stability in financial markets, since market institutions might be relatively certain about the terms and conditions under which they can "safely" meet near-term credit demands.

2. *Disadvantages*

a. It is very difficult to determine the appropriate interest rate level, particularly in an inflationary environment in which shifting expectations of inflation are continuously altering the relationship between real and nominal market rates of interest.

b. Efforts to stabilize interest rates tend to amplify economic cycles stemming from cyclical variations in the demand for goods and services, since by stabilizing rates, procyclical growth in money and credit would be heightened. An upswing in the demand for goods and services, for example, would be accompanied by an expansion in the volume of money and credit. By contrast, with a money stock targeting procedure, resistance would be introduced automatically through increases in interest rates.[3]

3. Even with a money stock procedure such resistance may not be sufficient to hold nominal GNP down to a previously desired level if the upward shock in demand for goods and services involves a rise in velocity—as it well might if it resulted from, say, expansion in federal spending.

c. While interest rate targets could in concept be adjusted promptly so as to minimize the likelihood of a procyclical monetary policy, in practice the institutional decisionmaking procedure often limits the ability to make sizable adjustments in the target. This could constrain interest rate variations when rates are taken as the intermediate target of monetary policy.

Limitations in the Targeting Process

Regardless of whether monetary aggregates or interest rates are selected as intermediate targets, there appear to be a number of limitations on the monetary authority's range of choice of the particular target setting and the precision with which the target is pursued.

1. The particular target setting must take into account the capacity of the economy and financial markets to adjust to the targets and the degree to which the implications of those targets can be understood by and are acceptable to the larger public whose behavior patterns are involved. Inflexibilities in wage and price determination, for example, have implications for the degree to which monetary targets can be reduced, without risking unduly adverse implications for economic activity in the short run. This would be less of a limitation to the extent that attitudinal shifts—in response to either announced monetary targets or other factors—brought upward wage and price pressures down in line with monetary targets. Experience of the past year has not yet provided a basis for believing that the lengthy lags between money growth and price changes have been shortened significantly or that inflation expectations have begun to respond more rapidly to the money control procedure per se.

2. The question may arise as to whether disturbances in domestic or in foreign exchange markets may on occasion require short-run departures from intermediate-term targets of monetary policy. However, these markets appear to have adjusted to a substantial degree of interest rate or exchange rate fluctuation in the past year.

3. Precise month-by-month control of money does not seem possible, given existing behavior patterns in the economy and financial markets and institutional factors. Nor is there evidence that such close control is needed to attain the underlying economic objective of encouraging noninflationary economic growth. Statistical investigation suggests that "noise" alone accounts for substantial variation in monthly money growth rates. Moreover, model simulations indicate that variations in money growth, above or below targets, lasting a quarter or so are not likely to have substantial economic effects.

4. Uncertainties involving the relationship between money demand and GNP—as evidenced by unexpected variations in such demand last year—suggest the need for a degree of flexibility in target setting (ranges may be preferable to point estimates) and also suggest the possibility that, at times, there may be a need for large deviations from predetermined targets or for changes in the targets. On the other hand, deviations from target ranges involve the risk of changes in market expectations that are counterproductive (for example, when money supply runs strong relative to target, inflationary expectations may be heightened, compounding the difficulties of controlling inflation). In general, though, in the degree that there is success in achieving targets over time, expectations are less likely to be adversely affected by short-run deviations in money growth.

Evaluation of Operating Procedures

Because the past year was in many ways exceptional—and because a year, or 15 months, in any event is too short a time frame within which to judge whether observed relationships are accidental to the period or are lasting—evaluation of the new control procedure and of possible alternatives must at best be quite tentative. The choice of operating procedure would be influenced by the predictability of certain financial and economic relationships and by the capacity of markets to adjust to operating techniques without severe distortions—evidence about which was presented in the first section. In addition, the desirability of retaining the present reserve procedure (with or without possible modifications), of shifting to an alternative reserve procedure, or indeed of shifting back entirely to a federal funds rate operating guide depends in part on the value to be placed on relatively tight short-run control of money, given uncertainties about the likely sources of potential disturbances in economic and financial conditions.

If there were complete certainty about economic relationships, the choice of operating procedure would not be particularly critical, for a given money stock target would be associated with unique, known values for the federal funds rate, nonborrowed reserves, and the monetary base. And the monetary authority could achieve its objectives no matter which of these instruments was selected for operating purposes.

In practice, however, markets are continually subject to disturbances that are not known in advance. The principal kinds of disturbances are those occurring in overall spending (the market for goods and services), those occurring in the demand for money (independently of GNP and interest rates), and those affecting the supply schedule for money (such as deposit mix or banks' demand for excess reserves). Moreover, such disturbances—all of which were evident last year—can be of a temporary or self-reversing variety, or they can be permanent.

Alternative operating procedures tend to produce different outcomes for the pattern of interest rates and money growth in the face of these disturbances. With some procedures, and depending on the source of the disturbance, interest rates would be changed more, while with others the money stock and other financial quantities would absorb more of the impact. The choice of operating procedure therefore involves, among other things, judgments about whether there is more risk to monetary policy's ultimate objective of noninflationary growth from procedures that tend to emphasize interest rates as operating targets with some implication of a relatively gradual change in rates, or from those that tend to work more directly against money supply variations.

Assessment of Present Operating Procedure

The present reserve operating procedure proved flexible enough to permit some accommodation in the short run to unexpected shifts in money demand, given GNP and interest rates, that occurred last year. At the same time, the procedure worked to limit the extent to which changes in demands for goods and services (and thus in transaction demands for money) were reflected in actual money growth. Actual money growth deviated from short-run targets last year, but there were large accompanying changes in interest rates that tended, over time, to set up forces bringing money back toward path. Nonetheless, money growth over time deviated more from path than might have been expected relative to the average degree of looseness that seems to exist in reserve-to-money relationships.

Whereas the experience of last year may have been atypical because of the nature of disturbances during the year, still a number of modifications to the operating procedure used since October 1979 might be considered for their potential value in reducing slippage in money relative to reserve paths. These modifications all have certain disadvantages, however, that need to be weighed against their varying advantages for more precise monetary control, to the degree that closer control in the short run is considered desirable.

1. Evidence of the past year suggests that during an intermeeting period relatively prompt downward (or upward) adjustments in the original nonborrowed reserve path may be needed in an effort to offset, over time, increased (or decreased) demand for borrowing when money is strengthening (or weakening) relative to target. As an alternative, more prompt upward (or downward) adjustments in the discount rate would tend to discourage (or encourage) borrowing over time (in practice the actual level of borrowing will not change until money demand changes sufficiently to alter reserves demanded to meet reserve requirements).[4] These adjust-

4. Experience has demonstrated that it is difficult to determine in advance the appropriate level of borrowing to be employed in constructing the nonborrowed reserve path consistent with the short-run money supply target. This level of borrowing would depend on a projection of market interest rates consistent with the money supply target path and knowledge of the willingness of depository institutions to borrow, given the spread between market rates and the discount rate, and could differ significantly from borrowing levels based on or ranging around recent experience. In attempting to forecast borrowings, evidence from models may be usefully weighed along with judgmental assessment of particular conditions at the time. However, in view of considerable uncertainties about interest rate projections, the high degree of year-to-year variability in the success with which

ments run the risk of increasing the volatility of short-run interest rate movements in view of the transitory fluctuations often experienced in short-run money demand. However, they could also dampen the amplitude of longer-term swings of interest rates by more promptly leading to adjustments by banks that bring money growth back toward path.

2. More fundamental changes in the administration of the discount window and in the way discount rates are structured and varied could be considered for strengthening the relationship between reserves and money.

a. At an extreme, discount window borrowing might be limited to emergency needs. This is tantamount to adhering to a total reserves or monetary base path. However, this would eliminate the valuable buffering function of the discount window. The window buffers the money stock (and the markets) from disturbances affecting the supply of money (such as changing demands for excess reserves and changes in the deposit mix affecting required reserves). Its role in that respect was evident from the results of model simulations showing a weak relationship between total reserves or the monetary base and money (when reserves or the base are treated as exogenously determined). In addition, the discount window cushions markets from the full impact of variations in money demand that may be transitory or which the FOMC may wish at least partially to accommodate. Finally, lagged reserve accounting requires access to the discount window in the short run on occasions when required reserves run above the nonborrowed reserve path (if that path is to be maintained).[5]

b. Another approach to consider would be to eliminate administrative guidelines at the discount window and to substitute a graduated discount rate schedule for adjustment credit—in contrast to emergency and other longer-term types of discount window credit—based on, say, size of borrowing. This approach would tend to make the relationship between borrowing and short-term market rates more certain by eliminating from the decision to borrow the uncertainties connected with administrative guidelines. Also, it thereby transforms the highest discount rate on the schedule into an upper limit for the federal funds rate. There are, however, legal questions about the System's ability to use size of borrowing as a criterion, administrative problems in overseeing the adequacy of collateral and the financial condition of a vast number of potential regular borrowers, and difficult questions with regard to the appropriate gradient for the discount rate schedule. Too steep a gradient risks undue market interest rate fluctuations, particularly at times when borrowing demands may be changing for transitory reasons, while too flat a gradient—and at the limit a perfectly flat one—would tend to eliminate the incentive of banks to make portfolio adjustments that would bring money supply back to target.

c. The recent policy of applying a surcharge above the basic discount rate for frequent borrowing (by larger banks) represents a step toward a graduated discount rate structure within the present administrative guidelines and tends, when applied, to speed up the response of market rates to overshoots or undershoots of money relative to path. This approach has the attraction of flexibility, but in practice it has proved difficult to assess because of the limited experience with it thus far.

d. Another approach to speeding up the response of banks within present administrative guidelines would be to tie the discount rate to market rates, either as a penalty rate or not. However, this approach tends to limit flexibility and raises the danger of upward or downward ratcheting of market rates in the short run that may be excessive for monetary control needs and unduly disturbing to the functioning of markets.[6] While a tied rate accelerates the response

models project economic and financial relationships, and the heightened variability in demands for discount window credit evident last year, projections of borrowing demand from interest rate forecasts and past bank behavior are subject to a considerable degree of error.

5. Even with contemporaneous instead of lagged reserve accounting, it is by no means clear that banks would be able to make needed adjustments reducing their required reserves within a statement week—except at the expense of relatively extreme interest rate movements.

6. This danger is greatest in the degree that the discount rate is tied to a current or very recent market rate. If required reserves expand rapidly in the current week, banks will have to borrow the added required reserves that are not being accommodated by the nonborrowed reserve target. As a result market rates must rise to the point at which banks are willing to borrow from the discount window. With an attempt to maintain a "penalty" discount rate, the new market rate

of market rates, the change may be counterproductive—particularly if money behavior were going to reverse itself naturally or if the rise in borrowing were needed to moderate shocks from the supply side—and could intensify short-run money supply and interest rate cycles.

3. A closer short-run relationship between reserves and money could be attained by measures that strengthen the link between required reserves and deposits in the particular money stock that is being controlled. One such measure would be a shift from lagged reserve accounting (LRA) to contemporaneous reserve accounting (CRA), a shift that the Board has already announced it is contemplating. Such a shift would make the link between current reserves and current deposits stronger, though there still would be relatively sizable slippage between reserves and money from other sources. The monetary control advantages of CRA apply particularly to the short run. They have to be weighed against (1) the benefits of LRA for reducing the cost of reserve management by the banks, (2) the contribution of LRA to the Trading Desk's ability to assess reserve supply conditions, and (3) judgments about the adequacy of monetary control under LRA over a longer-term period.

4. The present relatively complicated reserve requirement structure, even apart from LRA, makes for considerable slippage in the relation between reserves and money. While the Monetary Control Act has tended to simplify the required reserve structure, it will be a number of years before the new structure is fully phased in. Because of the unpredictability of shifts in deposit mix, in the ratio of currency to deposits, as well as in banks' demand for excess reserves, judgmental multiplier adjustments to original paths were made week-by-week last year as new information was obtained. Model simulations suggest money-reserve relationships would have otherwise been more variable on average. Thus, there is no reason not to continue making such adjustments, though it remains unclear, because multiplier changes are so erratic, whether full adjustment should be made to each week's added information.

5. It appears from tentative results based on the Board's monthly money market model that the faster the FOMC attempts to move back toward the longer-run target for money, once off target, the more likely is the long-run target to be hit, assuming no federal funds rate constraint. However, these results also suggest that the more quickly a return to path is sought, the more substantial fluctuations in money market rates are likely to be. And experience of the past year suggests these more substantial fluctuations would be transmitted broadly through the rate structure. Moreover, for a more rapid return beyond a certain speed—perhaps around three months—it seems as if the gain in reducing the chance of departures from longer-term money targets is small compared with the increasing chance of a wider range of variability in money market rates.

Assessment of Other Targeting Procedures

1. *Monetary base or total reserves*

a. The principal reason for adopting these measures as day-to-day operating guides would be to ensure more precise control of money. However, there is no clear evidence that money can be controlled more closely through use of a strict total reserves or monetary base operating procedure under the present institutional framework than through current procedures. Indeed, most of the evidence suggested that these measures could produce more slippage because of supply-side shocks to the money multiplier. These shocks tend to be partially offset by changes in borrowing with a nonborrowed reserves day-to-day operating target. Under a total reserves or a base target, there would not automatically be an offsetting tendency. In practice, though, the precision of a total reserve or base target would be improved through judgmental adjustments to the reserve path that offset multiplier shifts. Improvements could also be effected, and the need for judgment reduced, by further simplification of the reserve requirement

would therefore have to move temporarily above the discount rate, which could not be maintained, in those circumstances, above current market rates. Market rates would go up by the amount needed to reestablish the normal spread of market rates over the discount rate (that emerges from pressures generated by discount window administration and banks' reluctance to borrow). But this rise in rates may well bring about a further rise in the discount rate if an attempt is made to reestablish a "penalty" rate, entailing yet a further rise in market rates, so long as required reserves remain at an advanced level.

structure (such as removal of the reserve requirement on nonpersonal time deposits if the FOMC mainly wishes to control narrow money) and by a return to CRA. Whereas such changes would tighten the linkage between reserves and money, shifts between currency and deposits would still tend to be a factor causing slippage—with model simulations indicating greater slippage with the monetary base as the operating target (which is essentially currency plus total reserves) than with total reserves. With a monetary base target, short-run volatility in currency would lead to large variations in money supply because changes in the public's holdings of currency would need to be offset by equal changes in bank reserves; and these changes in reserves would, given the fractional reserve system, force a multiple change of deposits in the money supply. With a reserves target, the changes in money supply would be no larger than the currency variation; consequently, money supply would be less volatile with a reserves target.

b. In any event, strict adherence to total reserve or base targets appears to be impractical over short-run operating periods in the current institutional setting. With the present LRA system, it is clearly not feasible. If CRA were adopted, such targets might become somewhat more practical, though efforts to attain them would accentuate short-run interest rate fluctuations. Such fluctuations, given the inelasticity of money demand relative to interest rates over the short run, would stem from the inability of the reserve supply to provide at least partial accommodation to transitory money demand variations, and would also result from remaining multiplier slippage. In the process, borrowing at the discount window would fluctuate widely, as banks reacted to efforts by the Open Market Desk to reach the total reserve target.

c. While there are practical questions about the feasibility of targeting on total reserves (or the base) on a day-to-day or week-to-week basis, in a longer-run context a path for such reserve aggregates, properly adjusted for multiplier shifts, could serve as a general guide in helping to make adjustments in the nonborrowed reserve path or in indicating the need for a change in the basic discount rate—as is, in fact, present practice. For example, when total reserves are running strong relative to their adjusted path, this can be taken as an indication to hold back on the supply of nonborrowed reserves relative to their path (in order over time to offset the rise in borrowing) or to raise the discount rate (in order over time to discourage a rise in borrowing).

2. *Federal funds rate target*

a. Model simulations, given existing institutional arrangements, indicated that in concept slippage in short-run money stock targets could be little different on the whole under a funds-rate-targeting regime than under a nonborrowed reserves regime. However, in practice—to be reasonably certain of attaining its long-run target—the FOMC would need to be willing to move the funds rate quite actively when it was the operating instrument and be able to predict fairly well the appropriate extent, and indeed the direction, of the required change. Uncertainties in those respects were among the factors leading to a shift toward reserve targeting.

b. A federal funds rate operating target would have advantages if the FOMC wished to provide more scope for being accommodative to variations in money demand, either because of uncertainties about the proper path of money growth within its longer-run target band or because of a belief that money demand disturbances are more likely to occur than disturbances in the market for goods and services.

c. The federal funds rate range under the current reserve operating procedure has been much wider than under the earlier funds-rate-targeting regime. Moreover, the range under the new procedure has generally been changed as the limits were approached—a practice that has been consistent with evidence suggesting that a wide range of variation in the funds rate is a by-product of efforts to attain tight control of the money supply. In that context, a relatively narrow acceptable funds rate range would only have advantages in the degree that the FOMC (1) felt more scope could be given in a particular period, for one reason or another, to variations of money from a pre-set target, or (2) felt that narrow funds rate limits provided a device that, given the need to make judgments about sources of economic and monetary disturbances, would prompt further assessment of underlying monetary and other conditions by the FOMC in the interval between meetings. □

APPENDIX: Monetary Control Project Staff Papers

Davis, Richard G. "Monetary Aggregates and the Use of Intermediate Targets in Monetary Policy."

Enzler, Jared J. "Economic Disturbances and Monetary Policy Responses."

———— and Lewis Johnson. "Cycles Resulting from Money Stock Targeting."

Greene, Margaret L. "The New Approach to Monetary Policy—A View from the Foreign Exchange Trading Desk at the Federal Reserve Bank of New York."

Johnson, Dana, and others. "Interest Rate Variability under the New Operating Procedures and the Initial Response in Financial Markets."

Keir, Peter. "Impact of Discount Policy Procedures on the Effectiveness of Reserve Targeting."

Levin, Fred J. and Paul Meek. "Implementing the New Procedures: The View from the Trading Desk."

Lindsey, David, and others. "Monetary Control Experience under the New Operating Procedures."

Pierce, David A. "Trend and Noise in the Monetary Aggregates."

Slifman, Lawrence, and Edward McKelvey. "The New Operating Procedures and Economic Activity since October 1979."

Tinsley, Peter A., and others. "Money Market Impacts of Alternative Operating Procedures."

Truman, Edwin M., and others. "The New Federal Reserve Operating Procedure: An External Perspective."

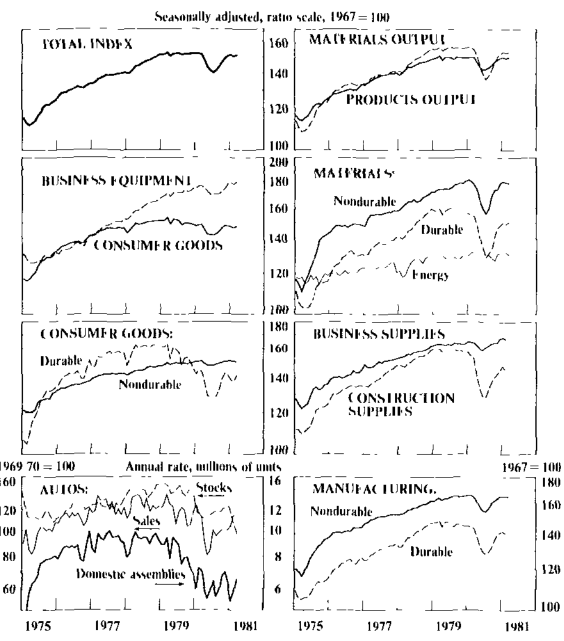
Industrial Production

Released for publication April 15

Industrial production increased an estimated 0.4 percent in March, after a decline of similar magnitude in February. Most of the March gain was due to an increase in the output of autos, trucks, and related parts; changes in other groupings were mixed. At 151.7 percent of the 1967 average, the March index was 8.0 percent above its July 1980 low but slightly below its year-earlier level. Industrial output in the first quarter of 1981 averaged 1.6 percent higher than in the fourth quarter of 1980—a 6.6 percent rise at a compound annual rate.

In market groupings, output of consumer goods increased 0.5 percent in March, reflecting a 7.6 percent rise in automotive products. Autos were assembled at an annual rate of 6.5 million units—about 12 percent more than in February—and output of lightweight trucks for consumer use also rose sharply. Production of home goods, such as appliances, edged up in March, but output of consumer nondurable goods decreased slightly further. Following a small decline in February, output of business equipment advanced 0.8 percent in March; this was due, in large part, to sharp increases in production of building and mining equipment and trucks. Output of construction supplies edged down further and remained more than 5 percent below their level a year earlier.

Total materials output was little changed in March. Durable goods materials increased 0.8



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

Major market groupings

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Mar 1980 to Mar 1981
	1981		1980		1981			
	Feb.p	Mar.e	Nov.	Dec.	Jan	Feb.	Mar.	
Total industrial production	**151.1**	**151.7**	1.7	1.1	.5	−.4	.4	−.3
Products, total	149.6	150.3	1.0	.8	.2	−.4	.5	2
Final products	147.8	148.8	1 2	.5	−.1	.3	.7	.7
Consumer goods	146.9	147.7	1.0	−.2	.3	−.2	.5	−.6
Durable	137.9	141 6	2 4	−1.1	−2.0	.4	2.7	−1.7
Nondurable	150.5	150.2	5	.1	.3	−.1	−.2	−.1
Business equipment	178.0	179.5	1.3	1.9	.4	−.3	.8	1.9
Defense and space	100.7	101.0	1.3	9	.1	−1	.3	4.0
Intermediate products	156.1	156.2	.7	1.7	1.1	−1.1	.1	−1.3
Construction supplies	145.0	144.4	1 6	1.3	1.9	1.6	−.4	−5 2
Materials	153.4	153.7	2.8	1.4	.9	−.3	.2	−1.0

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

Major industry groupings

Grouping	1967 = 100		Percentage change from preceding month					Percentge change, Mar. 1980 to Mar. 1981
	1981		1980		1981			
	Feb.p	Mar.e	Nov.	Dec.	Jan.	Feb.	Mar.	
Manufacturing	150.4	151.0	1.8	1.0	.3	−.5	.4	−.7
Durable	140.1	141.3	2.6	.9	.5	−.9	.9	−1.5
Nondurable	165.2	165.0	.9	1.0	.2	−.1	−.1	.2
Mining	143.3	143.7	3.0	2.4	1.5	1.3	.3	8.0
Utilities	169.7	169.9	6	−.7	.4	−.8	.1	−1.2

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

percent, mainly reflecting increases in the production of parts for consumer durables and for equipment. Output of nondurable goods materials edged down further; and production of energy materials declined, mainly because of strike-related decreases in coal output.

In industry groupings, manufacturing output increased 0.4 percent in March, after a decline of 0.5 percent in February. A 0.9 percent increase in durable goods manufacturing reflected a sizable gain in production of motor vehicles and parts and a moderate increase in machinery output. Production of nondurable goods industries edged down again in March. Due to increases in metal mining and oil and gas extraction, mining production increased slightly, despite decreased coal output. Output of utilities was little changed in March.

Statements to Congress

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. House of Representatives, March 27, 1981.

I am pleased to be here to discuss our shared concerns about the interrelationships of budgetary and monetary policy. I have the distinct impression that there is a broad consensus about the appropriate goals for economic policy, including the priority need for a marked reduction in inflation as a prerequisite for sustained growth in employment, productivity, and real income. The difficult task we have before us is to translate that general consensus into effective action. The administration has provided a firm lead in its program for economic recovery. I hope that our dialogue today will further contribute to this process by enhancing mutual understanding of our needs and policies.

In principle, it is broadly accepted that the objective of monetary policy must be to restrain growth in money and credit as part of the process of turning back inflationary forces. Indeed, the effort to control inflation has, until now, often seemed to rely almost exclusively on monetary policy. The consequence has been higher interest rates and greater strains on our financial fabric and on industries particularly dependent on credit markets than would otherwise be necessary.

There is also understanding that no escape from those financial pressures can be found in expansive monetary policies. In the end, such an approach would only aggravate the very inflationary forces that underlie so many of the difficulties in the economy and in financial markets. What is necessary is that other policies—including most specifically the fiscal decisions that are the province of this committee—be in harmony with the need to deal forcefully with inflation. In particular, I cannot stress too strongly the need to change the strong upward trend in federal spending that has characterized recent years.

As you are painfully aware, inflation is not yet receding. We did avoid a further ratcheting up in the general rate of inflation last year, despite another quantum jump in oil prices and strong wage pressures. But that "holding action" has been accompanied by little growth, on balance, in economic activity since 1979, and unemployment is high in several important sectors of the economy.

Moreover, inflationary expectations are now deeply embedded in public attitudes, as reflected in the practices and policies of individuals and economic institutions. After years of false starts in the effort against inflation, there is widespread skepticism about the prospects for success. Overcoming this legacy of doubt is a critical challenge that must be met in shaping—and in carrying out—all our policies.

Changing both expectations and actual price performance will be difficult. But it is essential if our economic future is to be secure.

Monetary policy inevitably has a crucial role in this effort. It must be—and must be seen to be—consistently directed toward curbing excessive growth in money and credit. Such restraint is inherent in the Federal Reserve's commitment to reduce the growth of money and credit over time until inflationary pressures subside.

Our specific objectives for monetary and credit growth in 1981 were presented to the House and Senate banking committees last month. Without going into detail here, these targets point toward further reductions in the growth of money and credit as compared with the rates of increase in other recent years. In the context of strong inflationary pressures, the targets are intended to be restrictive, as they necessarily must be if there is to be a winding down of the inflationary process.

The need for that basic discipline is common to virtually all schools of economic thought and is, as you know, recognized in the administration's program for economic recovery. The only issue for debate is how vigorously to proceed.

I might also note that our efforts to keep money growth within acceptable bounds will at times be associated with substantial variations in short-term interest rates in response to shifting credit demands, changes in economic activity, or other factors. Increases or declines in short-term rates—such as have occurred recently—are sometimes cited as an indication that Federal Reserve "policy" is changing. But those interpretations are misleading. Those interest rate fluctuations typically reflect shifts in credit demands and expectations about inflation and economic activity, which can be volatile, and should not call into question our intent to maintain firm control on monetary growth over time. At times, with inflation strong and the economy expanding, restraint of money and credit expansion may well be associated with high interest rates. But those high interest rates are fundamentally a reflection of the strength of inflation and excessive credit demands; they are not in themselves a policy objective. Indeed, over time, restraint on money creation should lead to lower, not higher, interest rates as inflation subsides.

It is clear that the process of reducing inflation through monetary restraint can be painful. It implies less money and credit than is needed to support *both* the current rate of inflation and sustained growth of real activity. Obviously, the faster that inflation subsides, the greater will be the scope for real gains in economic activity. Monetary policy is, of course, designed to encourage and speed this disinflationary process. But if strong cost pressures from wage settlements, energy prices, or other factors persist or accelerate, strains in financial markets will be greater than otherwise, and real activity is likely to remain constrained. All of that points up the importance of other aspects of economic policy and, in particular, the stance of fiscal policy, the principal concern of this committee.

The Congress and the administration are now in the process of making a fundamental reappraisal of the conduct of economic policy. The focus of this effort is the administration's far-reaching proposals for tax cuts, spending reductions, and regulatory reforms. The design and success of the program that emerges are critical to the effort to reduce inflation and increase productivity. I personally am encouraged by the initial congressional reactions to the new direction proposed by the administration. There appears to be broad recognition of the nature and urgency of our problems and a willingness to bring to bear a new discipline on spending.

This committee and others will be debating, as you must, the administration's proposals. In my view, it would be inappropriate for me or the Federal Reserve to inject ourselves into consideration of the precise form of the budget and tax cuts. Rather, I will confine myself to some general comments about the overall thrust of the budget and how it interrelates with the problems and purposes of monetary policy.

In that connection, I want to emphasize that my judgments about appropriate budgetary decisions are not heavily dependent on a particular forecast about economic activity over the next year or two. Of course, the actual budget results for any fiscal year are in fact sensitive to what is happening with respect to prices, unemployment, real income, and interest rates. But our ability to forecast these variables with precision is demonstrably limited. The range of uncertainty is probably increased at a time of major new policy initiatives and possible "external" shocks because past relationships may be a less reliable guide to the future.

I know you will need, in the end, to make precise numerical assumptions in presenting the budget. But rather than suggesting precisely which assumptions are most plausible for fiscal 1982, I believe it more important to emphasize certain basic and longer-run considerations that seem to me valid whether or not growth or inflation turns out moderately better or worse next year than a particular forecast might suggest. I emphasize the point because the problems with which we are dealing are fundamental; they have arisen over a long period of years; and the solutions must be geared to the fundamentals rather than to cyclical concerns, which to a considerable degree are unpredictable in any event. Put another way, I believe we have a clear idea of where the major economic and financial risks lie, and now the task is to minimize them.

Among the fundamental considerations is the desirability, from the standpoint of economic performance over time, of tax reduction. I have little doubt that the growing level of taxes—which relative to gross national product is approaching the highest level in our history, even during war—is a factor in slowing growth, adding to inflationary cost pressures, and distorting savings and investment decisions.

There is no dispute among economists that the particular structure of taxes can have important effects on incentives to work, to save, to invest, and to bear risk. Consequently, to the extent taxes can prudently be reduced, it is important that the reductions be designed in a manner to maximize the beneficial effects on incentives. That is why, as I understand it, the administration has urged that tax proposals involving other considerations be deferred.

What limits our ability to reduce taxes is, of course, the potential budgetary deficits—deficits that are already likely to be large in the period immediately ahead. Given restrained growth in money and credit, the sale of Treasury securities to finance a deficit curtails the availability of funds to private borrowers, potentially reducing needed productive investment. As the deficits become larger, the threat of extraordinary pressures and strains on interest rates and financial markets increases, and it is more difficult to control the money supply and inflation. The risks are increased to the extent deficits are incurred when the economy is expanding.

That is why I emphasized at the start the critical importance of cutting back as sharply as possible the inexorable rise in federal spending. In my judgment, that must be the keystone in the arch of any new approach to economic policy—a policy that can offer a real prospect of success in dealing with inflation and in laying the groundwork for lower interest rates and more vigorous growth.

In approaching that job, we should bear in mind the seemingly chronic tendency for actual federal spending to exceed official estimates for future fiscal years. Recent experience in that regard has been particularly disturbing. We have usually been overly optimistic in our assumptions about economic circumstances, overestimating growth in the economy or underestimating inflation. To be sure, there will always be errors in estimates, and in some circumstances—an unexpected recession, for example—a temporary, automatic response of expenditures to deteriorating economic conditions may be appropriate. But not all of the unanticipated expenditure increases reflect new economic circumstances; the tendency has been to add or enlarge programs and to underestimate their expenditure requirements. If history is any guide, spending tends to exceed intentions as we move from initial budgetary planning to actual results, and I would suggest that you appraise the risks in that light.

I would also be cautious, in assessing budgetary prospects, of the view that increased business and personal savings should be looked to as a means of financing a deficit. Savings are exceptionally low today. I share the hope and expectation that new economic policies and declining inflation will restore a more adequate level of savings. But those savings, as and when they materialize, are urgently needed to finance productive investment and housing—they should not be dissipated in financing prolonged huge budgetary deficits.

For all those reasons, considerations of general economic policy suggest *all* the risks lie on the side of cutting expenditures too little. I am acutely aware of the difficulties and constraints that you face—the need to increase defense spending, to protect the truly needy, to pay interest on the national debt, and to maintain strength and continuity in other essential programs. In the broadest sense, those security, social, and other requirements ultimately limit what can be done to reduce spending. But looked at from the standpoint of the need to reduce inflation and to encourage economic growth, you cannot, in my judgment, cut too much. Every added dollar of spending cuts will provide more assurance that needed tax reduction can be accomplished within a prudent budgetary framework. Every step toward a reduced budgetary deficit can only help head off tension in financial markets and make room for private investment.

You know how difficult it has been in practice to achieve a reasonable balance between federal outlays and receipts. The record is clear; only one surplus has occurred in the federal budget in the past 20 years. We will not reach that objective in fiscal 1982. But we must not continue to rationalize decisions that can only have the effect of sustaining huge deficits indefinitely.

In setting the 1982 budget, we can meet two crucial criteria that seem to me implicit in the administration's thinking. First, we can cut back the upward trend in spending and significantly reduce the ratio of spending to the GNP. Second, we can put the budget on a path that realistically will produce balance and move into surplus as the economy returns to levels of unemployment and capacity utilization characteristic of most recent years.

You are well aware that there are no easy choices before you. But the wrong choice, it seems to me, would be to let this opportunity pass to change the direction of federal spending. Then, the risk of prolonging inflation and unsatisfactory economic performance and of great strains in financial markets would be aggravated. Surely, there is room for cutting if there is the will, and the administration's proposals for specific cuts over a broad array of programs point the way.

The Federal Reserve has an indispensable role to play in dealing with inflation. To be effective, we must demonstrate that our own commitment is strong, visible, and sustained. That is our intention. But the effectiveness of our effort depends on complementary fiscal, regulatory, and other government policies. I feel sure that we are in fundamental agreement about those concepts. What remains is to confront unflinchingly the hard decisions that this effort will require. □

Statement by Theodore E. Allison, Staff Director for Federal Reserve Bank Activities, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, March 31, 1981.

I am pleased to present the views of the Federal Reserve Board regarding the Treasury Department's plans to change the metallic composition of the one-cent coin. The Federal Reserve has no objection to the introduction of the zinc-based penny and the eventual replacement of the predominantly copper one.

There are two reasons to support this step. First, because the price of zinc is considerably less than the price of copper, a zinc-based penny will be cheaper to produce. Second, since copper prices fluctuate substantially with cyclical and other developments, we are exposed to the likelihood of recurring speculative demand for copper pennies from time to time, the effect of which would severely limit their availability for monetary use.

In February 1980, demand for pennies was running 87 percent above the same period in 1979. This increase occurred rather suddenly, when copper prices rose from $0.93 per pound in December 1979 to a peak of $1.43 in February 1980. (When the price of copper rises above $1.12 per pound, the total cost to produce a penny exceeds its face value and, at $1.50 per pound, it becomes profitable to melt pennies for their intrinsic value.) Of course, the intentional hoarding of the penny severely reduced supplies available for monetary use. By March 1980, the demand for pennies so greatly exceeded available supplies that the Federal Reserve began to allocate them on a monthly basis. This allocation program has had to be continued throughout 1980 and into 1981 because demand has continued to exceed supplies despite the fact that copper prices are currently less than $0.90 per pound.

The Bureau of the Mint proposes to change the metallic composition of the penny from 95 percent copper and 5 percent zinc to 97.6 percent zinc and 2.4 percent copper. This change in composition should reduce or eliminate the speculative demand for the one-cent coin, since the price of zinc averaged less than $0.45 per pound in 1980. Moreover, the change from copper to zinc will result in a $50 million annual savings in production costs when the conversion is fully implemented, because of the lower price of zinc. Other savings will accrue as well: The zinc penny will weigh less, will use less material, will be cheaper to transport, and can be produced with less energy.

Based on historical experience, the introduction of the new penny may be accompanied by a temporary surge in demand that will subside after numismatic interests are fulfilled. Moreover, because production of the old copper penny will have to continue for awhile, there will also be some increase in its demand for both numismatic and speculative purposes. If it were possible, the mint would build up excess inventories equal to the anticipated temporary surge in demand before the new penny was introduced. This practice worked very successfully when the bicentennial quarter was introduced in 1976, and existing supplies were sufficient to meet numismatic demands as well as needs for monetary use. Unfortunately, the Bureau of the Mint apparently will be unable to generate adequate excess inventories of the new penny to meet all contingencies due to budget constraints and limitations on the availability of the copper-coated zinc blanks. The initial conversion from the old to the new penny will take place just at the San Francisco and West Point mint facilities, which will be able to deliver only 300 million new pennies per month starting in the fall of 1981. Meanwhile, production of 700 million old pennies per month will continue at the Philadelphia and Denver facilities. Since the current demand for pennies is running at around 1.4 billion per month, total production of 1 billion a month will mean continued allocations until full and meaningful increases to production of the zinc penny are completed.

These shortages are unavoidable given the current constraints under which the mint is operating, and it is therefore recommended that the conversion to the new penny take place as soon as possible. While the inventories of copper pennies at the mint and the Reserve Banks are relatively low, we hope they will be sufficient to respond to a moderate increase in demand during the transition period.

Because the mint is considering freezing the 1981 date to increase the supply of the 1981 dated coins, and because the new and old pennies will be identical in appearance, not much numismatic interest is expected. However, a dramatic increase in the price of copper or in attention generated by public discussion could aggravate the shortage.

A minor concern of the Federal Reserve System relates to verifying coin deposits received from the commercial banks that will contain a mix of new and old pennies. At present, the predominant means of verifying coin is by weighing it within certain tolerance ranges. However, this method will no longer be accurate because the new coin is 19 percent lighter. We believe this difficulty can be resolved by statistical sampling of coin deposits.

In evaluating the need for a new penny, the possibility of eliminating pennies as a unit of coinage should be considered. The point is often made that such a step might raise the price level slightly, because some prices might be rounded up to the nearest nickel. However, the effect would not be large or lasting because competitive pressures would result in some rounding down as well as up. There is precedent here and abroad for eliminating outdated coins. For example, the half cent circulated freely from 1793 until 1857, when it was discontinued because it was judged to be nonfunctional. Clearly a half-cent coin was worth more in purchasing power in those years than a penny today. We are not prepared at this time to make a recommendation in this statement, given the political and other aspects involved. But, if the demand for the one-cent coin were to decline significantly in the future, this option would have to be carefully considered.

One other historical event is that during 1943, when copper was at a premium due to the war effort, the composition of the penny was changed from copper to zinc-coated steel. However, since this modified coin was rather unattractive and somewhat resembled the existing dime, it was unpopular with the general public. One lesson to be learned from this experience is that the new penny should be distinct from silver-colored coinage, as it will be.

In summary, the Board supports the mint's proposal to introduce a new zinc-based penny.

Statement by Frederick H. Schultz, Vice Chairman, Board of Governors of the Federal Reserve System, before the Committee on Small Business, U.S. House of Representatives, April 7, 1981.

I am pleased to have the opportunity to participate in these hearings on the effects of monetary policy on small business. At the outset, I want to emphasize that the financing problems of small business are a subject very much on our minds at the Federal Reserve. We recognize that in many key respects small businesses form the backbone of the American economic system, providing much of the employment, investment, technological innovation, and competitive vigor that are so important to the continued vitality of our economy. At the same time, we are aware of the problems small businesses are encountering in the current financial and economic environment. These are the problems that your committee grappled with last year, and in my testimony I will be commenting on the issues raised in the report you published last fall on "Federal Monetary Policy and Its Effect on Small Business."

Although I am glad to participate in your deliberations on these issues, none of us can be pleased that conditions have made it necessary to hold hearings again on the same subject that was of such concern more than a year ago. The reason we are back is, I believe, the result of the continuation and virulence of inflation over the intervening period. Small businesses themselves most frequently list inflation as their number one problem, even ahead of high interest rates, government regulation, and taxation.

It is easy to see why this is so. Businesses—whose survival depends on their ability to earn a reasonable rate of return on their investments—must be able to anticipate changes in product sales and future income flows. The persistence of generally rising prices greatly alters established patterns of spending and saving, and creates an environment in which it is particularly difficult to discern underlying demand and supply relationships. In particular, price adjustments that are frequent and variable undermine the ability of business managers to plan; profit flows are much less predictable; and the risks of undertaking new investments are greatly increased. Small businesses are especially vulnerable to the problems associated with inflation. Unexpected shifts in product demand are likely to be much more devastating to a small firm whose activities typically are concentrated in a narrow range of product lines or in a small geographic area. In addition, the sluggish pace of economic activity that has accompanied recent inflation has made it more difficult to pass through cost increases to customers.

Only by returning to a path of price stability and lower inflationary expectations can this country hope to obtain sound economic growth and the kind of economic environment in which businesses, small and large, can thrive. An essential element in the effort to restore price stability is the Federal Reserve's commitment to a responsible and disciplined monetary policy. Experience over long periods and in many different countries has shown that inflation cannot persist in the absence of rapid monetary growth to support it; it seems only sensible, therefore, that the Federal Reserve work to bring down the pace of money expansion over the long run to noninflationary levels. This is the approach that has governed monetary policy for well over two years now.

Last year, as the Federal Reserve refused to accommodate inflation-fed demands for money and credit, interest rates rose substantially. These rate advances also were given impetus by concerns about inflation, the unexpected resilience of the economy, and the growing federal deficit, factors whose importance cannot be overemphasized. Under circumstances like those prevailing last year, the Federal Reserve could not have attempted to hold down interest rates without abdicating its commitment to achieving targeted growth rates in the monetary aggregates and thus its commitment to a policy that would ultimately result in breaking the inflation spiral.

Unfortunately, experience has shown that when monetary policy carries a disproportionate responsibility for restraining inflationary pressures, the greatest burden falls on those sectors of the economy that are heavily dependent on financial intermediaries for credit—including housing, farmers, and small businesses. There is no question that small businesses have been particularly hard hit by the high level of interest rates. Because they typically have fewer alternative sources of funds, small firms rely heavily on commercial banks for credit, and therefore much of their borrowing is short or intermediate term. As interest rates rise, small firms, which in general already borrow at rates above those extended to larger companies, experience substantial increases in financing costs that are not readily passed on. Inflation, moreover, has greatly enlarged their financing needs, thus in-the bank's costs of funds, the borrower's creditworthiness, and the purpose and terms of the loan: These factors can only be evaluated by the individual institution and the loan terms negotiated between bank and borrower.

Many banks, of course, tie rates on their loans to small businesses to the prime lending rate. The meaning of this practice has been called into question recently by the phenomenon referred to as "below-prime lending." As you are aware, some of the large commercial banks have made a sizable share of their loans at interest rates that are below prime. Indeed, our most recent data indicate that about 70 percent of loans extended in the first week of February at a selected sample of the nation's largest banks were at rates below prime. Thus, the prime rate no longer seems to be the lowest rate offered to prime or best business customers—as it was in the past.

In a study of below-prime lending by the Federal Reserve staff, however, it was clearly demonstrated that loans at these discounted rates are of a different nature than ordinary business loans. They tend to be very large loans that are extended for very short time periods, with rates that are tied to money market rates. In essence, they are loans designed to compete with commercial paper issuance as a source of short-term financing for very large corporations. This suggests that the prime rate may still be a relevant concept for the traditional type of business loan and that discounting below prime need not be construed as an attempt by the banks to mislead their other business customers. Nevertheless, by grouping these different types of business credit under one heading, considerable confusion has arisen. I personally believe the banks would do their customers a great service by choosing different terminology to distinguish these lending rates.

Before concluding, let me suggest some ways in which the Federal Reserve is attempting to understand better and to deal with the financial problems of small businesses directly. First, as a matter of continuing policy, the Board encourages commercial banks to take account of the special needs of their small customers. The vast majority of the banks in this country are themselves small, local, and regional institutions, whose economic well-being is inalterably tied to the health and vitality of their local business communities. Most of these institutions, I am sure, give top priority to the needs of their small business customers. Some large banks also have developed active small business lending programs, and it is likely that such programs would be initiated on a larger scale if bank managements were better informed of demand and potential returns. Our staff and those of the Federal Reserve Banks are working in a variety of ways to learn more about the particular problems of small businesses and about the types of programs that have been instituted.

We are also seeking ways to increase the availability of data on small business financing. As noted in this committee's report, the lack of a substantial data base for small businesses makes it impossible to quantify the impact of changing financial and economic conditions on this sector of the economy. In part the lack of data reflects the difficulty of establishing uniform and useful definitions of "small business;" in addition, the cost of collecting statistically reliable data for this heterogeneous population has appeared prohibitive. There are several projects currently under way, however, that should give us a better indication of what data are needed and the cost of obtaining them. One of these projects—under the guidance of an interagency task force on small business finance—is specifically focusing on the financing needs of small businesses. An important part of the project is an interview survey of small business lending practices at a small sample of banks and other creditors. The results of this survey will be available early next year and should provide some insight into the types of data that might feasibly be collected from such lenders.

In summary, let me assure you that the Federal Reserve has very much in mind the plight of small business firms in the current inflationary environment. We believe, however, that the best course is to pursue with diligence those policies that will return us to a world of price stability. Any sign that the Federal Reserve is turning away from its commitment to monetary restraint would seriously undermine the credibility of our fight against inflation, set back the progress that has been made, and make it much more difficult to break the embedded inflationary psychology.

At the same time, it is essential that the burden of restraining inflation not rest solely on monetary policy. The Congress, along with the administration, has at hand one of the most important means for reducing the strains on private financial markets—that means is the implementation of prudent and disciplined budgetary policies. A large volume of government borrowing associated with huge federal deficits such as we have had in recent years both raises the cost and reduces the availability of funds to private borrowers—the impact of this is most pronounced on housing and small business finance. I strongly support the administration's efforts to reduce the growth of budget outlays and the size of the deficit, and ask that the Congress give these proposals serious consideration. I would be gravely concerned, however, if the benefits achieved in budget cuts were dissipated in excessive tax reductions so that the financing needs of the government remained large. Such a course would worsen rather than ease the financial pressures facing private businesses and all borrowers.

While the process of reducing the grip of inflation will require painful adjustments by all sectors of the economy for some time to come, I feel confident that adherence to our monetary goals, accompanied by responsible fiscal policy, will lead us to the kind of stable financial and economic environment in which businesses can operate efficiently and productively. □

Announcements

NEW REGULATION Z

The Federal Reserve Board on March 26, 1981, issued a restructured, shortened, and simplified version of its Regulation Z, to implement the Truth in Lending Simplification and Reform Act.[1]

New Regulation Z covers the Truth in Lending and Fair Credit Billing Acts.[2] As part of its simplification of Regulation Z, the Board removed from the regulation the sections dealing with the Consumer Leasing Act[2] and issued them as a separate Regulation M.[3] At the same time, the Board suggested, in letters to the chairmen of the House and Senate banking committees, that the Consumer Leasing Act be simplified. Pending congressional action, the Board suspended efforts it had begun to simplify its consumer leasing rules.

In issuing its new Regulation Z the Board emphasized that it expects the simplified rules for disclosure of the full cost of borrowing to help both consumers and creditors:

> The revised act and regulation reflect a growing concern in the Congress and elsewhere that Truth in Lending has not completely fulfilled its original purposes. In the last decade, surveys indicate that Truth in Lending has heightened consumers' awareness and understanding of the cost and terms of consumer credit transactions. However, during the same period, it has become increasingly evident that the act, as then implemented, imposed highly complex and technical requirements on creditors, produced disclosures that sometimes obscured the important information to consumers, and generated costly and burdensome litigation over technical interpretation of the regulation.
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> The revised regulation addresses these concerns in its emphasis on disclosure of essential credit information in a straightforward manner, and on reduction in the number of technical disclosure burdens placed on creditors. The regulation's focus on simplified disclosure of material terms should benefit consumers by providing a more useful basis for credit decisions, and creditors by reducing the difficulty of compliance.

As required by the Truth in Lending Simplification Act, new Regulation Z was effective April 1, 1981. The Board gave creditors the option of continuing to comply with the existing regulation until March 31, 1982. This provides time for both creditors and borrowers to become familiar with the new regulation, for changes to the use of new disclosure forms, and for reprogramming of computers and retraining of personnel.

To make compliance with the new rules easier—and in this way to assist the public by encouraging compliance—the Board provided, in the new regulation, a series of standard disclosure forms. Proper use of these forms will assure compliance. The new forms were developed with particular attention to the use of plain, nontechnical language, and are available on request from the Federal Reserve Board, Banks, or Branches.

The principal changes in the new regulation, together with related current rules and reasons for the changes, are shown in the accompanying table.

The Board began work on simplification of Regulation Z in 1977. The Simplification Act was enacted following Board suggestions that the basic statute be changed to make possible substantial simplification of the implementing regulation. The final simplified rules issued by the Board reflect provisions of the new law and consideration of some 1,000 comments received on draft regulations twice proposed for public comment during 1980. In its final form, the Board's new Regulation Z is some 40 percent shorter than the current regulation; it is restructured to make it easier to use; its language has been revised in the interests of simplicity and readability; and under the Board's Regulatory Improvement Project, a review of all Federal

1. Title VI of the Depository Institutions Deregulation and Monetary Control Act of 1980.
2. Contained in Title I of the Consumer Credit Protection Act of 1968.
3. The text of new Regulation Z and of Regulation M, (consolidating the Board's rules under the Consumer Leasing Act) may be obtained upon request from the Federal Reserve Board or from the Federal Reserve Banks or Branches.

creasing their exposure to changes in credit market conditions and perhaps increasing the risk premiums they must pay for borrowed funds.

On balance, 1980 was not a good year for the economy in general and for small business in particular. Not only did interest rates move to unprecedented levels last year, but they also behaved in an extraordinarily irregular and volatile fashion. Such abrupt swings in the level of activity and financial conditions obviously create serious planning and adjustment problems for businesses; small businesses probably find it particularly difficult in the short run to alter operating or financing practices in response to such rapid changes in the environment. A number of factors contributed to the unusually sharp fluctuations in rates last year, not the least of which was the imposition of credit controls last March, which had a profound impact on developments in the spring and summer. And demands for money and credit fluctuated widely in response to exceptional movements in real activity—including one of the sharpest declines in output on record in the second quarter followed by a surprisingly strong rebound in the third.

Although 1981 should have less violent ups and downs, I certainly cannot assure you that the months just ahead will offer a substantial improvement in overall economic conditions. We at the Federal Reserve believe we have embarked on a course that will eventually reduce inflation and interest rates. But this will take time and we recognize that, in the interim, there could be considerable discomfort for many as we move to a noninflationary environment. Inflation has become deeply embedded in our economic system, and there is no painless way out of our predicament. In these circumstances, as we ponder specific efforts that might smooth the transition, it is unfortunately easier to state what we ought *not* to do than it is to suggest what should be done.

The question of interest rate volatility, for example, is very troublesome, but the small amount of additional short-run interest volatility that may be resulting from the Federal Reserve's monetary control techniques must be weighed against the advantages of better control over the monetary aggregates. To seek to stabilize interest rates by accommodating shifts in money and credit demands can produce dangerous deviations from targeted growth rates of the money supply and make it more difficult to achieve noninflationary growth of money and credit over time. And in the process it can increase the cyclical movements in rates that are far more significant in their effects on the economy.

Similarly, many have called for the monetary authorities to lower interest rates, but we see this as a transitory short-run response that in the long run would be detrimental to our financial well-being. Although the Federal Reserve might be successful in temporarily lowering short-term rates by pouring reserves into the system and by increasing growth of the money stock, such a policy would only serve to exacerbate inflationary pressures and produce even higher interest rates down the road.

It also would be extremely unwise for the Federal Reserve to get into the business of setting guidelines or reserve allocation schemes designed to channel credit flows to specific sectors. Our experience with the credit restraint program last year reinforces our reluctance in this regard. I can assure you that administering these controls proved to be a task filled with intractable problems. The program was designed to rely as much as possible on market forces, given the basic objectives of the administration's anti-inflation effort, yet it demonstrated all too plainly how difficult it is to implement desired credit allocation policies. Business decisionmaking is distorted in unanticipated and unintended ways. Inequities multiply and require an unending chain of exemptions and qualifications. In the short run, the confusion and uncertainty are damaging to the economy; in the long run, the market devises ways of circumventing the controls; and in the meanwhile, attention may be diverted from the fundamental policies needed to achieve economic stability.

Nor should the Federal Reserve get involved in setting terms on credit, such as requiring banks to maintain dual prime lending rates. We believe that the lending institutions are best able to determine the requirements of their customers and their own abilities to service those needs. The lending rate appropriate for any particular loan will vary depending, among other things, on

Current rule	Change	Reason
1. The regulation applies to "creditors" who in the "ordinary course of business regularly extend or arrange for the extension of consumer credit."	"Creditor" defined as person who extends credit more than 25 times a year (or more than 5 times in the case of transactions secured by a dwelling)	To avoid the imprecision of "ordinary course of business" and "regularly extends" and the need for further regulatory material.
2. Loans made by trusts, or arranged by banks from trusts, are covered if made "regularly in the ordinary course of business."	The 25-transaction test for determining whether creditors are covered would be applied to individual trusts, thereby excluding many trust loans	Trust loans are usually made on preferential terms, usually to trust beneficiaries, and due to their infrequency it is a substantial regulatory burden to maintain procedures, training, and forms for isolated trust department loans The proposal would reduce the burden but still cover large trust plans such as employee benefit trusts.
3. Unusual transactions that may have aspects of credit, but that do not lend themselves to disclosures without complex rules, are covered—for example, *layaway plans, letters of credit, and utility "budget plans"*	Exclude these transactions from coverage.	To remove a source of unnecessary regulatory detail and burden in situations where disclosures are not particularly meaningful
4 Loans to finance rental property are covered if the property is a "personal" investment as opposed to a "business or commercial" activity.	A clean test is substituted for the current distinction between "personal" as opposed to "business" investment. Loans to finance rental property that is not owner-occupied (or expected to be owner-occupied within 1 year) are excluded. Loans for rental property containing three or more units are excluded even if one unit is occupied by the owner.	Current rule is ambiguous, causing uncertainty and necessitating interpretative opinions about what is "personal" and what is "business"
5. Credit for which no finance charge is imposed is covered if it is payable by agreement in more than four installments. This has been deemed to include *informal* arrangements.	Coverage limited to *written* agreements unless a finance charge is involved. All agreements involving a finance charge continue to be covered.	To exclude informal arrangements not involving a finance charge, such as those frequently made by hospitals, doctors, dentists, small tradespeople, and others as an accommodation to their customers.
6. "Consummation," the time by which disclosures must be made, has been interpreted as occurring when the customer is under "economic coercion" to go forward with the transaction—for example, by having paid a nonrefundable fee	"Consummation" defined as a time when a contractual relationship is created under state law between the parties.	The "economic coercion" line of analysis causes uncertainty and necessitates interpretative opinions
7. Disclosures must be made on the basis of the "understanding" between the parties, even if at variance from the legal obligation	Disclosures based on the legally enforceable obligation.	To avoid uncertainties produced by disclosure based upon informal terms of repayment.
8. Creditors must redisclose before consummation if early disclosures become inaccurate.	Creditors that make early disclosures must redisclose only if the annual percentage rate varies by more than specified percentage.	To provide incentive for early disclosures in order to facilitate credit shopping, while assuring consumer of notice about significant change in cost of credit.
9. New disclosures required when any consumer credit transaction is assumed by another customer.	New disclosures required only in assumption of residential mortgage transaction	To limit redisclosure responsibilities to those assumptions in which consumer is most likely to compare credit sources.
10. Most changes in terms on outstanding obligations are considered "refinancings" requiring all new disclosures.	"Refinancing" redefined to include only those agreements that satisfy an old debt and replace it with a new obligation.	Removes source of regulatory complexity in identifying which changes in terms constitute refinancing. Also focuses disclosure on what is likely to be a credit shopping point.
11. Required terminology is specified in open-end disclosures in addition to the "annual percentage rate" and "finance charge"—for example, the "previous balance," "new balance," "payments," and "periodic rate."	Eliminate terminology requirements other than "annual percentage rate" and "finance charge"	Terminology requirements are a source of regulatory detail and technical violation and are not mandated by statute. Uniform open-end terminology is probably now ingrained in the industry anyway
12. The minimum payment is a required disclosure in the initial open-end credit disclosures.	Eliminate this requirement	Not required by the statute, and will be disclosed in most cases anyway
13. Minimum finance charges must be disclosed on periodic statements as a reminder to consumers of the charges that *may* be imposed, even if the charges are not imposed during the billing cycle.	Minimum and other flat charges must be disclosed only if they were, in fact, imposed during the billing cycle.	Periodic statement overloaded with information, no statutory requirement to remind consumers of a minimum or other types of flat charges

Current rule	Change	Reason
14. Debit cards assessing a deposit account with overdraft credit privileges are subject to "credit card" provision making issuer responsible for merchandise claims against the merchant	Such cards are exempt from this rule.	Applying this provision to debit cards presents operational problems and probably exceeds congressional intent
15. To impose $50 liability for unauthorized use of a credit card, card issuer must have disclosed potential liability, either on card or within two years prior to unauthorized use. Disclosure must include liability limit, fact that notice of loss or theft may be oral or written, and address for receiving notice	Disclosure can be given at any time prior to unauthorized use, and need not state an address so long as some means of receiving notice (for example, telephone number) is given	Statute does not require anything more.
16. In irregular transactions, although certain APR tolerances are permitted, these are limited to several slight irregularities and have no application to the majority of complex transactions	Provide a tolerance of ¼ to 1 percent for any transactions involving multiple advances or irregular payments	To reduce regulatory complexity and calculation difficulties
17. No tolerance for finance charge disclosure	A *de minimis* tolerance is provided, $5 if amount financed is $1,000 or less, $10 if more than $1,000.	To provide tolerance for minor mistakes, as permitted by the act, while protecting consumers against significant understatements.
18. Creditor must disclose certain sums as "required deposit balances" and take them into account in calculating APR.	Credit need only disclose that a required deposit has not been factored into APR calculation.	Eliminates need for complicated APR computation, while still apprising consumers of effect of deposit on cost of credit
19. Creditors must provide example of effect of variable-rate feature in real estate transactions, based on ¼ of 1 percent immediate increase	Creditors must give example (designed by the creditor) of variable-rate feature in any closed-end transaction.	To help consumers better understand potential effect of variable-rate feature on payment schedule. Representative example designed by creditor will make compliance easier
20. Itemization of amount financed *must* be provided in all transactions. (Under the simplification amendments to the statute, itemization *need* only be provided if the customer requests it.)	In transactions subject to the Real Estate Settlement Procedures Act (virtually all home purchase transactions) the RESPA closing cost disclosures would be deemed to satisfy the Truth in Lending itemization requirements	Eliminates redundant disclosures and reduces federally required paperwork
21. "Points" paid by the *seller* in a real estate transaction must be included in the finance charge if paid, indirectly, by the purchaser through an increase in purchase.	Exclude *seller's* points from the finance charge in all cases. Points paid by the buyer of the house would continue to be disclosed as part of the finance charge	To avoid difficulty in determining whether purchase prices have been specifically increased to cover seller's points. Also, to simplify disclosures
22. Total cost of insurance must be disclosed in closed-end credit (rather than unit cost—e.g., $1 per $1,000 of "amount financed") to exclude it from the finance charge.	Allow unit cost disclosure in a limited number of closed-end transactions (e.g., those made by mail or phone).	Current rule can be burdensome in some cases.
23. Certain minor disclosures are required with specified language—e.g., "pickup payment," "balloon payment," "trade-in."	Deletion of requirements	To omit detail with no substantive loss to consumers
24. Where there are advances under a closed-end credit line, the dates of the advances must be estimated and a single disclosure made	The creditor may either treat the arrangement as a single transaction or, alternatively, make disclosures for each draw under the line.	To recognize that individual circumstances, best known to the creditor, may make one disclosure method or the other more meaningful and easier to compute.
25. A single integrated disclosure is required for construction loans involving advances during construction and a set amortization schedule after construction is completed.	At the creditor's option, the transaction may be divided into two segments for disclosure—one for the construction phase and one for the amortization	To remove need for complicated calculations required to integrate construction advances with amortization schedule, where separate disclosures may also be useful to consumers
26. Extended disclosure of security interests and other terms relevant to postconsummation events like default and prepayment	Elimination of disclosure details such as whether security interest applies to "after-acquired" property.	To remove unnecessary technical material that does not aid credit shopping, complicates disclosures, and causes unproductive litigation
27. The three-day right of rescission where a home is used as security (which requires that no funds be disbursed during the period) may be waived only if the delay "will jeopardize welfare, health, or safety or endanger property."	Waiver may be made simply if consumer determines there is a "bona fide personal financial emergency" (the statutory language).	To allow customers to obtain their money promptly (for example, from a second mortgage). Protection from overreaching is still provided since the use of preprinted forms to request a waiver is prohibited.

Current rule	Change	Reason
28 Specific rules apply for treatment of "cash rebates" from the creditor or the manufacturer.	At the creditor's option, cash rebates need not be incorporated into disclosures	To avoid necessity for complex rules covering great variety of cash rebate situations
29 In credit advertising an example of a specific payment schedule must be shown	Creditors are given more flexibility in showing terms of repayment in ads	To allow creditor to determine most appropriate way to describe its own plan
30 Disclosure must be given in certain type size, in certain locations, and not on more than one page in open-end credit.	These requirements are deleted	To reduce regulatory detail that inhibited creditor flexibility and raised numerous interpretive issues
31. Creditors may make inconsistent state-required disclosures, provided they are so labeled.	Creditor may not give a state disclosure if Board determines it directly contradicts federal disclosures	Avoids broad preemption (which Congress apparently rejected) of state disclosure laws, and permits creditors to continue to use integrated disclosure/contract forms.

Reserve regulations, it has been examined line by line to eliminate nonessential provisions and to improve and modernize the regulation in other respects.

The Board will publish in the near future a commentary on the regulation to provide guidance on its use and to incorporate certain detailed material now in the existing regulation. The commentary will deal with the substance of some 1,500 staff interpretations issued over the past decade. These interpretations will be rescinded effective April 1, 1982.

The Board said it had these principal objectives in revising and simplifying Regulation Z:

1. To reduce substantially the burden of compliance.
2. To assist small creditors, such as those many consumers rely on, by streamlining regulatory requirements and by providing additional guidance in the interpretive commentary that will accompany the new regulation.
3. To assist the majority of consumers by focusing the regulation on material disclosures and the dominant objectives of the law.
4. To make the revised and simplified regulation a model of rational regulation under consumer credit protection laws.

The revised regulation is characterized by the following:

1. Exemption of a number of types of transactions covered by the existing regulation, including many informal credit arrangements by doctors, hospitals, and small merchants; level-payment plans by fuel dealers; retail layaway plans; many refinancings of debts; and work-out agreements for delinquent debts.
2. Deletion of a good deal of detail, such as much required specified terminology and specifications for type size and location of disclosures.
3. Increased flexibility in a number of ways, including allowing disclosure of interim and permanent construction financing as a single transaction or as two transactions; allowing a single disclosure when a transaction combines both credit sale and loan features; and permitting advances made under a loan agreement to be disclosed separately or as a single transaction.
4. Direct reduction of the burden of compliance for creditors (which is reflected in costs to the consumer) in such ways as permitting compliance with relevant requirements of other agencies (for example, compliance with the Department of Housing and Urban Development's disclosure requirements for the amount financed under the Real Estate Settlement Procedures Act) to satisfy certain Truth in Lending requirements, and by simplifying compliance with the requirement for a cooling-off period when credit is advanced involving the use of a residence as collateral.

Fee Schedule for Check Clearing and Collection

The Federal Reserve Board has approved a fee schedule for its commercial check clearing and collection services, effective August 1, 1981.

The Board acted in accordance with the Monetary Control Act of 1980, which requires the Federal Reserve to set fees for System services to depository institutions. The Board published a proposed schedule of fees for check services in August 1980 and adopted its fees for check services after consideration of comment received; it adopted pricing principles and a schedule of fees for other services last December. The fee schedule reflects estimated 1981 direct and indirect costs of providing check clearing and collection services to depository institutions, plus a private sector adjustment factor of 16 percent.

A description of the 1981 fee schedule follows.

The Monetary Control Act of 1980 requires that "over the long run, fees shall be established on the basis of all direct and indirect costs actually incurred in providing the Federal Reserve services priced . . . except that the pricing principles shall give due regard to competitive factors and the provision of an adequate level of such services nationwide." The act also requires that fees for Federal Reserve services take into account "the taxes that would have been paid and the return on capital that would have been provided had the services been furnished by a private business firm." This markup is referred to as the private sector adjustment factor (PSAF).

The proposed fee schedule for Federal Reserve Bank commercial check collection services published by the Board in August 1980 was based on estimates of the full direct and indirect costs during 1980 of providing these services, plus a 12 percent PSAF.

The revised fee schedule for commercial check services, which will become effective on August 1, 1981, when access to these services is opened to all depository institutions, is based on the estimated full direct and indirect costs of providing these services in 1981, plus a 16 percent PSAF, which was adopted by the Board on December 30, 1980, for use in calculating 1981 fee schedules. On average, for all services in all offices, the 1981 fees are 11 percent higher than those published for comment in August 1980 due principally to the higher PSAF added to 1981 costs, operating costs increasing more rapidly than volume from 1980 to 1981, and the substantial increase in the surcharge for consolidated shipments (from 0.44 cent to 0.64 cent per item), which reflects the higher interoffice transportation costs associated with the System's float reduction effort. However, in the revised fee schedule, the PSAF has not been applied to shipping costs because shipping services (interoffice air transportation and intraoffice ground courier deliveries to facilitate presentment) are provided under contract to the Federal Reserve from private companies whose prices include the cost of taxes and financing. Consequently, it would be inappropriate to impose an additional PSAF to such shipping costs.

The 1981 fee schedule was calculated by the Federal Reserve Banks by using a methodology similar to that used to compute the fee schedule published by the Board in August 1980. The methodology was standardized among Federal Reserve districts and offices and the derivation of full costs was based on the Federal Reserve's Planning and Control System (PACS). The cost-accounting principles and procedures used by Reserve Banks are described in System accounting manuals available to the public.

The structure of the 1981 fee schedule differs from those published earlier in one respect: it shows a separate surcharge for consolidated shipments rather than a separate price for each consolidated-shipment deposit type. To calculate the total fee for deposit by consolidated shipment, the surcharge is added to the fee for direct deposits at the collecting Federal Reserve office. Since the consolidated shipment service has been expanded from two to five deposit types, use of the surcharge simplifies the price schedule.

The 1981 fee structure may be regarded as an interim structure in two respects. First, while it covers the deposit types described below, individual Federal Reserve offices may, in 1981, expand or repackage these services within this structure in response to local demand to improve the efficiency of the payments mechanism. For example, the group-sort deposit option may be offered by a greater number of Federal Reserve offices, or additional services may be offered that are combinations of existing services. (The group-sort, consolidated-shipment, and package-sort deposit options may be combined for certain high volume payer bank endpoints so that the Federal Reserve office of first deposit could fine sort the deposit for final presentment in other Federal Reserve office territories.) Second, as stated in the Board's December 30, 1980, notice, this fee structure may be changed in 1982 to price separately return items and to provide price incentives to encourage more efficient utilization of resources in the check clearing and collection service.

Finally, the Federal Reserve Banks, as announced in the Board's August 28, 1980, pricing proposal, are engaged in the three-phase effort to reduce and/or price float. The fee schedule for 1981 does, in fact, reflect the higher costs of operational improvements undertaken in 1981 to reduce float. Further recommendations will be presented to the Board in 1981.

The 1981 fee schedule for commercial check services shown in table 1 is described below.

Service Descriptions[1]

All checks collected through the Federal Reserve must ultimately be presented for payment by the Federal Reserve office responsible for serving the territory in which the paying institution is located. Depository institutions generally have two options for depositing check cash letters with Federal Reserve offices.[2] First, all check cash letters may be deposited at the local

1. This description excludes Federal Reserve processing of U.S. Treasury checks and postal money orders deposited separately.

2. A cash letter contains a listing of individual checks and the packaged checks.

Federal Reserve office (the Federal Reserve office whose territory includes the depositing institution).[3] Second, appropriately sorted cash letters may be deposited at the Federal Reserve office that serves the territory in which the paying institution is located. Not all services described below are available at all offices. An institution should consult with its local Federal Reserve office to ascertain the services available there.

Cash letters deposited at the local Federal Reserve

3. A depositing institution unfamiliar with Federal Reserve territories should contact any Federal Reserve office to determine the name and address of its local Federal Reserve office.

1. Fee schedule for Federal Reserve commercial check services, by types of cash letter deposits,[1] effective August 1, 1981

Cents per item

Sent to Federal Reserve office	Accepted only from institutions located in the territory served by the F.R. office		Accepted at the collecting Federal Reserve office from institutions located in any F.R. office territory[2]				Non-machineable[3]
	Mixed	Other Fed	City	Country or RCPC	Package sort	Group sort	
Boston, Lewiston, Windsor Locks	1.81	4.29	1.60	1.81	.42	1.65	5.54
New York	2.87	5.30	2.74	2.87	47	...	9.04
Buffalo, Jericho, Cranford, Utica	1.66	3.99	1.51	1.66	79	1.46	6.08
Philadelphia	2.30	4.64	1.79	2.30	.87	1.98	5.33
Cleveland, Cincinnati, Pittsburgh, Columbus	1.92	4.16	1.48	1.92	.82		5.12
Richmond	1.85	4.03	1.39	1.85	67	...	5.54
Baltimore	1.97	4.37	1.67	1.97	63	...	5.86
Charlotte	1.50	3.96	1.29	1.50	.49		5.24
Columbia	1.52	4.01	1.37	1.52	.44	...	4.68
Charleston	1.75	4.10	1.40	1.75	52	...	5.30
Atlanta, Birmingham, Jacksonville, Nashville, New Orleans, Miami	1.86	4.15	1.46	1.86	.98		6.13
Chicago	2.94	5.02	2.36	2.94	94	...	6.29
Detroit	1.57	3.98	1.46	1.57	56	...	3.97
Des Moines	1.99	4.17	1.65	1.99	.73	...	5.88
Indianapolis	1.50	3.79	1.24	1.50	48	...	3.23
Milwaukee	1.82	4.06	1.41	1.82	.61		3.59
St. Louis, Little Rock, Louisville, Memphis	2.51	4.54	2.06	2.51	78	...	5.09
Minneapolis, Helena	2.22	4.68	1.80	2.22	.62	2.10	5.60
Kansas City	2.80	4.67	2.12	2.80	.45	.89	7.55
Denver	1.63	3.97	1.24	1.63	.72		7.98
Oklahoma City	1.90	4.11	1.52	1.90	.67		6.94
Omaha	1.76	4.06	1.27	1.76	.46	...	6.26
Dallas, Houston, San Antonio, El Paso	2.22	4.64	1.74	2.22	80	1.64	7.19
San Francisco, Los Angeles, Portland, Salt Lake City, Seattle	1.71	4.12	1.54	1.71	.58	...	7.99
Consolidated shipment surcharge per item for transportation from local Federal Reserve office to collecting Federal Reserve office			.64	.64	.64	.64	.64

1. Depository institutions should consult with their local Federal Reserve office about the availability of check services at any Federal Reserve office, since all services are not available at all offices.

2. Accepted by a Federal Reserve office for presentment to depository institutions located within that Federal Reserve office territory.

3. This fee applies to cash letters that cannot be computer processed by the Federal Reserve. It is not a surcharge. The availability schedule for nonmachineable items is different from the availability schedule for comparable machineable items.

office are referred to generally as intraterritory deposits, while cash letters deposited at other Federal Reserve offices are referred to as interterritory deposits. Interterritory deposits may be (1) delivered to the local Federal Reserve office for shipping as "consolidated shipments" by using transportation provided by the Federal Reserve, or (2) shipped as "direct shipments" to another Federal Reserve office by using transportation provided by the sending depository institution. In all instances, credit for cash letter deposits is posted to accounts held at the local Federal Reserve office of the depository institution even though these cash letters may have been deposited at another Federal Reserve office.

This description of services is not intended as a comprehensive guide on how to use Federal Reserve check collection services. Any depository institution desiring to use Federal Reserve services is urged to consult first with its local Federal Reserve office. A depository institution that has a small number of checks daily for collection may need to become familiar only with the mixed cash letter service offered by its local Federal Reserve office. Any institution wishing to perform some preliminary work such as sorting or interoffice shipping will have to become familiar with all of the services shown in the fee schedule.

The following types of cash letter deposit services are available:

Cash letters accepted only from institutions located within the local Federal Reserve office territory. The fees for the services described below can be found in table 1 by reading across the row of fees listed for each local Federal Reserve office.

"Mixed" cash letters contain unsorted checks that can be any mixture of city, country, and regional check processing center (RCPC) checks. These cash letters may also contain checks drawn on depository institutions in other Federal Reserve territories and U.S. Treasury checks and postal money orders. Each Federal Reserve office has established a maximum number of items (checks or other cash items) that may be included in mixed cash letters.[4] Only depository institutions with cash letter deposits, which on average do not exceed this maximum number of checks, are eligible to deposit mixed cash letters. Credit for checks in mixed cash letters is based on availability as calculated by the local Federal Reserve office.

"Other Fed" cash letters contain checks drawn on depository institutions located in Federal Reserve territories other than the local Federal Reserve territory. Prices for collecting these checks reflect the resources required to sort each check at two Federal Reserve offices and to transport the items between these offices. Other Fed cash letters may be deposited only at the local Federal Reserve office.

Cash letters accepted from institutions located in any Federal Reserve territory. The fees for check cash letter deposits are determined according to the fees for check processing at the collecting Federal Reserve office, and can be found on the fee schedule by (1) location of the office and (2) type of cash letter deposit. For example, items drawn on designated city area institutions within the Boston office territory are "Boston city items" and are identified by routing symbols 0110 or 2110, and the fee is 1.60 cents per item.[5] In contrast, items drawn on institutions located in the Indianapolis office RCPC zone are "Indianapolis RCPC items" and are identified by routing symbols 0749 or 2749, and the fee for such items is 1.50 cents per item. Consolidated shipments are subject to an additional 0.64 cent per item transportation fee.

"City" cash letters contain only checks drawn on depository institutions located within the collecting Federal Reserve office territory assigned city routing symbols. These institutions are generally located in an area that has been designated as the city check-clearing zone by the collecting Federal Reserve office When deposited at the collecting Federal Reserve office, credit for city cash letters is immediate (that is, funds are available on the same day if the cash letter is received prior to the cut-off hour established by the collecting Federal Reserve office).

"RCPC" cash letters contain only checks that are drawn on depository institutions in the collecting Federal Reserve office territory that are located in areas designated as RCPC zones and assigned RCPC routing symbols.[6] RCPC checks drawn on depository institutions in RCPC zones are usually transported by courier from the collecting Federal Reserve office for presentment. When deposited at the collecting Federal Reserve office, credit for RCPC cash letters is immediate (the same business day) if the cash letters are deposited by 12:01 a.m.

"Country" cash letters contain only checks that are drawn on depository institutions located in the collecting Federal Reserve office territory that are assigned country routing symbols. These institutions are located outside the designated city area of the collecting Federal Reserve office and are also outside any RCPC zone. Credit for country cash letters is available one day after timely deposit at the collecting Federal Reserve office.

Each "package-sort" cash letter contains checks drawn only on a single institution located within the

4. An institution desiring to use this service should consult with its local Federal Reserve office for additional information.

5. A routing symbol is defined as the first four digits of the routing transit number. For a listing of routing symbol assignments by deposit type within Federal Reserve territories, depository institutions should contact their local Federal Reserve office for a copy of the booklet entitled "Check Collection, Federal Reserve System." For a detailed discussion of routing numbers, depository institutions should consult the Rand McNally publication, "Key to Routing Numbers."

6. RCPC zones are designated areas within the territories of Federal Reserve offices, but outside Federal Reserve cities. In these zones the Federal Reserve is able to present checks for payment and collection on the same day they are deposited at the local Federal Reserve office.

collecting Federal Reserve office territory and is packaged for delivery to that institution. Reflecting the sorting work done by the depositing institution, Federal Reserve involvement is limited to presentment, settlement, adjustments, and returns. As a result, the fee for package sorts is lower than the fees for all other categories of cash letters at the collecting Federal Reserve, and later cut-off hours are applicable to package-sort cash letters. Credit is passed by the local Federal Reserve office according to the same availability schedule for the type of items contained in the package-sort cash letter (for example, city, country, or RCPC).

Each "group-sort" cash letter contains checks of a specific type (city, RCPC, or country) drawn on two or more depository institutions that are designated by the collecting Federal Reserve office. Because the depositing institution has already done some sorting, this service requires less handling by the Federal Reserve than some other deposit types and the fee reflects this difference. Later cut-off hours are applicable to group-sort cash letters and credit is passed to depositing institutions by the local Federal Reserve office according to the schedule for the type of items in the cash letter—city, RCPC, and country items.

Interterritory cash letters sent to other Federal Reserve offices. Before an attempt is made to use interterritory cash letter deposit services, an institution must obtain authorization from its local Federal Reserve office to assure accurate and timely handling. After obtaining authorization, depositing institutions may send cash letters to the appropriate Federal Reserve office other than the local Federal Reserve office. The purpose of this method of deposit is to improve availability, generally. Such interterritory deposits of cash letters must be destined for the collecting Federal Reserve office; that is, the office responsible for presenting the items in the cash letters to the payer institutions within its territory.

Depositing institutions should consult with their local Federal Reserve office about the availability of each cash letter service at other Federal Reserve offices.

The two ways in which transportation of interterritory deposits can be arranged, consolidated shipments and direct shipments, are described below.

"Consolidated shipment" cash letters are delivered to the local Federal Reserve office for shipment to the collecting Federal Reserve office. Since the items are not processed by the local Federal Reserve office, the total fee for these items is the sum of (1) a surcharge for consolidated shipments to recover the cost of transporting these checks between Federal Reserve offices, and (2) the appropriate item fee at the collecting Federal Reserve office. Cash letters eligible for consolidated shipment are city, RCPC, country, nonmachineable, package-sort, and group-sort. Credit for these deposits is given by the local Federal Reserve office according to availability schedules for consolidated shipments.

"Direct-shipment" (direct sends) cash letters are those for which transportation to the collecting Federal Reserve office is arranged by the depositing institution. Fees for direct-shipment cash letter deposits are the same as fees charged to local depository institutions for the respective class of items at the collecting Federal Reserve office. Cash letters eligible for direct shipment are city, RCPC, country, nonmachineable, package-sort, and group-sort. Credit for these deposits is given by the local Federal Reserve office based on availability schedules for direct shipments.

Nonmachineable cash letter deposits. Nonmachineable cash letters contain checks that were rejected from the reader-sorter equipment of a depositing financial institution, as well as those checks that are mutilated or cannot be computer processed. Fees for nonmachineable checks reflect the additional manual handling required to process these exception items. Credit for nonmachineable checks is generally deferred one day beyond normal availability for the same type check (for example, credit for a city nonmachineable check would be available the day after timely deposit at the collecting Federal Reserve office).

Fee Schedules

Each fee in the check service fee schedule covers receiving, sorting, reconciling, and delivery. These fees do not include charges for special intraoffice deposit arrangements that individual Reserve Banks may establish.

The per-item fees include the costs associated with returns and adjustments. However, consideration is being given to the establishment of separate prices for return items. No charges will be made for postal money orders or U.S. Treasury checks deposited separately because such processing is conducted by the Federal Reserve as part of its fiscal agency responsibilities. When such items are not deposited separately, they will be assessed the same fee as commercial checks deposited in mixed cash letters.

"Collecting Federal Reserve office," as used in table 1, refers to the Federal Reserve office responsible for presenting cash letters to the institutions within its territory. Thus, the local Federal Reserve office would be the collecting Federal Reserve office if the institution on which the checks are drawn is located within the same Federal Reserve territory as the depositing institution.

Meeting of Consumer Advisory Council

The Federal Reserve Board has announced that its Consumer Advisory Council met on April 15–16, 1981.

The Council, with 30 members who represent a broad range of consumer and creditor interests, advises the Board on its responsibilities regarding consumer credit protection legislation. The Council generally meets four times a year.

CHANGE IN BOARD STAFF

The Board of Governors has announced the appointment of David Michael Manies, Assistant Vice President of the Federal Reserve Bank of Kansas City, as Assistant Secretary of the Board for a six-month period beginning April 1, 1981.

Mr. Manies replaces Jefferson Walker, who has returned to the Federal Reserve Bank of Richmond. Mr. Manies holds B.A. and M.A. degrees from the University of Missouri at Kansas City and attended the Colorado School of Banking.

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 April 3, 1981.

The list supersedes the revised list of OTC margin stocks that was issued on October 6, 1980. Changes that have been made in the list, which now includes 1,307 OTC stocks, are as follows: 85 stocks have been included for the first time; 20 stocks previously on the list have been removed for substantially failing to meet the requirements for continued listing; and 62 stocks have been removed because they are now listed on a national securities exchange or because the companies were acquired by another firm.

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

NEW PUBLICATION

The *Annual Statistical Digest, 1971–1979* is now available. This new ten-year *Digest* is designed as a compact source of economic—and especially financial—data. The object is to lighten the burden of assembling time series by providing a single source of historical continuations of the statistics carried regularly in the FEDERAL RESERVE BULLETIN. The *Digest* also offers a continuation of series that formerly appeared regularly in the BULLETIN, as well as certain special, irregular tables that the BULLETIN also once carried. The domestic nonfinancial series included are those for which the Board of Governors is the primary source.

This issue of the *Digest* covers, in general, data for the years 1971 through 1979. It serves to maintain the historical series first published in *Banking and Monetary Statistics, 1941–70,* and for many series it supplants the earlier issues of the *Digest*—for 1971–75, 1972–76, 1973–77, and 1974–78.

Copies of the *Digest* are available from Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $20.00 per copy.

ADMISSION OF STATE BANKS TO MEMBERSHIP IN THE FEDERAL RESERVE SYSTEM

The following banks were admitted to membership in the Federal Reserve System during the period March 11 through April 10, 1981:

California
Simi Valley .... Simi Valley Bank
Colorado
Basalt .... Bank of Basalt
Carbondale .... Roaring Fork Bank
Glenwood .... Valley Bank and Trust
Snowmass .... Bank of Snowmass
Michigan
Kalamazoo ... Old Kent Bank of Kalamazoo
Montana
Bozeman ... First Citizens Bank of Bozeman
Oregon
Newberg .... Newberg State Bank
Texas
McAllen .... Texas State Bank
Virginia
Haysi .... Dickenson-Buchanan Bank
Timberville . Farmers and Merchants Bank of Rockingham

Record of Policy Actions of the Federal Open Market Committee

Meeting Held on February 2–3, 1981

Domestic Policy Directive

The information reviewed at this meeting indicated that real gross national product expanded at a 5 percent annual rate in the fourth quarter. Average prices, as measured by the fixed-weight price index for gross domestic business product, increased at an annual rate of about 9½ percent. Over the year ending in the fourth quarter of 1980, real GNP was unchanged and nominal GNP rose about 9¾ percent.

The index of industrial production rose an estimated 1 percent in December, following substantial gains in each of the four preceding months. By December, the index had regained much of the ground lost earlier in the year. Capacity utilization in manufacturing increased further in December to 79.8 percent, 4.9 percentage points above its July trough but well below earlier peaks.

Nonfarm payroll employment expanded substantially in December for the fifth consecutive month, and the unemployment rate was essentially unchanged at about 7½ percent. Growth in manufacturing employment slowed in December, but the average workweek lengthened 0.3 hour to 40.2 hours.

The dollar value of retail sales declined in December, according to the advance report, after a sizable gain over the preceding six months. Sales of new automobiles were at an annual rate of 9 million units in December, virtually unchanged from the rate in the preceding five months.

The Department of Commerce survey of business spending plans taken in November and December suggested that expenditures for plant and equipment would rise about 10¾ percent in 1981, following an expansion of about 8¼ percent in 1980. After allowance for respondents' expectations for price increases, however, the survey results implied no increase in real outlays for 1981.

In December private housing starts remained at the annual rate of about 1½ million units recorded in the previous three months. Newly issued permits for residential construction declined, and sales of both new and existing houses fell somewhat.

Producer prices of finished goods continued to rise at a rapid pace in December, but the rate of increase over the fourth quarter was considerably below the exceptional pace in the third quarter. Consumer prices also rose at a rapid pace in December, reflecting not only continued sharp advances in food prices and a renewed upsurge in energy prices, but sizable increases in most other categories as well. Over the year ending in December 1980, producer prices of finished goods and consumer prices rose about 11¾ and 12½ percent respectively, compared with increases of about 12½ and 13¼ percent over the preceding year.

Over the last few months of 1980, the rise in the index of average hourly earnings was at about the rapid pace recorded earlier in the year. Over the year 1980 the index was up 9½ percent compared with a rise of about 8 percent over 1979.

In foreign exchange markets the

trade-weighted value of the dollar against major foreign currencies had risen about 3½ percent over the interval since the Committee's meeting in December. There were divergent changes against individual currencies: the dollar appreciated substantially against the German mark and other continental European currencies, and depreciated somewhat against the pound sterling, the Japanese yen, and the Canadian dollar. The U.S. trade deficit in the fourth quarter of 1980 widened from the exceptionally low rate in the third quarter but remained substantially less than the rate in the first half. The value of exports rose slightly in the fourth quarter, but the value of imports increased by a larger amount, mainly as a result of higher oil imports.

At its meeting on December 18–19, the Committee had decided that open market operations in the period until this meeting should be directed toward expansion of reserve aggregates associated with growth of M-1A, M-1B, and M-2 over the first quarter along a path consistent with the ranges for growth in 1981 contemplated in July 1980, abstracting from the effects of shifts into NOW accounts; the midpoints of those ranges were 4¼ percent, 4¾ percent, and 7 percent respectively.[1] The members agreed that some shortfall in growth would be acceptable in the near term if it developed in the context of reduced pressures in the money market. If it appeared during the period before the next regular meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 15 to 20 percent were likely to be inconsistent with the monetary and related reserve paths, the Manager for Domestic Operations was promptly to notify the Chairman, who would then decide whether the situation called for supplementary instructions from the Committee.

During the course of the intermeeting period, incoming data for the latter part of December and subsequent weeks indicated that a shortfall in growth of the monetary aggregates, after adjustment for the estimated effects of shifts into NOW accounts, had developed from the short-run objectives set forth by the Committee. Required reserves contracted in relation to the supply of reserves being made available through open market operations. After the turn of the year, member bank borrowings declined; they averaged about $1.2 billion in the two weeks ending January 14, compared with about $1.6 billion in the preceding four weeks. Nevertheless, the federal funds rate remained in a range of 19 to 20 percent, perhaps in part because of unusually strong demands for excess reserves and an inclination of some banks to increase their overnight borrowings in the funds market in expectation of near-term declines in interest rates. Borrowings moved up to an average of $1.8 billion in the statement week ending January 28, while the funds rate declined to a range of 17 to 18 percent in the days preceding this meeting.

M-1A and M-1B declined in December at annual rates of about 11 percent and 9 percent respectively. Growth in these aggregates in January was affected greatly by the introduction of NOW accounts on a nationwide basis as of December 31, 1980. It had been anticipated that shifts into NOW accounts would significantly retard the growth of M-1A

1. M-1A comprises demand deposits at commercial banks plus currency in circulation. M-1B comprises M-1A plus negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks. M-2 contains M-1B and savings and small-denomination time deposits at all depository institutions, overnight repurchase agreements (RPs) at commercial banks, overnight Eurodollars held at Caribbean branches of member banks by U.S. residents other than banks, and money market mutual fund shares.

and enhance the growth of M-1B during 1981. Such shifts during the first few weeks of the year were much larger than generally had been expected, and available data suggested a very sharp decline in M-1A in January and a substantial rise in M-1B. However, after adjustment for shifts into NOW accounts based on surveys of commercial banks and other data, both M-1A and M-1B were estimated to have risen moderately in January.

Growth in M-2 slowed markedly in December to an annual rate of about $2\frac{3}{4}$ percent. Growth apparently accelerated to a relatively rapid rate in January, however, as money market mutual fund shares posted a sizable increase and growth in small- and large-denomination time deposits remained substantial.

Growth in total credit outstanding at U.S. commercial banks slowed somewhat in December from the rapid pace of other recent months. The slowing reflected a deceleration in the pace of investment acquisitions and in expansion of loans, including business loans. However, the moderation in the growth of business loans at commercial banks was accompanied by stepped-up issuance of commercial paper and longer-run debt instruments by nonfinancial businesses. For the period from the fourth quarter of 1979 to the fourth quarter of 1980 total commercial bank credit grew at an annual rate of 7.9 percent, well within the 6 to 9 percent range adopted by the Committee for the year.

Market interest rates fluctuated considerably over the intermeeting period but declined on balance from their mid-December highs. At the time of this meeting, short-term rates were down about $2\frac{1}{4}$ to $4\frac{1}{2}$ percentage points and long-term rates about $\frac{1}{2}$ to 1 percentage point from their December peaks. During the intermeeting interval, the prime rate charged by commercial banks on short-term business loans was raised to a record $21\frac{1}{2}$ percent and subsequently reduced to 20 percent. In home mortgage markets, average rates on new commitments for fixed-rate loans at savings and loan associations reached 14.95 percent in the latter part of December and edged off slightly in subsequent weeks.

The staff projections presented at this meeting suggested that the buoyancy of economic activity in the final quarter of 1980 would extend into the first quarter of the new year but that over the four quarters of 1981 real GNP would change little for the second consecutive year. Such a sluggish performance of the economy would be associated with an increase in the rate of unemployment during 1981. The rise in the fixed-weight price index for gross domestic business product was projected to remain rapid, although not quite so rapid in the second half of the year as in the first half.

In the Committee's discussion of the economic situation and outlook, members continued to stress the difficulties of forecasting output and prices in the current environment of high inflation and volatile expectations, and they recognized also the uncertainties surrounding the implementation of the fiscal and other economic policies soon to be announced by the new administration inaugurated on January 20. In response to a request to set forth their views concerning the outlook, a number of members expressed the opinion that the most likely outcome for the period through the fourth quarter of 1981 was little change in real GNP with a significant increase in the unemployment rate, as projected by the staff. Other members anticipated a small rise in real GNP over the year, generally with somewhat less increase in unemployment, and two members projected a small decline in real GNP with a larger increase in unemployment. All of the members expected continuation of a high rate of inflation over the year, although the anticipated rates of increase differed.

At this meeting, the Committee completed the review, begun at the meeting in December 1980, of the ranges for growth of monetary aggregates over the period from the fourth quarter of 1980 to the fourth quarter of 1981 within the framework of the Full Employment and Balanced Growth Act of 1978. At its meeting in July 1980, the Committee had reaffirmed ranges for growth over the year ending in the fourth quarter of 1980 of 3½ to 6 percent for M-1A, 4 to 6½ percent for M-1B, 6 to 9 percent for M-2, and 6½ to 9½ percent for M-3, with an associated range of 6 to 9 percent for growth of commercial bank credit.[2] For the year ending in the fourth quarter of 1981, the Committee had tentatively indicated reductions on the order of ½ percentage point in the ranges for growth of M-1A, M-1B, and M-2, abstracting from institutional influences affecting the behavior of the aggregates.

In reviewing the ranges for monetary growth in 1981, the Committee noted that from the fourth quarter of 1979 to the fourth quarter of 1980, M-1A grew 5 percent; M-1B, 7¼ percent; M-2, 9¾ percent; and M-3, 10 percent. For M-1A and M-1B, however, actual growth in 1980 was not comparable to the Committee's ranges for the year. The ranges had been established on the assumption of virtually no further shifts into ATS–NOW accounts from demand and other accounts; but as the year progressed, and particularly after passage of the Monetary Control Act, further significant shifts became apparent. Taking account of the estimated effects of such shifts, which have no significance for monetary policy, the basic range for growth of M-1B in 1980 could be adjusted upward by about ½ percentage point and the range for M-1A could be adjusted downward by about 1¼ percentage points. Alternatively, measured growth of M-1A could be adjusted upward to 6¼ percent and that of M-1B adjusted downward to 6¾ percent. With either method of adjustment, growth of each aggregate marginally exceeded the upper bound of its range.

In contemplating ranges for 1981, the Committee continued to face unusual uncertainties concerning the forces affecting monetary growth, in part because of sizable variations evident in the demand for both narrowly and broadly defined money in relation to nominal GNP. In the current year, moreover, relationships among the measured rates of growth for the monetary aggregates were subject to large changes resulting from the introduction of NOW accounts on a nationwide basis as authorized by the Monetary Control Act of 1980. Specifically, shifts into NOW accounts from demand deposits were expected to retard growth of M-1A significantly while shifts from savings deposits and other interest-bearing assets would enhance growth of M-1B. However, estimates of the impact of such shifts on measured growth of the two aggregates could only be tentative, because of the overall size of the shift and uncertainty about the ultimate sources of the funds. In January, the first month after their nationwide authorization, NOW accounts expanded far more than had been anticipated. It was expected that the flow of funds into NOW accounts would subside in coming months, and also that the proportion of the funds representing shifts from demand deposits would be gradually reduced.

Shifts of funds into NOW accounts were not expected to affect growth of the broader monetary aggregates significantly, because virtually all of the funds likely to be shifted into such accounts are already included in M-2. It was anticipated, however, that growth of both M-2 and M-3 would be somewhat

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

stronger in relation to growth of the narrower aggregates, adjusted for the flows into NOW accounts, than projected in July 1980, when ranges for 1981 were first considered. The public has shown an increased preference for holding savings in deposits included in the nontransaction component of M-2, as changes in regulatory ceilings on interest rates have made small time and savings deposits more attractive relative to market instruments and as money market mutual funds have become more popular.

In the Committee's discussion of its objectives for 1981, the members agreed that some further reduction in the ranges for monetary growth, abstracting from the effects of shifts into NOW accounts, was appropriate in line with the longstanding goal of contributing to a reduction in the rate of inflation and providing the basis for restoration of economic stability and sustainable growth in output of goods and services. The members differed somewhat in their views concerning the extent of the reductions that might be made and also about the particular aggregates for which longer-run ranges should be specified.

For M-1A and M-1B, most members favored specification of ranges, abstracting from the NOW account effect, that were ½ percentage point lower than the ranges for 1980. One member advocated a reduction of 1 percentage point, particularly because growth over 1980 had appreciably exceeded the midpoints of the adjusted ranges for that year. Another member preferred not to specify ranges for the narrower monetary aggregates at all, because he believed that the NOW account effects could not be reliably estimated. In the view of one other member, confusion could be lessened by focusing attention entirely on M-1B, because it would be less subject than M-1A to the distorting effects of the flows into NOW accounts.

Members differed somewhat more in their views concerning the broader monetary aggregates, in part because of uncertainty about the potential effects of interest rate relationships on the behavior of the nontransaction component. Reflecting an expectation that growth of the broader aggregates would increase relative to that of the narrower aggregates adjusted for expansion of NOW accounts, a number of members favored specification of ranges slightly higher than those for 1980. However, most members believed that sufficient allowance for the possibility of relatively stronger growth of the broader aggregates would be made by reiterating the 1980 ranges for them in association with ranges for the narrower aggregates that were ½ percentage point lower than those for 1980. In this connection, it was stressed that specification of ranges rather than precise rates for growth over the year inherently provided for some change in relative rates of growth among the monetary aggregates, and that growth of both M-2 and M-3 might well be in the upper portions of their ranges. Even so, growth of the broader aggregates would be less than actual growth in 1980. One member preferred to focus exclusively on the narrower aggregates, not specifying ranges for the broader aggregates.

At the conclusion of the discussion, the Committee decided to specify ranges for growth of M-1A and M-1B, adjusted for the effects of flows into NOW accounts, that were ½ percentage point lower than those for 1980 and to retain the 1980 ranges for M-2 and M-3. Thus, the Committee adopted the following ranges for growth of the monetary aggregates over the period from the fourth quarter of 1980 to the fourth quarter of 1981: M-1A, 3 to 5½ percent; M-1B, 3½ to 6 percent; M-2, 6 to 9 percent; and M-3, 6½ to 9½ percent. The associated range for growth of commercial bank credit was 6 to 9 percent. It was emphasized that at an early date the Committee might wish to reconsider the longer-run ranges in the light of developing conditions and that in any case it would reconsider them in July within the framework of the Full Employment and Balanced Growth Act of 1978. It was understood, moreover, that the distorting effects of shifts into NOW accounts would change during the year and that other short-run factors might cause considerable variation in annual rates of growth from one month to the next and from one quarter to the next. The Committee planned that periodically the staff would provide estimates of the effects that shifts into ATS–NOW accounts were having on the reported data.

The Committee adopted the following ranges for growth in monetary aggregates for the period from the fourth quarter of 1980 to the fourth quarter of 1981, abstracting from the impact of introduction of NOW accounts on a nationwide basis: M-1A, 3 to $5\frac{1}{2}$ percent; M-1B, $3\frac{1}{2}$ to 6 percent; M-2, 6 to 9 percent; and M-3, $6\frac{1}{2}$ to $9\frac{1}{2}$ percent. The associated range for bank credit is 6 to 9 percent.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Roos, Schultz, Solomon, Mrs. Teeters, and Mr. Winn. Vote against this action: Mr. Wallich.

Mr. Wallich dissented from this action because he thought that the ranges adopted for growth of M-1A and M-1B were too high. He believed that somewhat lower ranges would provide for adequate monetary growth in 1981, because he expected a further downward shift in money demand and also because growth of the monetary aggregates over the past year generally had exceeded the specified ranges.

In reviewing its objectives for monetary growth from December 1980 to March 1981 in light of the ranges adopted for the year from the fourth quarter of 1980 to the fourth quarter of 1981, the Committee took note of the recent behavior of the monetary aggregates. Specifically, growth of the aggregates in both the third and the fourth quarters of 1980 (quarterly average basis) had been strong, more than compensating for the weakness earlier in the year. From the fourth quarter to January 1981, however, the annual rates of growth of M-1A and M-1B had fallen below the lower ends of the ranges for 1981, reflecting the sharp declines in those aggregates in December and the only partial recovery in January.

In that light, the members in general agreed that operations in the period before the next regular meeting scheduled for March 31 should be directed toward a gradual restoration of growth of M-1A and M-1B (adjusted for NOW account effects) to rates consistent with their longer-run ranges. Almost all members were willing to accept continuation of relatively slow growth in relation to the ranges for 1981 at least through March in recognition that it would generally compensate for the rapid growth during the fourth quarter of 1980, which carried growth for the year slightly above the upper bounds of the ranges for the year. They differed somewhat over the acceptable amount of growth. One member preferred to direct operations toward raising growth of the aggregates to the midpoints of their 1981 ranges by March.

In accepting the gradual approach toward encouraging rates of monetary growth consistent with the ranges adopted for 1981, several members commented on the danger of potentially confusing interpretations of policy intentions and also of possible instability in financial markets. It was observed, for example, that efforts to raise monetary growth promptly toward the longer-run paths could have the undesirable consequences of encouraging first relatively rapid growth and then an abrupt deceleration. A few members also suggested that the gradual approach to making up the shortfall would be acceptable provided that it proved to be compatible with relative stability or some easing in money market pressures.

At the conclusion of the discussion, the Committee decided to seek behavior of reserve aggregates associated with growth of M-1A and M-1B over the period from December to March at annual rates of 5 to 6 percent and in M-2 of about 8 percent, abstracting from the impact of flows into NOW accounts. Those rates were associated with growth of M-1A, M-1B, and M-2 from the fourth quarter of 1980 to the first quarter of 1981 at annual rates of about 2 percent, $2^3/_4$ percent, and 7 percent respectively. The members recognized that shifts into NOW accounts would continue to distort measured growth in M-1A and M-1B to an unpredictable extent and that operational paths would have to be developed in the light of evaluation of those distortions. If it appeared during the period before the next regular meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 15 to 20 percent were likely to be inconsistent with the monetary and related reserve paths, the Manager for Domestic Operations was promptly to notify the Chairman, who would then decide whether the situation called for supplementary instructions from the Committee.

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

The information reviewed at this meeting suggests that real GNP expanded substantially in the fourth quarter of 1980 and that prices on the average continued to rise rapidly. In December industrial production and nonfarm payroll employment expanded further, and the unemployment rate was essentially unchanged at about $7^1/_2$ percent. Retail sales declined, however, following a sizable gain over the preceding six months. Housing starts were about unchanged for the third month. Over the last few months of 1980, the rise in the index of average hourly earnings was at about the rapid pace recorded earlier in the year.

The weighted average value of the dollar in exchange markets has risen further over the past six weeks. The U.S. trade deficit in the final quarter of 1980 widened from the exceptionally low rate in the third quarter but remained substantially less than the rate in the first half.

M-1A and M-1B declined sharply in December; in January, after adjustment of the actual figures for the estimated effects of shifts into NOW accounts, these aggregates recovered in part. Growth in M-2 slowed markedly in December but accelerated in January. Some moderation of the expansion in commercial bank credit in December and early January was accompanied by stepped-up financing of nonfinancial businesses through issuance of commercial paper and longer-term debt instruments. Market interest rates have declined on balance from their highs of mid-December.

The Federal Open Market Committee seeks to foster monetary and financial conditions that will help to reduce inflation, encourage economic recovery, and contribute to a sustainable pattern of international transactions. The Committee agreed that these objectives would be furthered by growth of M-1A, M-1B, M-2, and M-3 from the fourth quarter of 1980 to the fourth quarter of 1981 within ranges of 3 to $5^1/_2$ percent, $3^1/_2$ to 6 percent, 6 to 9 percent, and $6^1/_2$ to $9^1/_2$ percent respectively, abstracting from the impact of introduction of NOW accounts on a nationwide basis. The associated range for bank credit was 6 to 9 percent. These ranges will be reconsidered as conditions warrant.

In the short run the Committee seeks behavior of reserve aggregates consistent with growth in M-1A and M-1B from December to March at annual rates of 5 to 6 percent and in M-2 at a rate of about 8 percent, abstracting from the impact of flows into NOW accounts. These rates are associated with growth of M-1A, M-1B, and M-2 from the fourth quarter of 1980 to the first quarter of 1981 at annual rates of about 2 percent, $2^3/_4$ percent, and 7 percent respectively. It is recognized that shifts into NOW accounts will continue to distort measured growth in M-1A and M-1B to an unpredictable extent, and operational reserve paths will be developed in the light of evaluation of those distortions. If it appears during the period before the next meeting that fluctuations in the federal funds rate, taken over a period of time, within a range of 15 to 20 percent are likely to be inconsistent with the monetary and related reserve paths, the Manager for Domestic Operations is promptly to notify the Chairman, who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Roos, Schultz, Solomon, and Winn. Votes against this action: Mrs. Teeters and Mr. Wallich.

Mrs. Teeters dissented from this action because she believed that the specifications adopted for monetary growth over the first quarter were unduly restrictive. She preferred specification of higher rates for monetary growth over the first quarter, consistent with the ranges adopted for monetary growth over the whole year, in association with a lower intermeeting range for the federal funds rate.

Mr. Wallich dissented from this action because he preferred to set a higher range for the federal funds rate in order to help avoid a repetition of the sharp drop in interest rates that had occurred in the second quarter of 1980.

In late February, incoming data indicated that M-1A and M-1B, after adjustment for the estimated effects of shifts into NOW accounts, were growing at rates well below those consistent with the Committee's objectives for the period from December to March. Consequently, member bank demands for reserves had eased in relation to the supply of reserves being made available through open market operations, and member bank borrowings had fallen appreciably. At the same time, growth of M-2 and M-3 appeared to be strong. These developments were associated with a decline in the federal funds rate to around 15 percent, the lower end of the range of 15 to 20 percent specified by the Committee, raising the question of whether the situation called for supplementary instructions from the Committee.

In a telephone conference on February 24, the Committee adopted the following modification of the domestic policy directive adopted on February 3:

In light of the relatively strong growth of M-2 and M-3 and the substantial easing recently in money market conditions, as well as uncertainties about the interpretation of the behavior of M-1, the Committee on February 24 agreed to accept some shortfall in growth of M-1A and M-1B from the specified rates in the domestic policy directive adopted on February 3 as consistent with developments in the aggregates generally and the objectives for the year.

Votes for this action: Messrs. Volcker, Gramley, Guffey, Morris, Partee, Rice, Schultz, Mrs. Teeters, and Mr. Winn. Vote against this action: Mr. Roos. Absent: Messrs. Solomon and Wallich.

Mr. Roos dissented from this action because he believed that it would tend to prolong unduly the shortfall in growth of M-1A and M-1B from the Committee's ranges for the year. In the circumstances, he preferred to reduce the lower limit of the intermeeting range for the federal funds rate in order to encourage a more prompt pickup in growth of the narrowly defined monetary aggregates.

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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 made available a few days after the next regularly scheduled meeting and are later published in the BULLETIN.

Legal Developments

REVISION OF REGULATION Z

The Board of Governors has adopted a complete revision of its Regulation Z (Truth in Lending). The revision implements the Truth in Lending Simplification and Reform Act (Title VI of the Depository Institutions Deregulation and Monetary Control Act of 1980) and substantially alters the requirements and the structure of the current regulation.

The new regulation becomes effective on April 1, 1981, but creditors have the option of continuing to comply with current Regulation Z until March 31, 1982. Beginning April 1, 1982, creditors subject to Regulation Z must comply with the revised regulation.

The Board has consolidated the consumer leasing provisions contained in current Regulation Z, and is publishing them as a separate regulation.

Effective April 1, 1981, Regulation Z is revised to read as set forth below:

Truth in Lending Revised Regulation Z

Subpart A—General

Section 226.1 Authority, purpose, coverage, organization, enforcement and liability.
226.2 Definitions and rules of construction.
226.3 Exempt transactions.
226.4 Finance charge.

Subpart B—Open-End Credit

Section 226.5 General disclosure requirements.
226.6 Initial disclosure statement.
226.7 Periodic statement.
226.8 Identification of transactions.
226.9 Subsequent disclosure requirements.
226.10 Prompt crediting of payments.
226.11 Treatment of credit balances.
226.12 Special credit card provisions.
226.13 Billing error resolution.
226.14 Determination of annual percentage rate.
226.15 Right of rescission.
226.16 Advertising.

Subpart C—Closed-End Credit

Section 226.17 General disclosure requirements.
226.18 Content of disclosures.
226.19 Certain residential mortgage transactions.
226.20 Subsequent disclosure requirements.
226.21 Treatment of credit balances.
226.22 Determination of annual percentage rate.
226.23 Right of rescission.
226.24 Advertising.

Subpart D—Miscellaneous

Section 226.25 Record retention.
226.26 Use of annual percentage rate in oral disclosures.
226.27 Spanish language disclosures.
226.28 Effect on state laws.
226.29 State exemptions.

Appendix A Effect on state laws.
Appendix B State exemptions.
Appendix C Issuance of staff interpretations.
Appendix D Multiple advance construction loans.
Appendix E Rules for card issuers that bill on a transaction-by-transaction basis.
Appendix F Annual percentage rate computations for certain open-end credit plans.
Appendix G Open-end model forms and clauses.
Appendix H Closed-end model forms and clauses.
Appendix I Federal enforcement agencies.
Appendix J Annual percentage rate computations for closed-end credit transactions.

Subpart A—General

Section 226.1—Authority, Purpose, Coverage, Organization, Enforcement and Liability

(a) *Authority*. This regulation, known as Regulation Z, is issued by the Board of Governors of the Federal Reserve System to implement the federal Truth in Lending and Fair Credit Billing Acts, which are contained in Title I of the Consumer Credit Protection Act, as amended (15 U.S.C. 1601 et seq.).

(b) *Purpose.* The purpose of this regulation is to promote the informed use of consumer credit by requiring disclosures about its terms and cost. The regulation also gives consumers the right to cancel certain credit transactions that involve a lien on a consumer's principal dwelling, regulates certain credit card practices, and provides a means for fair and timely resolution of credit billing disputes. The regulation does not govern charges for consumer credit.

(c) *Coverage.*
(1) In general, this regulation applies to each individual or business that offers or extends credit when four conditions are met: (i) the credit is offered or extended to consumers; (ii) the offering or extension of credit is done regularly;[1] (iii) the credit is subject to a finance charge or is payable by a written agreement in more than 4 installments; and (iv) the credit is primarily for personal, family, or household purposes.
(2) If a credit card is involved, however, certain provisions apply even if the credit is not subject to a finance charge, or is not payable by a written agreement in more than 4 installments, or if the credit card is to be used for business purposes.

(d) *Organization.* The regulation is divided into subparts and appendices as follows:
(1) Subpart A contains general information. It sets forth: (i) the authority, purpose, coverage, and organization of the regulation; (ii) the definitions of basic terms; (iii) the transactions that are exempt from coverage; and (iv) the method of determining the finance charge.
(2) Subpart B contains the rules for open-end credit. It requires that initial disclosures and periodic statements be provided. It also describes special rules that apply to credit card transactions, treatment of payments and credit balances, procedures for resolving credit billing errors, annual percentage rate calculations, rescission requirements, and advertising rules.
(3) Subpart C relates to closed-end credit. It contains rules on disclosures, treatment of credit balances, annual percentage rate calculations, rescission requirements, and advertising.
(4) Subpart D contains rules on oral disclosures, Spanish language disclosure in Puerto Rico, record retention, effect on state laws, and state exemptions.
(5) There are several appendices containing information such as the procedures for determinations about state laws, state exemptions and issuance of staff interpretations, special rules for certain kinds of credit plans, a list of enforcement agencies, and the rules for computing annual percentage rates in closed-end credit transactions.

(e) *Enforcement and liability.* Section 108 of the act contains the administrative enforcement provisions. Sections 112, 113, 130, 131, and 134 contain provisions relating to liability for failure to comply with the requirements of the act and the regulation.

Section 226.2—Definitions and Rules of Construction

(a) *Definitions.* For purposes of this regulation, the following definitions apply:

"*Act*" means the Truth in Lending Act (15 U.S.C. 1601 et seq.).

"*Advertisement*" means a commercial message in any medium that promotes, directly or indirectly, a credit transaction.

"*Arranger of credit*" means a person who regularly arranges for the extension of consumer credit[2] by another person if:
(1) A finance charge may be imposed for that credit, or the credit is payable by written agreement in more than 4 installments (not including a downpayment); and
(2) The person extending the credit is not a creditor.

"*Billing cycle*" or "*cycle*" means the interval between the days or dates of regular periodic statements. These intervals shall be equal and no longer than a quarter of a year. An interval will be considered equal if the number of days in the cycle does not vary more than 4 days from the regular day or date of the periodic statement.

"*Board*" means the Board of Governors of the Federal Reserve System.

1. The meaning of "regularly" is explained in the definition of "creditor" in § 226.2(a).

2. A person regularly arranges for the extension of consumer credit only if it arranged credit more than 25 times (or more than 5 times for transactions secured by a dwelling) in the preceding calendar year. If a person did not meet these numerical standards in the preceding calendar year, the numerical standards shall be applied to the current calendar year.

"*Business day*" means a day on which a creditor's offices are open to the public for carrying on substantially all of its business functions. However, for purposes of rescission under §§ 226.15 and 226.23, the term means all calendar days except Sundays and the legal public holidays specified in 5 U.S.C. 6103(a), such as New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, and Christmas Day.

"*Card issuer*" means a person that issues a credit card or that person's agent with respect to the card.

"*Cardholder*" means a natural person to whom a credit card is issued for consumer credit purposes, or a natural person who has agreed with the card issuer to pay consumer credit obligations arising from the issuance of a credit card to another natural person. For purposes of § 226.12(a) and (b), the term includes any person to whom a credit card is issued for any purpose, including business, commercial, or agricultural use, or a person who has agreed with the card issuer to pay obligations arising from the issuance of such a credit card to another person.

"*Cash price*" means the price at which a creditor, in the ordinary course of business, offers to sell for cash the property or service that is the subject of the transaction. At the creditor's option, the term may include the price of accessories, services related to the sale, service contracts and taxes and fees for license, title, and registration. The term does not include any finance charge.

"*Closed-end credit*" means consumer credit other than "open-end credit" as defined in this section.

"*Consumer*" means a cardholder or a natural person to whom comsumer credit is offered or extended. However, for purposes of rescission under §§ 226.15 and 226.23, the term also includes a natural person in whose principal dwelling a security interest is or will be retained or acquired, if that person's ownership interest in the dwelling is or will be subject to the security interest.

"*Consumer credit*" means credit offered or extended to a consumer primarily for personal, family, or household purposes.

"*Consummation*" means the time that a consumer becomes contractually obligated on a credit transaction.

"*Credit*" means the right to defer payment of debt or to incur debt and defer its payment.

"*Credit card*" means any card, plate, coupon book, or other single credit device that may be used from time to time to obtain credit.

"*Credit sale*" means a sale in which the seller is a creditor. The term includes a bailment or lease (unless terminable without penalty at any time by the consumer) under which the consumer:

(1) Agrees to pay as compensation for use a sum substantially equivalent to, or in excess of, the total value of the property and services involved; and

(2) Will become (or has the option to become), for no additional consideration or for nominal consideration, the owner of the property upon compliance with the agreement.

"*Creditor*" means:

(1) A person (i) who regularly extends consumer credit[3] that is subject to a finance charge or is payable by written agreement in more than 4 installments (not including a downpayment), and (ii) to whom the obligation is initially payable, either on the face of the note or contract, or by agreement when there is no note or contract.

(2) An arranger of credit.

(3) For purposes of §§ 226.4(c)(8) (Discounts), 226.9(d) (Finance charge imposed at time of transaction), and 226.12(e) (Prompt notification of returns and crediting of refunds), a person that honors a credit card.

(4) For purposes of Subpart B, any card issuer that extends either open-end credit or credit that is not subject to a finance charge and is not payable by written agreement in more than 4 installments.

(5) For purposes of Subpart B (except for the finance charge disclosures contained in §§ 226.6(a) and 226.7(d) through (g) and the right of rescission set forth in § 226.15) and Subpart C, any card issuer that extends closed-end credit that is subject to a finance charge or is payable by written agreement in more than 4 installments.

"*Downpayment*" means an amount, including the value of any property used as a trade-in, paid to a

3. A person regularly extends consumer credit only if it extended credit more than 25 times (or more than 5 times for transactions secured by a dwelling) in the preceding calendar year. If a person did not meet these numerical standards in the preceding calendar year, the numerical standards shall be applied to the current calendar year

seller to reduce the cash price of goods or services purchased in a credit sale transaction. A deferred portion of a downpayment may be treated as part of the downpayment if it is payable not later than the due date of the second otherwise regularly scheduled payment and is not subject to a finance charge.

"Dwelling" means a residential structure that contains 1 to 4 units, whether or not that structure is attached to real property. The term includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence.

"Open-end credit" means consumer credit extended by a creditor under a plan in which:

(1) The creditor reasonably contemplates repeated transactions;

(2) The creditor may impose a finance charge from time to time on an outstanding unpaid balance; and

(3) The amount of credit that may be extended to the consumer during the term of the plan (up to any limit set by the creditor) is generally made available to the extent that any outstanding balance is repaid.

"Periodic rate" means a rate of finance charge that is or may be imposed by a creditor on a balance for a day, week, month, or other subdivision of a year.

"Person" means a natural person or an organization, including a corporation, partnership, proprietorship, association, cooperative, estate, trust, or government unit.

"Prepaid finance charge" means any finance charge paid separately in cash or by check before or at consummation of a transaction, or withheld from the proceeds of the credit at any time.

"Residential mortgage transaction" means a transaction in which a mortgage, deed of trust, purchase money security interest arising under an installment sales contract, or equivalent consensual security interest is created or retained in the consumer's principal dwelling to finance the acquisition or initial construction of that dwelling.

"Security interest" means an interest in property that secures performance of a consumer credit obligation and that is recognized by state or federal law. It does not include incidental interests such as interests in proceeds, accessions, additions, fixtures, insurance proceeds (whether or not the creditor is a loss payee or beneficiary), premium rebates, or interests in after-acquired property. For purposes of disclosure under §§ 226.6 and 226.18, the term does not include an interest that arises solely by operation of law. However, for purposes of the right of rescission under §§ 226.15 and 226.23, the term does include interests that arise solely by operation of law.

"State" means any state, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.

(b) *Rules of construction.* For purposes of this regulation, the following rules of construction apply:

(1) Where appropriate, the singular form of a word includes the plural form and plural includes singular.

(2) Where the words "obligation" and "transaction" are used in this regulation, they refer to a consumer credit obligation or transaction, depending upon the context. Where the word "credit" is used in this regulation, it means "consumer credit" unless the context clearly indicates otherwise.

(3) Unless defined in this regulation, the words used have the meanings given to them by state law or contract.

(4) Footnotes have the same legal effect as the text of the regulation.

Section 226.3—Exempt Transactions

This regulation does not apply to the following:

(a) *Business, commercial, agricultural, or organizational credit.*

(1) An extension of credit primarily for a business, commercial or agricultural purpose.

(2) An extension of credit to other than a natural person, including credit to government agencies or instrumentalities.[4]

(b) *Credit over $25,000 not secured by real property or a dwelling.* An extension of credit not secured by real property, or by personal property used or expected to be used as the principal dwelling of the consumer, in which the amount financed exceeds $25,000 or in which there is an express written commitment to extend credit in excess of $25,000.

(c) *Public utility credit.* An extension of credit that involves public utility services provided through pipe,

4. Extensions of credit that are exempt under paragraph (a)(1) and (2) remain subject to § 226.12(a) and (b) governing the issuance of credit cards and the liability for their unauthorized use.

wire, other connected facilities, or radio or similar transmission (including extensions of such facilities), if the charges for service, delayed payment, or any discounts for prompt payment are filed with or regulated by any government unit. The financing of durable goods or home improvements by a public utility is not exempt.

(d) *Securities or commodities accounts.* Transactions in securities or commodities accounts in which credit is extended by a broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission.

(e) *Home fuel budget plans.* An installment agreement for the purchase of home fuels in which no finance charge is imposed.

Section 226.4—Finance Charge

(a) *Definition.* The finance charge is the cost of consumer credit as a dollar amount. It includes any charge payable directly or indirectly by the consumer and imposed directly or indirectly by the creditor as an incident to or a condition of the extension of credit. It does not include any charge of a type payable in a comparable cash transaction.

(b) *Examples of finance charges.* The finance charge includes the following types of charges, except for charges specifically excluded by paragraphs (c) through (e) of this section:

(1) Interest, time price differential, and any amount payable under an add-on or discount system of additional charges.
(2) Service, transaction, activity, and carrying charges, including any charge imposed on a checking or other transaction account to the extent that the charge exceeds the charge for a similar account without a credit feature.
(3) Points, loan fees, assumption fees, finder's fees, and similar charges.
(4) Appraisal, investigation, and credit report fees.
(5) Premiums or other charges for any guarantee or insurance protecting the creditor against the consumer's default or other credit loss.
(6) Charges imposed on a creditor by another person for purchasing or accepting a consumer's obligation, if the consumer is required to pay the charges in cash, as an addition to the obligation, or as a deduction from the proceeds of the obligation.
(7) Premiums or other charges for credit life, accident, health, or loss-of-income insurance, written in connection with a credit transaction.
(8) Premiums or other charges for insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, written in connection with a credit transaction.
(9) Discounts for the purpose of inducing payment by a means other than the use of credit.

(c) *Charges excluded from the finance charge.* The following charges are not finance charges:

(1) Application fees charged to all applicants for credit, whether or not credit is actually extended.
(2) Charges for actual unanticipated late payment, for exceeding a credit limit, or for delinquency, default, or a similar occurrence.
(3) Charges imposed by a financial institution for paying items that overdraw an account, unless the payment of such items and the imposition of the charge were previously agreed upon in writing.
(4) Fees charged for participation in a credit plan, whether assessed on an annual or other periodic basis.
(5) Seller's points.
(6) Interest forfeited as a result of an interest reduction required by law on a time deposit used as security for an extension of credit.
(7) The following fees in a transaction secured by real property or in a residential mortgage transaction, if the fees are bona fide and reasonable in amount:
  (i) Fees for title examination, abstract of title, title insurance, property survey, and similar purposes.
  (ii) Fees for preparing deeds, mortgages, and reconveyance, settlement, and similar documents.
  (iii) Notary, appraisal, and credit report fees.
  (iv) Amounts required to be paid into escrow or trustee accounts if the amounts would not otherwise be included in the finance charge.
(8) Discounts offered to induce payment for a purchase by cash, check, or other means, as provided in § 167(b) of the act.

(d) *Insurance.*

(1) Premiums for credit life, accident, health, or loss-of-income insurance may be excluded from the finance charge if the following conditions are met:
  (i) The insurance coverage is not required by the creditor, and this fact is disclosed.
  (ii) The premium for the initial term of insurance coverage is disclosed. If the term of insurance is less than the term of the transaction, the term of insurance also shall be disclosed. The premium may be disclosed on a unit-cost basis only in open-end credit transactions, closed-end credit transactions by mail or telephone under

§ 226.17(g), and certain closed-end credit transactions involving an insurance plan that limits the total amount of indebtedness subject to coverage.
(iii) The consumer signs or initials an affirmative written request for the insurance after receiving the disclosures specified in this paragraph. Any consumer in the transaction may sign or initial the request.

(2) Premiums for insurance against loss of or damage to property, or against liability arising out of the ownership or use of property,[5] may be excluded from the finance charge if the following conditions are met:
(i) The insurance coverage may be obtained from a person of the consumer's choice,[6] and this fact is disclosed.
(ii) If the coverage is obtained from or through the creditor, the premium for the initial term of insurance coverage shall be disclosed. If the term of insurance is less than the term of the transaction, the term of insurance shall also be disclosed. The premium may be disclosed on a unit-cost basis only in open-end credit transactions, closed-end credit transactions by mail or telephone under § 226.17(g), and certain closed-end credit transactions involving an insurance plan that limits the total amount of indebtedness subject to coverage.

(e) *Certain security interest charges.* If itemized and disclosed, the following charges may be excluded from the finance charge:
(1) Taxes and fees prescribed by law that actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, or satisfying a security interest.
(2) The premium for insurance in lieu of perfecting a security interest to the extent that the premium does not exceed the fees described in paragraph (e)(1) of this section that otherwise would be payable.

(f) *Prohibited offsets.* Interest, dividends, or other income received or to be received by the consumer on deposits or investments shall not be deducted in computing the finance charge.

Subpart B—Open-End Credit

Section 226.5—General Disclosure Requirements

(a) *Form of disclosures.*
(1) The creditor shall make the disclosures required by this subpart clearly and conspicuously in writing,[7] in a form that the consumer may keep.[8]
(2) The terms "finance charge" and "annual percentage rate," when required to be disclosed with a corresponding amount or percentage rate, shall be more conspicuous than any other required disclosure.[9]

(b) *Time of disclosures.*

(1) *Initial disclosures.* The creditor shall furnish the initial disclosure statement required by § 226.6 before the first transaction is made under the plan.

(2) *Periodic statements.*
(i) The creditor shall mail or deliver a periodic statement as required by § 226.7 for each billing cycle at the end of which an account has a debit or credit balance of more than $1 or on which a finance charge has been imposed. A periodic statement need not be sent for an account if the creditor deems it uncollectible, or if delinquency collection proceedings have been instituted, or if furnishing the statement would violate federal law.
(ii) The creditor shall mail or deliver the periodic statement at least 14 days prior to any date or the end of any time period required to be disclosed under § 226.7(j) in order for the consumer to avoid an additional finance or other charge.[10] A creditor that fails to meet this requirement shall not collect any finance or other charge imposed as a result of such failure.

(c) *Basis of disclosures and use of estimates.* Disclosures shall reflect the terms of the legal obligation between the parties. If any information necessary for accurate disclosure is unknown to the creditor, it shall make the disclosure based on the best information reasonably available and shall state clearly that the disclosure is an estimate.

(d) *Multiple creditors; multiple consumers.* If the credit plan involves more than one creditor, only one

5. This includes single interest insurance if the insurer waives all right of subrogation against the consumer.
6. A creditor may reserve the right to refuse to accept, for reasonable cause, an insurer offered by the consumer.

7. The disclosure required by § 226.9(d) when a finance charge is imposed at the time of a transaction need not be written.
8. Disclosures made under § 226.10(b) about payment requirements, and the alternative summary billing rights statement provided for in § 226.9(a)(2) need not be in a form that the consumer can keep.
9. The terms need not be more conspicuous when used under § 226.7(d) on periodic statements and in advertisements under § 226.16.
10. This timing requirement does not apply if the creditor is unable to meet the requirement because of an act of God, war, civil disorder, natural disaster, or strike

set of disclosures shall be given, and the creditors shall agree among themselves which creditor must comply with the requirements that this regulation imposes on any or all of them. If there is more than one consumer, the disclosures may be made to any consumer who is primarily liable on the account. If the right of rescission under § 226.15 is applicable, however, the disclosures required by §§ 226.6 and 226.15(b) shall be made to each consumer having the right to rescind.

(e) *Effect of subsequent events.* If a disclosure becomes inaccurate because of an event that occurs after the creditor mails or delivers the disclosures, the resulting inaccuracy is not a violation of this regulation, although new disclosures may be required under § 226.9(c).

Section 226.6—Initial Disclosure Statement

The creditor shall disclose to the consumer, in terminology consistent with that to be used on the periodic statement, each of the following items, to the extent applicable:

(a) *Finance charge.* The circumstances under which a finance charge will be imposed and an explanation of how it will be determined, as follows:

(1) A statement of when finance charges begin to accrue, including an explanation of whether or not any time period exists within which any credit extended may be repaid without incurring a finance charge. If such a time period is provided, a creditor may, at its option and without disclosure, impose no finance charge when payment is received after the time period's expiration.

(2) A disclosure of each periodic rate that may be used to compute the finance charge, the range of balances to which it is applicable,[11] and the corresponding annual percentage rate.[12] When different periodic rates apply to different types of transactions, the types of transactions to which the periodic rates apply shall also be disclosed.

(3) An explanation of the method used to determine the balance on which the finance charge may be computed.

(4) An explanation of how the amount of any finance charge will be determined,[13] including a description of how any finance charge other than the periodic rate will be determined.

(b) *Other charges.* The amount of any charge other than a finance charge that may be imposed as part of the plan, or an explanation of how the charge will be determined.

(c) *Security interests.* The fact that the creditor has or will acquire a security interest in the property purchased under the plan, or in other property identified by item or type.

(d) *Statement of billing rights.* A statement that outlines the consumer's rights and the creditor's responsibilities under §§ 226.12(c) and 226.13 and that is substantially similar to the statement found in Appendix G.

Section 226.7—Periodic Statement

The creditor shall furnish the consumer with a periodic statement that discloses the following items, to the extent applicable:

(a) *Previous balance.* The account balance outstanding at the beginning of the billing cycle.

(b) *Identification of transactions.* An identification of each credit transaction in accordance with § 226.8.

(c) *Credits.* Any credit to the account during the billing cycle, including the amount and the date of crediting. The date need not be provided if a delay in crediting does not result in any finance or other charge.

(d) *Periodic rates.* Each periodic rate that may be used to compute the finance charge, the range of balances to which it is applicable,[14] and the corresponding annual percentage rate.[15] If different periodic rates apply to different types of transactions, the types of transactions to which the periodic rates apply shall also be disclosed.

(e) *Balance on which finance charge computed.* The amount of the balance to which a periodic rate was applied and an explanation of how that balance was determined. When a balance is determined without first deducting all credits and payments made during the billing cycle, that fact and the amount of the credits and payments shall be disclosed.

11. A creditor is not required to adjust the range of balances disclosure to reflect the balance below which only a minimum charge applies.

12. If a creditor is offering a variable rate plan, the creditor shall also disclose: (1) the circumstances under which the rate(s) may increase; (2) any limitations on the increase; and (3) the effect(s) of an increase.

13. If no finance charge is imposed when the outstanding balance is less than a certain amount, no disclosure is required of that fact or of the balance below which no finance charge will be imposed.

14. See footnotes 11 and 13.

15. If a variable rate plan is involved, the creditor shall disclose the fact that the periodic rate(s) may vary.

(f) *Amount of finance charge.* The amount of any finance charge debited or added to the account during the billing cycle, using the term "finance charge." The components of the finance charge shall be individually itemized and identified to show the amount(s) due to the application of any periodic rates and the amount(s) of any other type of finance charge. If there is more than one periodic rate, the amount of the finance charge attributable to each rate need not be separately itemized and identified.

(g) *Annual percentage rate.* When a finance charge is imposed during the billing cycle, the annual percentage rate(s) determined under § 226.14, using the term "annual percentage rate."

(h) *Other charges.* The amounts, itemized and identified by type, of any charges other than finance charges debited to the account during the billing cycle.

(i) *Closing date of billing cycle; new balance.* The closing date of the billing cycle and the account balance outstanding on that date.

(j) *Free-ride period.* The date by which or the time period within which the new balance or any portion of the new balance must be paid to avoid additional finance charges. If such a time period is provided, a creditor may, at its option and without disclosure, impose no finance charge when payment is received after the time period's expiration.

(k) *Address for notice of billing errors.* The address to be used for notice of billing errors. Alternatively, the address may be provided on the billing rights statement permitted by § 226.9(a)(2).

Section 226.8—Identification of Transactions

The creditor shall identify credit transactions on or with the first periodic statement that reflects the transaction by furnishing the following information, as applicable.[16]

(a) *Sale credit.* For each credit transaction involving the sale of property or services, the following rules shall apply:

(1) *Copy of credit document provided.* When an actual copy of the receipt or other credit document is provided with the first periodic statement reflecting the transaction, the transaction is sufficiently identified if the amount of the transaction and either the date of the transaction or the date of debiting the transaction to the consumer's account are disclosed on the copy or on the periodic statement.

(2) *Copy of credit document not provided—creditor and seller same or related person(s).* When the creditor and the seller are the same person or related persons, and an actual copy of the receipt or other credit document is not provided with the periodic statement, the creditor shall disclose the amount and date of the transaction, and a brief identification[17] of the property or services purchased.[18]

(3) *Copy of credit document not provided—creditor and seller not same or related person(s).* When the creditor and seller are not the same person or related persons, and an actual copy of the receipt or other credit document is not provided with the periodic statement, the creditor shall disclose the amount and date of the transaction; the seller's name; and the city, and state or foreign country where the transaction took place.[19]

(b) *Nonsale credit.* A nonsale credit transaction is sufficiently identified if the first periodic statement reflecting the transaction discloses a brief identification of the transaction;[20] the amount of the transaction; and at least one of the following dates: the date of the transaction, the date of debiting the transaction to the consumer's account, or, if the consumer signed the credit document, the date appearing on the document. If an actual copy of the receipt or other credit document is provided and that copy shows the amount and

16. Failure to disclose the information required by this section shall not be deemed a failure to comply with the regulation if (1) the creditor maintains procedures reasonably adpated to obtain and provide the information and (2) the creditor treats an inquiry for clarification or documentation as a notice of a billing error, including correcting the account in accordance with § 226.13(e). This applies to transactions that take place outside a state, as defined in § 226.2(a), whether or not the creditor maintains procedures reasonably adapted to obtain the required information.

17. As an alternative to the brief identification, the creditor may disclose a number or symbol that also appears on the receipt or other credit document given to the consumer, if the number or symbol reasonably identifies that transaction with that creditor, and if the creditor treats an inquiry for clarification or documentation as a notice of a billing error, including correcting the account in accordance with § 226.13(e).

18. An identification of property or services may be replaced by the seller's name and location of the transaction when: (1) the creditor and the seller are the same person; (2) the creditor's open-end plan has fewer than 15,000 accounts; (3) the creditor provides the consumer with point-of-sale documentation for that transaction; and (4) the creditor treats an inquiry for clarification or documentation as a notice of a billing error, including correcting the account in accordance with § 226.13(e).

19. The creditor may omit the address or provide any suitable designation that helps the consumer to identify the transaction when the transaction (1) took place at a location that is not fixed; (2) took place in the consumer's home; or (3) was a mail or telephone order.

20 See footnote 17.

at least one of the specified dates, the brief identification may be omitted.

Section 226.9—Subsequent Disclosure Requirements

(a) *Furnishing statement of billing rights.*

(1) *Annual statement.* The creditor shall mail or deliver the billing rights statement required by § 226.6(d) at least once per calendar year, at intervals of not less than 6 months nor more than 18 months, either to all consumers or to each consumer entitled to receive a periodic statement under § 226.5(b)(2) for any one billing cycle.

(2) *Alternative summary statement.* As an alternative to paragraph (a)(1) of this section, the creditor may mail or deliver, on or with each periodic statement, a statement substantially similar to that in Appendix G.

(b) *Disclosures for supplemental credit devices and additional features.*
(1) If a creditor, within 30 days after mailing or delivering the initial disclosures under § 226.6(a), adds a credit feature to the consumer's account or mails or delivers to the consumer a credit device for which the finance charge terms are the same as those previously disclosed, no additional disclosures are necessary. After 30 days, if the creditor adds a credit feature or furnishes a credit device (other than as a renewal, resupply, or the original issuance of a credit card) on the same finance charge terms, the creditor shall disclose, before the consumer uses the feature or device for the first time, that it is for use in obtaining credit under the terms previously disclosed.
(2) Whenever a credit feature is added or a credit device is mailed or delivered, and the finance charge terms for the feature or device differ from disclosures previously given, the disclosures required by § 226.6(a) that are applicable to the added feature or device shall be given before the consumer uses the feature or device for the first time.

(c) *Change in terms.*

(1) *Written notice required.* Whenever any term required to be disclosed under § 226.6 is changed or the required minimum periodic payment is increased, the creditor shall mail or deliver written notice of the change to each consumer who may be affected. The notice shall be mailed or delivered at least 15 days prior to the effective date of the change, unless the change has been agreed to by the consumer, or a periodic rate or other finance charge is increased as a result of the consumer's delinquency or default.
(2) No notice under this section is required when the change involves late payment charges, charges for documentary evidence, or over-the-limit charges; a reduction of any component of a finance or other charge; suspension of future credit privileges or termination of an account or plan; or when the change results from an agreement involving a court proceeding, or from the consumer's default or delinquency (other than an increase in the periodic rate or other finance charge).

(d) *Finance charge imposed at time of transaction.*
(1) Any person, other than the card issuer, who imposes a finance charge at the time of honoring a consumer's credit card, shall disclose the amount of that finance charge prior to its imposition.
(2) The card issuer, if other than the person honoring the consumer's credit card, shall have no responsibility for the disclosure required by paragraph (d)(1) of this section, and shall not consider any such charge for purposes of §§ 226.6 and 226.7.

Section 226.10—Prompt Crediting of Payments

(a) *General rule.* A creditor shall credit a payment to the consumer's account as of the date of receipt, except when a delay in crediting does not result in a finance or other charge or except as provided in paragraph (b) of this section.

(b) *Specific requirements for payments.* If a creditor specifies, on or with the periodic statement, requirements for the consumer to follow in making payments, but accepts a payment that does not conform to the requirements, the creditor shall credit the payment within 5 days of receipt.

(c) *Adjustment of account.* If a creditor fails to credit a payment, as required by paragraphs (a) or (b) of this section, in time to avoid the imposition of finance or other charges, the creditor shall adjust the consumer's account so that the charges imposed are credited to the consumer's account during the next billing cycle.

Section 226.11—Treatment of Credit Balances

When a credit balance in excess of $1 is created on a credit account (through transmittal of funds to a creditor in excess of the total balance due on an account, through rebates of unearned finance charges or insurance premiums, or through amounts otherwise owed to or held for the benefit of a consumer), the creditor shall:

(a) Credit the amount of the credit balance to the consumer's account;

(b) Refund any part of the remaining credit balance within 7 business days from receipt of a written request from the consumer; and

(c) Make a good faith effort to refund to the consumer by cash, check, or money order, or credit to a deposit account of the consumer, any part of the credit balance remaining in the account for more than 6 months. No further action is required if the consumer's current location is not known to the creditor and cannot be traced through the consumer's last known address or telephone number.

Section 226.12—Special Credit Card Provisions

(a) *Issuance of credit cards.* Regardless of the purpose for which a credit card is to be used, including business, commercial, or agricultural use, no credit card shall be issued to any person except:

(1) In response to an oral or written request or application for the card; or

(2) As a renewal of, or substitute for, an accepted credit card.[21]

(b) *Liability of cardholder for unauthorized use.*

(1) *Limitation on amount.* The liability of a cardholder for unauthorized use[22] of a credit card shall not exceed the lesser of $50 or the amount of money, property, labor, or services obtained by the unauthorized use before notification to the card issuer under paragraph (b)(3) of this section.

(2) *Conditions of liability.* A cardholder shall be liable for unauthorized use of a credit card only if:

(i) The credit card is an accepted credit card;

(ii) The card issuer has provided adequate notice[23] of the cardholder's maximum potential liability and of means by which the card issuer may be notified of loss or theft of the card. The notice shall state that the cardholder's liability shall not exceed $50 (or any lesser amount) and that the cardholder may give oral or written notification, and shall describe a means of notification (for example, a telephone number, an address, or both); and

(iii) The card issuer has provided a means to identify the cardholder on the account or the authorized user of the card.

(3) *Notification to card issuer.* Notification to a card issuer is given when steps have been taken as may be reasonably required in the ordinary course of business to provide the card issuer with the pertinent information about the loss, theft, or possible unauthorized use of a credit card, regardless of whether any particular officer, employee, or agent of the card issuer does, in fact, receive the information. Notification may be given, at the option of the person giving it, in person, by telephone, or in writing. Notification 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.

(4) *Effect of other applicable law or agreement.* If state law or an agreement between a cardholder and the card issuer imposes lesser liability than that provided in this paragraph, the lesser liability shall govern.

(5) *Business use of credit cards.* If 10 or more credit cards are issued by one card issuer for use by the employees of an organization, this section does not prohibit the card issuer and the organization from agreeing to liability for unauthorized use without regard to this section. However, liability for unauthorized use may be imposed on an employee of the organization, by either the card issuer or the organization, only in accordance with this section.

(c) *Right of cardholder to assert claims or defenses against card issuer.*[24]

(1) *General rule.* When a person who honors a credit card fails to resolve satisfactorily a dispute as to property or services purchased with the credit card in a consumer credit transaction, the cardholder may assert against the card issuer all claims (other than tort claims) and defenses arising out of

21. For purposes of this section, "accepted credit card" means any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph becomes an accepted credit card when received by the cardholder

22. "Unauthorized use" means the use of a credit card by a person, other than the cardholder, who does not have actual, implied, or apparent authority for such use, and from which the cardholder receives no benefit.

23. "Adequate notice" means a printed notice to a cardholder that sets forth clearly the pertinent facts so that the cardholder may reasonably be expected to have noticed it and understood its meaning The notice may be given by any means reasonably assuring receipt by the cardholder

24. This paragraph does not apply to the use of a check guarantee card or a debit card in connection with an overdraft credit plan, or to a check guarantee card used in connection with cash advance checks.

the transaction and relating to the failure to resolve the dispute. The cardholder may withhold payment up to the amount of credit outstanding for the property or services that gave rise to the dispute and any finance or other charges imposed on that amount.[25]

(2) *Adverse credit reports prohibited.* If, in accordance with paragraph (c)(1) of this section, the cardholder withholds payment of the amount of credit outstanding for the disputed transaction, the card issuer shall not report that amount as delinquent until the dispute is settled or judgment is rendered.

(3) *Limitations.* The rights stated in paragraphs (c)(1) and (2) of this section apply only if:

(i) The cardholder has made a good faith attempt to resolve the dispute with the person honoring the credit card; and

(ii) The amount of credit extended to obtain the property or services that result in the assertion of the claim or defense by the cardholder exceeds $50, and the disputed transaction occurred in the same state as the cardholder's current designated address or, if not within the same state, within 100 miles from that address.[26]

(d) *Offsets by card issuer prohibited.*

(1) A card issuer may not take any action, either before or after termination of credit card privileges, to offset a cardholder's indebtedness arising from a consumer credit transaction under the relevant credit card plan against funds of the cardholder held on deposit with the card issuer.

(2) This paragraph does not alter or affect the right of a card issuer acting under state or federal law to do any of the following with regard to funds of a cardholder held on deposit with the card issuer if the same procedure is constitutionally available to creditors generally: obtain or enforce a consensual security interest in the funds; attach or otherwise levy upon the funds; or obtain or enforce a court order relating to the funds.

(3) This paragraph does not prohibit a plan, if authorized in writing by the cardholder, under which the card issuer may periodically deduct all or part of the cardholder's credit card debt from a deposit account held with the card issuer (subject to the limitations in § 226.13(d)(1)).

(e) *Prompt notification of returns and crediting of refunds.*

(1) When a creditor other than the card issuer accepts the return of property or forgives a debt for services that is to be reflected as a credit to the consumer's credit card account, that creditor shall, within 7 business days from accepting the return or forgiving the debt, transmit a credit statement to the card issuer through the card issuer's normal channels for credit statements.

(2) The card issuer shall, within 3 business days from receipt of a credit statement, credit the consumer's account with the amount of the refund.

(3) If a creditor other than a card issuer routinely gives cash refunds to consumers paying in cash, the creditor shall also give credit or cash refunds to consumers using credit cards, unless it discloses at the time the transaction is consummated that credit or cash refunds for returns are not given. This section does not require refunds for returns nor does it prohibit refunds in kind.

(f) *Discounts; tie-in arrangements.* No card issuer may, by contract or otherwise:

(1) Prohibit any person who honors a credit card from offering a discount to a consumer to induce the consumer to pay by cash, check, or similar means rather than by use of a credit card or its underlying account for the purchase of property or services; or

(2) Require any person who honors the card issuer's credit card to open or maintain any account or obtain any other service not essential to the operation of the credit card plan from the card issuer or any other person, as a condition of participation in a credit card plan. If maintenance of an account for clearing purposes is determined to be essential to the operation of the credit card plan, it may be required only if no service charges or minimum balance requirements are imposed.

(g) *Relation to Electronic Fund Transfer Act and Regulation E.* For guidance on whether Regulation Z or Regulation E applies in instances involving both

25. The amount of the claim or defense that the cardholder may assert shall not exceed the amount of credit outstanding for the disputed transaction at the time the cardholder first notifies the card issuer or the person honoring the credit card of the existence of the claim or defense. To determine the amount of credit outstanding for purposes of this section, payments and other credits shall be applied to: (1) late charges in the order of entry to the account; then to (2) finance charges in the order of entry to the account, and then to (3) any other debits in the order of entry to the account. If more than one item is included in a single extension of credit, credits are to be distributed pro rata according to prices and applicable taxes.

26. The limitations stated in paragraph (c)(3)(ii) of this section shall not apply when the person honoring the credit card: (1) is the same person as the card issuer, (2) is controlled by the card issuer directly or indirectly, (3) is under the direct or indirect control of a third person that also directly or indirectly controls the card issuer; (4) controls the card issuer directly or indirectly; (5) is a franchised dealer in the card issuer's products or services, or (6) has obtained the order for the disputed transaction through a mail solicitation made by or participated in by the card issuer.

credit and electronic fund transfer aspects, refer to Regulation E, 12 CFR 205.5(c) regarding issuance and 205.6(d) regarding liability for unauthorized use. On matters other than issuance and liability, this section applies to the credit aspects of combined credit/electronic fund transfer transactions, as applicable.

Section 226.13—Billing Error Resolution[27]

(a) *Definition of billing error.* For purposes of this section, the term "billing error" means:

(1) A reflection on or with a periodic statement of an extension of credit that is not made to the consumer or to a person who has actual, implied, or apparent authority to use the consumer's credit card or open-end credit plan.

(2) A reflection on or with a periodic statement of an extension of credit that is not identified in accordance with the requirements of §§ 226.7(b) and 226.8

(3) A reflection on or with a periodic statement of an extension of credit for property or services not accepted by the consumer or the consumer's designee, or not delivered to the consumer or the consumer's designee as agreed.

(4) A reflection on a periodic statement of the creditor's failure to credit properly a payment or other credit issued to the consumer's account.

(5) A reflection on a periodic statement of a computational or similar error of an accounting nature that is made by the creditor.

(6) A reflection on a periodic statement of an extension of credit for which the consumer requests additional clarification, including documentary evidence.

(7) The creditor's failure to mail or deliver a periodic statement to the consumer's last known address if that address was received by the creditor, in writing, at least 20 days before the end of the billing cycle for which the statement was required.

(b) *Billing error notice.*[28] A billing error notice is a written notice[29] from a consumer that:

(1) Is received by a creditor at the address disclosed under § 226.7(k) no later than 60 days after the creditor transmitted the first periodic statement that reflects the alleged billing error;

(2) Enables the creditor to identify the consumer's name and account number; and

(3) To the extent possible, indicates the consumer's belief and the reasons for the belief that a billing error exists, and the type, date, and amount of the error.

(c) *Time for resolution; general procedures.*

(1) The creditor shall mail or deliver written acknowledgment to the consumer within 30 days of receiving a billing error notice, unless the creditor has complied with the appropriate resolution procedures of paragraphs (e) and (f) of this section, as applicable, within the 30-day period; and

(2) The creditor shall comply with the appropriate resolution procedures of paragraphs (e) and (f) of this section, as applicable, within two complete billing cycles (but in no event later than 90 days) after receiving a billing error notice.

(d) *Rules pending resolution.* Until a billing error is resolved under paragraphs (e) or (f) of this section, the following rules apply:

(1) *Consumer's right to withhold disputed amount; collection action prohibited.* The consumer need not pay (and the creditor may not try to collect) any portion of any required payment that the consumer believes is related to the disputed amount (including related finance or other charges).[30] If the cardholder maintains a deposit account with the card issuer and has agreed to pay the credit card indebtedness by periodic deductions from the cardholder's deposit account, the card issuer shall not deduct any part of the disputed amount or related finance or other charges if a billing error notice is received any time up to 3 business days before the scheduled payment date.

(2) *Adverse credit reports prohibited.* The creditor or its agent shall not (directly or indirectly) make or threaten to make an adverse report to any person about the consumer's credit standing, or report that an amount or account is delinquent, because the

27. A creditor shall not accelerate any part of the consumer's indebtedness or restrict or close a consumer's account solely because the consumer has exercised in good faith rights provided by this section. A creditor may be subject to the forfeiture penalty under § 161(e) of the act for failure to comply with any of the requirements of this section.

28. The creditor need not comply with the requirements of paragraphs (c) through (g) of this section if the consumer concludes that no billing error occurred and vountarily withdraws the billing error notice.

29 The creditor may require that the written notice not be made on the payment medium or other material accompanying the periodic statement if the creditor so stipulates in the billing rights statement required by §§ 226.6(d) and 226.9(a).

30. A creditor is not prohibited from taking action to collect any undisputed portion of the item or bill; or from deducting any disputed amount and related finance or other charges from the consumer's credit limit on the account; or from reflecting a disputed amount and related finance or other charges on a periodic statement, provided that the creditor indicates on or with the periodic statement that payment of any disputed amount and related finance or other charges is not required pending the creditor's compliance with this section.

consumer failed to pay the disputed amount or related finance or other charges.

(e) *Procedures if billing error occurred as asserted.* If a creditor determines that a billing error occurred as asserted, it shall within the time limits in paragraph (c)(2) of this section:

(1) Correct the billing error and credit the consumer's account with any disputed amount and related finance or other charges, as applicable; and

(2) Mail or deliver a correction notice to the consumer.

(f) *Procedures if different billing error or no billing error occurred.* If, after conducting a reasonable investigation,[31] a creditor determines that no billing error occurred or that a different billing error occurred from that asserted, the creditor shall within the time limits in paragraph (c)(2) of this section:

(1) Mail or deliver to the consumer an explanation that sets forth the reasons for the creditor's belief that the billing error alleged by the consumer is incorrect in whole or in part;

(2) Furnish copies of documentary evidence of the consumer's indebtedness, if the consumer so requests; and

(3) If a different billing error occurred, correct the billing error and credit the consumer's account with any disputed amount and related finance or other charges, as applicable.

(g) *Creditor's rights and duties after resolution.* If a creditor, after complying with all of the requirements of this section, determines that a consumer owes all or part of the disputed amount and related finance or other charges, the creditor:

(1) Shall promptly notify the consumer in writing of the time when payment is due and the portion of the disputed amount and related finance or other charges that the consumer still owes;

(2) Shall allow any time period disclosed under §§ 226.6(a)(1) and 226.7(j), during which the consumer can pay the amount due under paragraph (g)(1) of this section without incurring additional finance or other charges;

(3) May report an account or amount as delinquent because the amount due under paragraph (g)(1) of this section remains unpaid after the creditor has allowed any time period disclosed under §§ 226.6(a)(1) and 226.7(j) or 10 days (whichever is longer) during which the consumer can pay the amount; but

(4) May not report that an amount or account is delinquent because the amount due under paragraph (g)(1) of the section remains unpaid, if the creditor receives (within the time allowed for payment in paragraph (g)(3) of this section) further written notice from the consumer that any portion of the billing error is still in dispute, unless the creditor also:

(i) Promptly reports that the amount or account is in dispute;

(ii) Mails or delivers to the consumer (at the same time the report is made) a written notice of the name and address of each person to whom the creditor makes a report; and

(iii) Promptly reports any subsequent resolution of the reported delinquency to all persons to whom the creditor has made a report.

(h) *Reassertion of billing error.* A creditor that has fully complied with the requirements of this section has no further responsibilities under this section (other than as provided in paragraph (g)(4) of this section) if a consumer reasserts substantially the same billing error.

(i) *Relation to Electronic Fund Transfer Act and Regulation E.* If an extension of credit is incident to an electronic fund transfer, under an agreement between a consumer and a financial institution to extend credit when the consumer's account is overdrawn or to maintain a specified minimum balance in the consumer's account, the creditor shall comply with the requirements of Regulation E § 205.11 (12 CFR Part 205) governing error resolution rather than those of paragraphs (a), (b), (c), (e), (f), and (h) of this section.

Section 226.14—Determination of Annual Percentage Rate

(a) *General rule.* The annual percentage rate is a measure of the cost of credit, expressed as a yearly rate. An annual percentage rate shall be considered accurate if it is not more than $\frac{1}{8}$ of 1 percentage point above or below the annual percentage rate determined in accordance with this section.[31a]

31. If a consumer submits a billing error notice alleging either the non-delivery of property or services under paragraph (a)(3) of this section or that information appearing on a periodic statement is incorrect because a person honoring the consumer's credit card has made an incorrect report to the card issuer, the creditor shall not deny the assertion unless it conducts a reasonable investigation and determines that the property or services were actually delivered, mailed, or sent as agreed or that the information was correct.

31a. An error in disclosure of the annual percentage rate or finance charge shall not, in itself, be considered a violation of this regulation if: (1) the error resulted from a corresponding error in a calculation tool used in good faith by the creditor; and (2) upon discovery of the error, the creditor promptly discontinues use of that calculation tool for disclosure purposes, and notifies the Board in writing of the error

(b) *Annual percentage rate for initial disclosures and for advertising purposes.* Where one or more periodic rates may be used to compute the finance charge, the annual percentage rate(s) to be disclosed for purposes of §§ 226.6(a)(2) and 226.16(b)(2) shall be computed by multiplying each periodic rate by the number of periods in a year.

(c) *Annual percentage rate for periodic statements.* The annual percentage rate(s) to be disclosed for purposes of § 226.7(d) shall be computed by multiplying each periodic rate by the number of periods in a year and, for purposes of § 226.7(g), shall be determined as follows:

(1) If the finance charge is determined solely by applying one or more periodic rates, at the creditor's option, either:

(i) By multiplying each periodic rate by the number of periods in a year; or

(ii) By dividing the total finance charge for the billing cycle by the sum of the balances to which the periodic rates were applied and multiplying the quotient (expressed as a percentage) by the number of billing cycles in a year.

(2) If the finance charge imposed during the billing cycle is or includes a minimum, fixed, or other charge not due to the application of a periodic rate, other than a charge with respect to any specific transaction during the billing cycle, by dividing the total finance charge for the billing cycle by the amount of the balance(s) to which it is applicable[32] and multiplying the quotient (expressed as a percentage) by the number of billing cycles in a year.[33]

(3) If the finance charge imposed during the billing cycle is or includes a charge relating to a specific transaction during the billing cycle (even if the total finance charge also includes any other minimum, fixed, or other charge not due to the application of a periodic rate), by dividing the total finance charge imposed during the billing cycle by the total of all balances and other amounts on which a finance charge was imposed during the billing cycle without duplication, and multiplying the quotient (expressed as a percentage) by the number of billing cycles in a year,[34] except that the annual percentage rate shall not be less than the largest rate determined by multiplying each periodic rate imposed during the billing cycle by the number of periods in a year.[35]

(4) If the finance charge imposed during the billing cycle is or includes a minimum, fixed, or other charge not due to the application of a periodic rate and the total finance charge imposed during the billing cycle does not exceed 50 cents for a monthly or longer billing cycle, or the pro rata part of 50 cents for a billing cycle shorter than monthly, at the creditor's option, by multiplying each applicable periodic rate by the number of periods in a year, notwithstanding the provisions of paragraphs (c)(2) and (3) of this section.

(d) *Calculations where daily periodic rate applied.* If the provisions of paragraphs (c)(1)(ii) or (2) of this section apply and all or a portion of the finance charge is determined by the application of one or more daily periodic rates, the annual percentage rate may be determined either:

(1) By dividing the total finance charge by the average of the daily balances and multiplying the quotient by the number of billing cycles in a year; or

(2) By dividing the total finance charge by the sum of the daily balances and multiplying the quotient by 365.

Section 226.15—Right of Rescission

(a) *Consumer's right to rescind.*

(1)(i) Except as provided in paragraph (a)(1)(ii) of this section, in a credit plan in which a security interest is or will be retained or acquired in a consumer's principal dwelling, each consumer whose ownership interest is or will be subject to the security interest shall have the right to rescind: each credit extension made under the plan; the plan when the plan is opened; a security interest when added or increased to secure an existing plan; and the increase when a credit limit on the plan is increased.

(ii) As provided in § 125(e), the consumer does not have the right to rescind each credit extension made under the plan if such extension is made in accordance with a previously established credit limit for the plan.

(2) To exercise the right to rescind, the consumer shall notify the creditor of the rescission by mail, telegram, or other means of written communication. Notice is considered given when mailed, or when filed for telegraphic transmission, or, if sent by other means, when delivered to the creditor's designated place of business.

in the calculation tool. This footnote shall cease to be effective on April 1, 1982.

32. If there is no balance to which the finance charge is applicable, an annual percentage rate cannot be determined under this section.

33. Where the finance charge imposed during the billing cycle is or includes a loan fee, points, or similar charge that relates to the opening of the account, the amount of such charge shall not be included in the calculation of the annual percentage rate.

34. See Appendix F regarding determination of the denominator of the fraction under this paragraph.

35. See footnote 33.

(3) The consumer may exercise the right to rescind until midnight of the third business day following the occurrence described in paragraph (a)(1) of this section that gave rise to the right of rescission, delivery of the notice required by paragraph (b) of this section, or delivery of all material disclosures,[36] whichever occurs last. If the required notice and material disclosures are not delivered, the right to rescind shall expire 3 years after the occurrence giving rise to the right of rescission, or upon transfer of all of the consumer's interest in the property, or upon sale of the property, whichever occurs first. In the case of certain administrative proceedings, the rescission period shall be extended in accordance with § 125(f) of the act.

(4) When more than one consumer has the right to rescind, the exercise of the right by one consumer shall be effective as to all consumers.

(b) *Notice of right to rescind.* In any transaction or occurrence subject to rescission, a creditor shall deliver 2 copies of the notice of the right to rescind to each consumer entitled to rescind. The notice shall identify the transaction or occurrence and clearly and conspicuously disclose the following:

(1) The retention or acquisition of a security interest in the consumer's principal dwelling.

(2) The consumer's right to rescind, as described in paragraph (a)(1) of this section.

(3) How to exercise the right to rescind, with a form for that purpose, designating the address of the creditor's place of business.

(4) The effects of rescission, as described in paragraph (d) of this section.

(5) The date the rescission period expires.

(c) *Delay of creditor's performance.* Unless a consumer waives the right to rescind under paragraph (e) of this section, no money shall be disbursed other than in escrow, no services shall be performed, and no materials delivered until after the rescission period has expired and the creditor is reasonably satisfied that the consumer has not rescinded. A creditor does not violate this section if a third party with no knowledge of the event activating the rescission right does not delay in providing materials or services, as long as the debt incurred for those materials or services is not secured by the property subject to rescission.

36. The term "material disclosures" means the information that must be provided to satisfy the requirements in § 226.6 with regard to the method of determining the finance charge and the balance upon which a finance charge will be imposed, the annual percentage rate, and the amount or method of determining the amount of any membership or participation fee that may be imposed as part of the plan.

(d) *Effects of rescission.*

(1) When a consumer rescinds a transaction, the security interest giving rise to the right of rescission becomes void, and the consumer shall not be liable for any amount, including any finance charge.

(2) Within 20 calendar days after receipt of a notice of rescission, the creditor shall return any money or property that has been given to anyone in connection with the transaction and shall take any action necessary to reflect the termination of the security interest.

(3) If the creditor has delivered any money or property, the consumer may retain possession until the creditor has met its obligation under paragraph (d)(2) of this section. When the creditor has complied with that paragraph, the consumer shall tender the money or property to the creditor or, where the latter would be impracticable or inequitable, tender its reasonable value. At the consumer's option, tender of property may be made at the location of the property or at the consumer's residence. Tender of money must be made at the creditor's designated place of business. If the creditor does not take possession of the money or property within 20 calendar days after the consumer's tender, the consumer may keep it without further obligation.

(4) The procedures outlined in paragraphs (d)(2) and (3) of this section may be modified by court order.

(e) *Consumer's waiver of right to rescind.* The consumer may modify or waive the right to rescind if the consumer determines that the extension of credit is needed to meet a bona fide personal financial emergency. To modify or waive the right, the consumer shall give the creditor a dated written statement that describes the emergency, that specifically modifies or waives the right to rescind, and that bears the signatures of the consumers entitled to rescind. Printed forms for this purpose are prohibited.

(f) *Exempt transactions.* The right to rescind does not apply to the following:

(1) A residential mortgage transaction.

(2) A credit plan in which a state agency is a creditor.

Section 226.16—Advertising

(a) *Actually available terms.* If an advertisement for credit states specific credit terms, it shall state only those terms that actually are or will be arranged or offered by the creditor.

(b) *Advertisement of terms that require additional disclosures.* If any of the terms required to be disclosed under § 226.6 is set forth in an advertisement, the advertisement shall also clearly and conspicuously set forth the following:

(1) Any minimum, fixed, transaction, activity or similar charge that could be imposed.

(2) Any periodic rate that may be applied expressed as an annual percentage rate as determined under § 226.14(b). If the plan provides for a variable periodic rate, that fact shall be disclosed.

(3) Any membership or participation fee that could be imposed.

(c) *Catalogs and multiple-page advertisements.*

(1) If a catalog or other multiple-page advertisement gives information in a table or schedule in sufficient detail to permit determination of the disclosures required by paragraph (b) of this section, it shall be considered a single advertisement if:

(i) The table or schedule is clearly and conspicuously set forth; and

(ii) Any statement of terms set forth in § 226.6 appearing anywhere else in the catalog or advertisement clearly refers to that page on which the table or schedule begins.

(2) A catalog or multiple-page advertisement complies with this paragraph if the table or schedule of terms includes all appropriate disclosures for a representative scale of amounts up to the level of the more commonly sold higher-priced property or services offered.

Subpart C—Closed-End Credit

Section 226.17—General Disclosure Requirements

(a) *Form of disclosures.*

(1) The creditor shall make the disclosures required by this subpart clearly and conspicously in writing, in a form that the consumer may keep. The disclosures shall be grouped together, shall be segregated from everything else, and shall not contain any information not directly related[37] to the disclosures required under § 226.18.[38] The itemization of the amount financed under § 226.18(c)(1) must be separate from the other disclosures under that section.

(2) The terms "finance charge" and "annual percentage rate," when required to be disclosed under § 226.18(d) and (e) together with a corresponding amount or percentage rate, shall be more conspicuous than any other disclosure, except the creditor's identity under § 226.18(a).

(b) *Time of disclosures.* The creditor shall make disclosures before consummation of the transaction. In certain residential mortgage transactions, special timing requirements are set forth in § 226.19. In certain transactions involving mail or telephone orders or a series of sales, the timing of the disclosures may be delayed in accordance with paragraphs (g) and (h) of this section.

(c) *Basis of disclosures and use of estimates.*

(1) The disclosures shall reflect the terms of the legal obligation between the parties.

(2) If any information necessary for an accurate disclosure is unknown to the creditor, it shall make the disclosure based on the best information reasonably available and shall state that the disclosure is an estimate.

(3) The creditor may disregard the effects of the following in making calculations and disclosures:

(i) That payments must be collected in whole cents.

(ii) That dates of scheduled payments and advances may be changed because the scheduled date is not a business day.

(iii) That months have different numbers of days.

(iv) The occurrence of leap year.

(4) In making calculations and disclosures, the creditor may disregard any irregularity in the first period that falls within the limits described below and any payment schedule irregularity that results from the irregular first period:

(i) For transactions in which the term is less than 1 year, a first period not more than 6 days shorter or 13 days longer than a regular period;

(ii) For transactions in which the term is at least 1 year and less than 10 years, a first period not more than 11 days shorter or 21 days longer than a regular period; and

(iii) For transactions in which the term is at least 10 years, a first period shorter than or not more than 32 days longer than a regular period.

(5) If an obligation is payable on demand, the creditor shall make the disclosures based on an assumed maturity of 1 year. If an alternate maturity date is stated in the legal obligation between the parties, the disclosures shall be based on that date.

(6)(i) A series of advances under an agreement to extend credit up to a certain amount may be considered as one transaction.

37. The disclosures may include an acknowledgment of receipt, the date of the transaction, and the consumer's name, address, and account number.

38. The following disclosures may be made together or separately from other required disclosures: the creditor's identity under § 226.18(a), the variable rate example under § 226.18(f)(4), insurance under § 226.18(n), and certain security interest charges under § 226.18(o).

(ii) When a multiple-advance loan to finance the construction of a dwelling may be permanently financed by the same creditor, the construction phase and the permanent phase may be treated as either one transaction or more than one transaction.

(d) *Multiple creditors; multiple consumers.* If a transaction involves more than one creditor, only one set of disclosures shall be given and the creditors shall agree among themselves which creditor must comply with the requirements that this regulation imposes on any or all of them. If there is more than one consumer, the disclosures may be made to any consumer who is primarily liable on the obligation. If the transaction is rescindable under § 226.23, however, the disclosures shall be made to each consumer who has the right to rescind.

(e) *Effect of subsequent events.* If a disclosure becomes inaccurate because of an event that occurs after the creditor delivers the required disclosures, the inaccuracy is not a violation of this regulation, although new disclosures may be required under paragraph (f) of this section, § 226.19, or § 226.20.

(f) *Early disclosures.* If disclosures are given before the date of consummation of a transaction and a subsequent event makes them inaccurate, the creditor shall disclose the changed terms before consummation, if the annual percentage rate in the consummated transaction varies from the annual percentage rate disclosed under § 226.18(e) by more than ⅛ of 1 percentage point in a regular transaction, or more than ¼ of 1 percentage point in an irregular transaction, as defined in § 226.22(a).

(g) *Mail or telephone orders—delay in disclosures.* If a creditor receives a purchase order or a request for an extension of credit by mail, telephone, or any other written or electronic communication without face-to-face or direct telephone solicitation, the creditor may delay the disclosures until the due date of the first payment, if the following information for representative amounts or ranges of credit is made available in written form to the consumer or to the public before the actual purchase order or request:

(1) The cash price or the principal loan amount.
(2) The total sale price.
(3) The finance charge.
(4) The annual percentage rate, and if the rate may increase after consummation, the following disclosures:
(i) The circumstances under which the rate may increase.
(ii) Any limitations on the increase.
(iii) The effect of an increase.
(5) The terms of repayment.

(h) *Series of sales—delay in disclosures.* If a credit sale is one of a series made under an agreement providing that subsequent sales may be added to an outstanding balance, the creditor may delay the required disclosures until the due date of the first payment for the current sale, if the following two conditions are met:

(1) The consumer has approved in writing the annual percentage rate or rates, the range of balances to which they apply, and the method of treating any unearned finance charge on an existing balance.
(2) The creditor retains no security interest in any property after the creditor has received payments equal to the cash price and any finance charge attributable to the sale of that property. For purposes of this provision, in the case of items purchased on different dates, the first purchased is deemed the first item paid for; in the case of items purchased on the same date, the lowest priced is deemed the first item paid for.

(i) *Interim student credit extensions.* For each transaction involving an interim credit extension under a student credit program, the creditor need not make the following disclosures: the finance charge under § 226.18(d), the payment schedule under § 226.18(g), the total of payments under § 226.18(h), or the total sale price under § 226.18(j).

Section 226.18—Content of Disclosures

For each transaction, the creditor shall disclose the following information as applicable:

(a) *Creditor.* The identity of the creditor making the disclosures.

(b) *Amount financed.* The "amount financed," using that term, and a brief description such as "the amount of credit provided to you or on your behalf." The amount financed is calculated by:

(1) Determining the principal loan amount or the cash price (subtracting any downpayment);
(2) Adding any other amounts that are financed by the creditor and are not part of the finance charge; and
(3) Subtracting any prepaid finance charge.

(c) *Itemization of the amount financed.*[39] A separate

39. Good faith estimates of settlement costs provided for transac-

written itemization of the amount financed, including:

(i) The amount of any proceeds distributed directly to the consumer.

(ii) The amount credited to the consumer's account with the creditor.

(iii) Any amounts paid to other persons by the creditor on the consumer's behalf. The creditor shall identify those persons.[40]

(iv) The prepaid finance charge.

(2) The creditor need not comply with paragraph (c)(1) of this section if the creditor provides a statement that the customer has the right to receive a written itemization of the amount financed, together with a space for the consumer to indicate whether it is desired, and the consumer does not request it.

(d) *Finance charge.* The "finance charge," using that term, and a brief description such as "the dollar amount the credit will cost you."[41]

(e) *Annual percentage rate.* The "annual percentage rate," using that term, and a brief description such as "the cost of your credit as a yearly rate."[42]

(f) *Variable rate.*[43] If the annual percentage rate may increase after consummation, the following disclosures:

(1) The circumstances under which the rate may increase.

(2) Any limitations on the increase.

(3) The effect of an increase.

(4) An example of the payment terms that would result from an increase.

(g) *Payment schedule.* The number, amounts, and timing of payments scheduled to repay the obligation.

(1) In a demand obligation with no alternate maturity date, the creditor may comply with this paragraph by disclosing the due dates or payment periods of any scheduled interest payments for the first year.

(2) In a transaction in which a series of payments varies because a finance charge is applied to the unpaid principal balance, the creditor may comply with this paragraph by disclosing the following information:

(i) The dollar amounts of the largest and smallest payments in the series.

(ii) A reference to the variations in the other payments in the series.

(h) *Total of payments.* The "total of payments," using that term, and a descriptive explanation such as "the amount you will have paid when you have made all scheduled payments."[44]

(i) *Demand feature.* If the obligation has a demand feature, that fact shall be disclosed. When the disclosures are based on an assumed maturity of 1 year as provided in § 226.17(c)(5), that fact shall also be disclosed.

(j) *Total sale price.* In a credit sale, the "total sale price," using that term, and a descriptive explanation (including the amount of any downpayment) such as "the total price of your purchase on credit, including your downpayment of $———." The total sale price is the sum of the cash price, the items described in paragraph (b)(2), and the finance charge disclosed under paragraph (d) of this section.

(k) *Prepayment.*

(1) When an obligation includes a finance charge computed from time to time by application of a rate to the unpaid principal balance, a statement indicating whether or not a penalty may be imposed if the obligation is prepaid in full.

(2) When an obligation includes a finance charge other than the finance charge described in paragraph (k)(1) of this section, a statement indicating whether or not the consumer is entitled to a rebate of any finance charge if the obligation is prepaid in full.

(l) *Late payment.* Any dollar or percentage charge that may be imposed before maturity due to a late payment, other than a deferral or extension charge.

(m) *Security interest.* The fact that the creditor has or will acquire a security interest in the property purchased as part of the transaction, or in other property identified by item or type.

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tions subject to the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) may be substituted for the disclosures required by paragraph (c) of this section.

40. The following payees may be described using generic or other general terms and need not be further identified: public officials or government agencies, credit reporting agencies, appraisers, and insurance companies.

41. The finance charge shall be considered accurate if it is not more than $5 above or below the exact finance charge in a transaction involving an amount financed of $1,000 or less, or not more than $10 above or below the exact finance charge in a transaction involving an amount financed of more than $1,000.

42. For any transaction involving a finance charge of $5 or less on an amount financed of $75 or less, or a finance charge of $7.50 or less on an amount financed of more than $75, the creditor need not disclose the annual percentage rate.

43. Information provided in accordance with variable rate regulations of other federal agencies may be substituted for the disclosures required by paragraph (f) of this section.

44. In any transaction involving a single payment, the creditor need not disclose the total of payments.

(n) *Insurance.* The items required by § 226.4(d) in order to exclude certain insurance premiums from the finance charge.

(o) *Certain security interest charges.* The disclosures required by § 226.4(e) in order to exclude from the finance charge certain fees prescribed by law or certain premiums for insurance in lieu of perfecting a security interest.

(p) *Contract reference.* A statement that the consumer should refer to the appropriate contract document for information about nonpayment, default, the right to accelerate the maturity of the obligation, and prepayment rebates and penalties. At the creditor's option, the statement may also include a reference to the contract for further information about security interests and, in a residential mortgage transaction, about the creditor's policy regarding assumption of the obligation.

(q) *Assumption policy.* In a residential mortgage transaction, a statement whether or not a subsequent purchaser of the dwelling from the consumer may be permitted to assume the remaining obligation on its original terms.

(r) *Required deposit.* If the creditor requires the consumer to maintain a deposit as a condition of the specific transaction, a statement that the annual percentage rate does not reflect the effect of the required deposit.[45]

Section 226.19—Certain Residential Mortgage Transactions

(a) *Time of disclosure.* In a residential mortgage transaction subject to the Real Estate Settlement Procedures Act (12 U.S.C. 2601 et seq.) the creditor shall make good faith estimates of the disclosures required by § 226.18 before consummation, or shall deliver or place them in the mail not later than 3 business days after the creditor receives the consumer's written application, whichever is earlier.

(b) *Redisclosure required.* If the annual percentage rate in the consummated transaction varies from the annual percentage rate disclosed under § 226.18(e) by more than $\frac{1}{8}$ of 1 percentage point in a regular transaction or more than $\frac{1}{4}$ of 1 percentage point in an irregular transaction, as defined in § 226.22, the creditor shall disclose the changed terms no later than consummation or settlement.

Section 226.20—Subsequent Disclosure Requirements

(a) *Refinancings.* A refinancing occurs when an existing obligation that was subject to this subpart is satisfied and replaced by a new obligation undertaken by the same consumer. A refinancing is a new transaction requiring new disclosures to the consumer. The new finance charge shall include any unearned portion of the old finance charge that is not credited to the existing obligation. The following shall not be treated as a refinancing:

(1) A renewal of a single payment obligation with no change in the original terms.

(2) A reduction in the annual percentage rate with a corresponding change in the payment schedule.

(3) An agreement involving a court proceeding.

(4) A change in the payment schedule or a change in collateral requirements as a result of the consumer's default or delinquency, unless the rate is increased, or the new amount financed exceeds the unpaid balance plus earned finance charge and premiums for continuation of insurance of the types described in § 226.4(d).

(5) The renewal of optional insurance purchased by the consumer and added to an existing transaction, if disclosures relating to the initial purchase were provided as required by this subpart.

(b) *Assumptions.* An assumption occurs when a creditor expressly agrees in writing with a subsequent consumer to accept that consumer as a primary obligor on an existing residential mortgage transaction. Before the assumption occurs, the creditor shall make new disclosures to the subsequent consumer, based on the remaining obligation. If the finance charge originally imposed on the existing obligation was an add-on or discount finance charge, the creditor need only disclose:

(1) The unpaid balance of the obligation assumed.

(2) The total charges imposed by the creditor in connection with the assumption.

(3) The information required to be disclosed under § 226.18(k), (l), (m), and (n).

(4) The annual percentage rate originally imposed on the obligation.

(5) The payment schedule under § 226.18(g) and the total of payments under § 226.18(h), based on the remaining obligation.

45. A required deposit need not include, for example: (1) an escrow account for items such as taxes, insurance or repairs; (2) a deposit that earns not less than 5 percent per year; or (3) payments under a Morris Plan.

Section 226.21—Treatment of Credit Balances

When a credit balance in excess of $1 is created in connection with a transaction (through transmittal of funds to a creditor in excess of the total balance due on an account, through rebates of unearned finance charges or insurance premiums, or through amounts otherwise owed to or held for the benefit of a consumer), the creditor shall:

(a) Credit the amount of the credit balance to the consumer's account;

(b) Refund any part of the remaining credit balance, upon the written request of the consumer; and

(c) Make a good faith effort to refund to the consumer by cash, check, or money order, or credit to a deposit account of the consumer, any part of the credit balance remaining in the account for more than 6 months, except that no further action is required if the consumer's current location is not known to the creditor and cannot be traced through the consumer's last known address or telephone number.

Section 226.22—Determination of Annual Percentage Rate

(a) *Accuracy of annual percentage rate.*

(1) The annual percentage rate is a measure of the cost of credit, expressed as a yearly rate, that relates the amount and timing of value received by the consumer to the amount and timing of payments made. The annual percentage rate shall be determined in accordance with either the acturial method or the United States Rule method. Explanations, equations and instructions for determining the annual percentage rate in accordance with the actuarial method are set forth in Appendix J to this regulation.[45a]

(2) As a general rule, the annual percentage rate shall be considered accurate if it is not more than ⅛ of 1 percentage point above or below the annual percentage rate determined in accordance with paragraph (a)(1) of this section.

(3) In an irregular transaction, the annual percentage rate shall be considered accurate if it is not more than ¼ of 1 percentage point above or below the annual percentage rate determined in accordance with paragraph (a)(1) of this section.[46]

(b) *Computation tools.*

(1) The Regulation Z Annual Percentage Rate Tables produced by the Board may be used to determine the annual percentage rate, and any rate determined from those tables in accordance with the accompanying instructions complies with the requirements of this section. Volume I of the tables applies to single advance transactions involving up to 480 monthly payments or 104 weekly payments. It may be used for regular transactions and for transactions with any of the following irregularities: an irregular first period, an irregular first payment, and an irregular final payment. Volume II of the tables applies to transactions involving multiple advances and any type of payment or period irregularity.

(2) Creditors may use any other computation tool in determining the annual percentage rate if the rate so determined equals the rate determined in accordance with Supplement I, within the degree of accuracy set forth in paragraph (a) of this section.

(c) *Single add-on rate transactions.* If a single add-on rate is applied to all transactions with maturities up to 60 months and if all payments are equal in amount and period, a single annual percentage rate may be disclosed for all those transactions, so long as it is the highest annual percentage rate for any such transaction.

(d) *Certain transactions involving ranges of balances.* For purposes of disclosing the annual percentage rate referred to in § 226.17(g)(4)(Mail or telephone orders—delay in disclosures) and (h)(Series of sales—delay in disclosures), if the same finance charge is imposed on all balances within a specified range of balances, the annual percentage rate computed for the median balance may be disclosed for all the balances. However, if the annual percentage rate computed for the median balance understates the annual percentage rate computed for the lowest balance by more than 8 percent of the latter rate, the annual percentage rate shall be computed on whatever lower balance will produce an annual percentage rate that does not result in an understatement of more than 8 percent of the rate determined on the lowest balance.

45a. An error in disclosure of the annual percentage rate or finance charge shall not, in itself, be considered a violation of this regulation if: (1) the error resulted from a corresponding error in a calculation tool used in good faith by the creditor; and (2) upon discovery of the error, the creditor promptly discontinues use of that calculation tool for disclosure purposes and notifies the Board in writing of the error in the calculation tool. This footnote shall cease to be effective on April 1, 1982.

46. For purposes of paragraph (a)(3) of this section, an irregular transaction is one that includes one or more of the following features: multiple advances, irregular payment periods or irregular payment amounts (other than an irregular first period or an irregular first or final payment).

Section 226.23—Right of Rescission

(a) *Consumer's right to rescind.*

(1) In a credit transaction in which a security interest is or will be retained or acquired in a consumer's principal dwelling, each consumer whose ownership interest is or will be subject to the security interest shall have the right to rescind the transaction, except for transactions described in paragraph (f) of this section.[47]

(2) To exercise the right to rescind, the consumer shall notify the creditor of the rescission by mail, telegram or other means of written communication. Notice is considered given when mailed, when filed for telegraphic transmission or, if sent by other means, when delivered to the creditor's designated place of business.

(3) The consumer may exercise the right to rescind until midnight of the third business day following consummation, delivery of the notice required by paragraph (b) of this section, or delivery of all material disclosures,[48] whichever occurs last. If the required notice or material disclosures are not delivered, the right to rescind shall expire 3 years after consummation, upon transfer of all of the consumer's interest in the property, or upon sale of the property, whichever occurs first. In the case of certain administrative proceedings, the rescission period shall be extended in accordance with § 125(f) of the act.

(4) When more than one consumer in a transaction has the right to rescind, the exercise of the right by one consumer shall be effective as to all consumers.

(b) Notice of right to rescind. In a transaction subject to rescission, a creditor shall deliver 2 copies of the notice of the right to rescind to each consumer entitled to rescind. The notice shall be on a separate document that identifies the transaction and shall clearly and conspicuously disclose the following:

(1) The retention or acquisition of a security interest in the consumer's principal dwelling.

(2) The consumer's right to rescind the transaction.

(3) How to exercise the right to rescind, with a form for that purpose, designating the address of the creditor's place of business.

(4) The effects of rescission, as described in paragraph (d) of this section.

(5) The date the rescission period expires.

(c) *Delay of creditor's performance.* Unless a consumer waives the right of rescission under paragraph (e) of this section, no money shall be disbursed other than in escrow, no services shall be performed and no materials delivered until the rescission period has expired and the creditor is reasonably satisfied that the consumer has not rescinded.

(d) *Effects of rescission.*

(1) When a consumer rescinds a transaction, the security interest giving rise to the right of rescission becomes void and the consumer shall not be liable for any amount, including any finance charge.

(2) Within 20 calendar days after receipt of a notice of rescission, the creditor shall return any money or property that has been given to anyone in connection with the transaction and shall take any action necessary to reflect the termination of the security interest.

(3) If the creditor has delivered any money or property, the consumer may retain possession until the creditor has met its obligation under paragraph (d)(2) of this section. When the creditor has complied with that paragraph, the consumer shall tender the money or property to the creditor or, where the latter would be impracticable or inequitable, tender its reasonable value. At the consumer's option, tender of property may be made at the location of the property or at the consumer's residence. Tender of money must be made at the creditor's designated place of business. If the creditor does not take possession of the money or property within 20 calender days after the consumer's tender, the consumer may keep it without further obligation.

(4) The procedures outlined in paragraphs (d)(2) and (3) of this section may be modified by court order.

(e) *Consumer's waiver of right to rescind.* The consumer may modify or waive the right to rescind if the consumer determines that the extension of credit is needed to meet a bona fide personal financial emergency. To modify or waive the right, the consumer shall give the creditor a dated written statement that describes the emergency, specifically modifies or waives the right to rescind, and bears the signature of all of the consumers entitled to rescind. Printed forms for this purpose are prohibited.

(f) *Exempt transactions.* The right to rescind does not apply to the following:

(1) A residential mortgage transaction.

47. For purposes of this section, the addition to an existing obligation of a security interest in a consumer's principal dwelling is a transaction. The right of rescission applies only to the addition of the security interest and not the existing obligation. The creditor shall deliver the notice required by paragraph (b) of this section but need not deliver new material disclosures. Delivery of the required notice shall begin the rescission period.

48. The term "material disclosures" means the required disclosures of the annual percentage rate, the finance charge, the amount financed, the total of payments, and the payment schedule.

(2) A refinancing or consolidation by the same creditor of an extension of credit already secured by the consumer's principal dwelling. If the new amount financed exceeds the unpaid principal balance plus any unearned unpaid finance charge on the existing debt, this exemption applies only to the existing debt and its security interest.
(3) A transaction in which a state agency is a creditor.
(4) An advance, other than an initial advance, in a series of advances or in a series of single-payment obligations that is treated as a single transaction under § 226.17(c)(6), if the notice required by paragraph (b) of this section and all material disclosures have been given to the consumer.
(5) A renewal of optional insurance premiums that is not considered a refinancing under § 226.20(a)(5).

Section 226.24—Advertising

(a) *Actually available terms.* If an advertisement for credit states specific credit terms, it shall state only those terms that actually are or will be arranged or offered by the creditor.

(*b*) *Advertisement of rate of finance charge.* If an advertisement states a rate of finance charge, it shall state the rate as an "annual percentage rate," using that term. If the annual percentage rate may be increased after consummation, the advertisement shall state that fact. The advertisement shall not state any other rate, except that a simple annual rate or periodic rate that is applied to an unpaid balance may be stated in conjunction with, but not more conspicuously than, the annual percentage rate.

(c) *Advertisement of terms that require additional disclosures.*
(1) If any of the following terms is set forth in an advertisement, the advertisement shall meet the requirements of paragraph (c)(2) of this section:
(i) The amount or percentage of any downpayment.
(ii) The number of payments or period of repayment.
(iii) The amount of any payment.
(iv) The amount of any finance charge.
(2) An advertisement stating any of the terms in paragraph (c)(1) of this section shall state the following terms,[49] as applicable:
(i) The amount or percentage of the downpayment.
(ii) The terms of repayment.
(iii) The "annual percentage rate," using that term, and, if the rate may be increased after consummation, that fact.

(d) *Catalogs and multiple-page advertisements*
(1) If a catalog or other multiple-page advertisement gives information in a table or schedule in sufficient detail to permit determination of the disclosures required by paragraph (c)(2) of this section, it shall be considered a single advertisement if:
(i) The table or schedule is clearly set forth; and
(ii) Any statement of the credit terms in paragraph (c)(1) of this section appearing anywhere else in the catalog or advertisement clearly refers to the page on which the table or schedule begins.
(2) A catalog or multiple-page advertisement complies with paragraph (c)(2) of this section if the table or schedule of terms includes all appropriate disclosures for a representative scale of amounts up to the level of the more commonly sold higher-priced property or services offered.

Subpart D—Miscellaneous

Section 226.25—Record Retention

(a) *General rule.* A creditor shall retain evidence of compliance with this regulation (other than advertising requirements under §§ 226.16 and 226.24) for 2 years after the date disclosures are required to be made or action is required to be taken. The administrative agencies responsible for enforcing the regulation may require creditors under their jurisdictions to retain records for a longer period if necessary to carry out their enforcement responsibilities under § 108 of the act.

(b) *Inspection of records.* A creditor shall permit the agency responsible for enforcing this regulation with respect to that creditor to inspect its relevant records for compliance.

Section 226.26—Use of Annual Percentage Rate in Oral Disclosures

(a) *Open-end credit.* In an oral response to a consumer's inquiry about the cost of open-end credit, only the annual percentage rate or rates shall be stated, except that the periodic rate or rates also may be stated. If the annual percentage rate cannot be determined in advance because there are finance charges other than a periodic rate, the corresponding annual percentage

49. An example of one or more typical extensions of credit with a statement of all the terms applicable to each may be used.

rate shall be stated, and other cost information may be given.

(b) *Closed-end credit.* In an oral response to a consumer's inquiry about the cost of closed-end credit, only the annual percentage rate shall be stated, except that a simple annual rate or periodic rate also may be stated if it is applied to an unpaid balance. If the annual percentage rate cannot be determined in advance, the annual percentage rate for a sample transaction shall be stated, and other cost information for the consumer's specific transaction may be given.

Section 226.27—Spanish Language Disclosures

All disclosures required by this regulation shall be made in the English language, except in the Commonwealth of Puerto Rico, where creditors may, at their option, make disclosures in the Spanish language. If Spanish disclosures are made, English disclosures shall be provided on the consumer's request, either in substitution for or in addition to the Spanish disclosures. This requirement for providing English disclosures on request shall not apply to advertisements subject to §§ 226.16 and 226.24 of this regulation.

Section 226.28—Effect on State Laws

(a) *Inconsistent disclosure requirements.*

(1) State law requirements that are inconsistent with the requirements contained in chapter 1 (General provisions), chapter 2 (Credit transactions), or chapter 3 (Credit advertising) of the act and the implementing provisions of this regulation are preempted to the extent of the inconsistency. A state law is inconsistent if it requires a creditor to make disclosures or take actions that contradict the requirements of the federal law. A state law is contradictory if it requires the use of the same term to represent a different amount or a different meaning than the federal law, or if it requires the use of a term different from that required in the federal law to describe the same item. A creditor, state, or other interested party may request the Board to determine whether a state law requirement is inconsistent. After the Board determines that a state law is inconsistent, a creditor may not make disclosures using the inconsistent term or form.

(2)(i) State law requirements are inconsistent with the requirements contained in §§ 161 (Correction of billing errors) or 162 (Regulation of credit reports) of the act and the implementing provisions of this regulation and are preempted if they provide rights, responsibilities, or procedures for consumers or creditors that are different from those required by the federal law. However, a state law that allows a consumer to inquire about an open-end credit account and imposes on the creditor an obligation to respond to such inquiry after the time allowed in the federal law for the consumer to submit written notice of a billing error shall not be preempted in any situation where the time period for making written notice under this regulation has expired. If a creditor gives written notice of a consumer's rights under such state law, the notice shall state that reliance on the longer time period available under state law may result in the loss of important rights that could be preserved by acting more promptly under federal law; it shall also explain that the state law provisions apply only after expiration of the time period for submitting a proper written notice of a billing error under the federal law. If the state disclosures are made on the same side of a page as the required federal disclosures, the state disclosures shall appear under a demarcation line below the federal disclosures, and the federal disclosures shall be identified by a heading indicating that they are made in compliance with federal law.

(ii) State law requirements are inconsistent with the requirements contained in chapter 4 (Credit billing) of the act (other than §§ 161 or 162) and the implementing provisions of this regulation and are preempted if the creditor cannot comply with state law without violating federal law.

(iii) A state may request the Board to determine whether its law is inconsistent with chapter 4 of the act and its implementing provisions.

(b) *Equivalent disclosure requirements.* If the Board determines that a disclosure required by state law (other than a requirement relating to the finance charge or annual percentage rate) is substantially the same in meaning as a disclosure required under the act or this regulation, creditors in that state may make the state disclosure in lieu of the federal disclosure. A creditor, state, or other interested party may request the Board to determine whether a state disclosure is substantially the same in meaning as a federal disclosure.

(c) *Request for determination.* The procedures under which a request for a determination may be made under this section are set forth in Appendix A.

Section 226.29—State Exemptions

(a) *General rule.* Any state may apply to the Board to exempt a class of transactions within the state from the requirements of chapter 2 (Credit transactions) or chapter 4 (Credit billing) of the act and the corresponding provisions of this regulation. The Board shall grant an exemption if it determines that:

(1) The state law is substantially similar to the federal law or, in the case of chapter 4, affords the consumer greater protection than the federal law; and

(2) There is adequate provision for enforcement.

(b) *Civil liability.*

(1) No exemptions granted under this section shall extend to the civil liability provisions of §§ 130 and 131 of the act.

(2) If an exemption has been granted, the disclosures required by the applicable state law (except any additional requirements not imposed by federal law) shall constitute the disclosures required by this act.

(c) *Applications.* The procedures under which a state may apply for an exemption under this section are set forth in Appendix B.

* * * * *

Appendixes A through J are available from Publications Services, Room MP-510, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Amendment to Regulation K

The Board of Governors has amended Regulation K, International Banking Operations, to remove ineligible bankers' acceptances from the limitation on the total amount of bankers' acceptances that foreign branches of member banks may issue. Removal of this restriction will assure that the regulatory treatment of bankers' acceptances issued by a foreign branch of a member bank is on the same basis as those issued by a member bank domestically.

Effective March 16, 1981, Section 211.3 (b)(2) is amended to read as follows:

Section 211.3—Foreign Branches of Member Banks

* * * * *

(b) * * *

(2) accept drafts or bills of exchange drawn upon it; however, such acceptances that are of the type described in paragraph 7 of section 13 of the FRA (12 U.S.C. 372) shall be subject to the amount limitations provided therein and such acceptances that are of the type described in paragraph 12 of section 13 of the FRA shall be subject to the amount limitations provided therein;

* * * * *

Amendments to Regulation P

The Board of Governors has amended Regulation P (Minimum Security Devices and Procedures for Federal Reserve Banks and State Member Banks) implementing the Bank Protection Act to eliminate several reporting requirements. The actions lighten the regulatory reporting burden of all state member banks and are expected to be of particular benefit to small banks.

1. Effective March 10, 1981, Sections 216.3(c) and 216.4(a) are amended as set forth below:

Section 216.3—Security Devices

* * * * *

(c) *Implementation.* It is appropriate for banking offices in areas with a high incidence of crime to install many devices which would not be practicable because of costs for small banking offices in areas substantially free of crimes against financial institutions. Each bank shall consider the appropriateness of installing, maintaining, and operating security devices which are expected to give a general level of bank protection at least equivalent to the standards described in Appendix A of this Part, as amended. In any case in which (on the basis of the factors listed in paragraph (b) or similar ones, the use of other measures, or the decision that technological change allows the use of other measures judged to give equivalent protection) it is decided not to install, maintain, and operate devices at least equivalent to these standards, the bank shall preserve in its records a statement of the reasons for such decision.

Section 216.4—Security Procedures

(a) *Development and administration.* On or before July 15, 1969 (or within thirty days after a State bank becomes a member of the Federal Reserve System, whichever is later), each State member bank shall develop and provide for the administration of a security program to protect each of its banking offices from robberies, burglaries, and larcenies and to assist in the identification and apprehension of persons who commit such acts. This security program shall be reduced to writing, approved by the bank's board of directors, and retained by the bank in such form as will readily permit determination of its adequacy and effectiveness.

* * * * *

2. Section 216.5 is amended by removing paragraph (b), redesignating paragraph (c) paragraph (b), and redesignating paragraph (d) as paragraph (c), as set forth below.

Section 216.5—Filing of Reports

* * * * *

(b) *External crime reports*. Each time a robbery, burglary, or nonbank-employee larceny is perpetrated or attempted at a banking office operated by a State member bank, the bank shall, within a reasonable time, file a report in conformity with the requirements of Form P-2. One copy of such report shall be filed with the appropriate State supervisory authority and three copies of such report shall be filed with the Federal Reserve Bank for the District in which the head office of the reporting bank is located.

(c) *Special reports*. Each State member bank shall file such other reports as the Board may require.

Depository Institutions Deregulation Committee Amendments to Interest on Deposits

The Depository Institutions Deregulation Committee has amended its rules to reduce the period between the announcement and the effective date of the ceiling rates of interest payable on the 26-week money market certificate (MMC) and on the 2½ year or more small saver certificate (SSC). Under the revised rules, the ceiling rates of interest payable on MMCs and SSCs will become effective on the day after they are announced. Ceiling rates for such deposits normally are announced on Monday and, thus, normally will be effective on Tuesday rather than on Thursday as under the present rules. This action was taken by the Committee in order to more closely link the ceiling rates of interest payable on MMCs and SSCs with current market rates.

Effective April 7, 1981, the Committee amends Sections 104 and 106 of Part 1204 (Interest on Deposits) to read as follows:

Section 1204.104—26-Week Money Market Time Deposits of Less Than $100,000

Commercial banks, mutual savings banks, and savings and loan associations may pay interest on any nonnegotiable time deposit of $10,000 or more, with a maturity of 26 weeks at a rate not to exceed the rates set forth below. Rounding any rate to the next higher rate is not permitted and interest may not be compounded during the term of this deposit.

Rate established and announced (auction average on a discount basis) for U.S. Treasury bills with maturities of 26 weeks at the auction held immediately prior to the date of deposit ("Bill Rate")	Maximum per cent
COMMERCIAL BANKS	
7.50 per cent or below	7.75
Above 7.50 per cent	Bill Rate plus one-quarter of one per cent
MUTUAL SAVINGS BANKS AND SAVINGS AND LOAN ASSOCIATIONS	
7.25 per cent or below	7.75
Above 7.25 per cent, but below 8.50 per cent	Bill Rate plus one-half of one per cent
8.50 per cent, but below 8.75 per cent	9
8.75 per cent or above	Bill Rate plus one-quarter of one per cent

* * * * *

Section 1204.106—Time Deposits of Less Than $100,000 With Maturities of 2½ Years or More

(a) A commercial bank may pay interest on any nonnegotiable time deposit with a maturity 2½ years or more at a rate not to exceed the higher of one-quarter of one per cent below the average 2½ year yield for United States Treasury securities as determined and announced by the United States Department of the Treasury immediately prior to the date of deposit, or 9.25 per cent. Such announcement is made by the United States Department of the Treasury every two weeks. The average 2½ year yield will be rounded by the United States Department of the Treasury to the nearest 5 basis points. The rate paid on any such deposit cannot exceed the ceiling rate in effect on the date of deposit. In no event shall the rate of interest paid exceed 11.75 per cent, except as provided in 12 CFR 217.7(g) and in 12 CFR 329.6(b)(6).
(b) A mutual savings bank or savings and loan association may pay interest on any nonnegotiable time deposit with a maturity of 2½ years or more at a rate not to exceed the higher of the average 2½ year yield for United States Treasury securities as determined and announced by the United States Department of the Treasury immediately prior to the date of deposit, or 9.50 per cent. Such announcement is made by the

United States Department of the Treasury every two weeks. The average 2½ year yield will be rounded by the United States Department of the Treasury to the nearest 5 basis points. The rate paid on any such deposit cannot exceed the ceiling rate in effect on the date of deposit. In no event shall the rate of interest paid exceed 12.00 per cent.

By Order of the Board of Governors, effective March 23, 1981.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, and Teeters. Voting against this action: Governors Partee and Gramley. Absent and not voting: Governor Rice.

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

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

Orders Under Section 3 of Bank Holding Company Act

Emerson First National Company, Emerson, Nebraska Arcadia Agency Company, Arcardia, Nebraska Decatur Agency Company Decatur, Nebraska Tekamah Agency Company, Tekamah, Nebraska

Order Denying Formation of a Bank Holding Company and, the Acquisition of a Bank Holding Company

Emerson First National Company ("Emerson"), Emerson, Nebraska, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (the "BHC Act") (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 95 percent or more of the shares of The First National Bank, Emerson, Nebraska. In connection with this application, Arcadia Agency Company, Arcadia, Nebraska; Decatur Agency, Company, Decatur, Nebraska; and Tekamah Agency Company, Tekamah, Nebraska, all of which are affiliated one-bank holding companies within the meaning of the BHC Act, have each applied for the Board's approval under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)) to acquire, 24.9 percent of the outstanding shares of Emerson.

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. The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

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

Statement by the Board of Governors of the Federal Reserve System Regarding the Application of Emerson First National Company to Acquire the First National Bank of Emerson, Emerson, Nebraska, and the Related Applications of Arcadia Agency Company, Decatur Agency Company, and Tekamah Agency Company to Acquire Voting Interests in Emerson First National Company.

By Order dated March 23, 1981, the Board denied the application of Emerson First National Company, Emerson, Nebraska ("Emerson"), for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) (the "Act"), to become a bank holding company by acquiring 95 percent of the outstanding voting shares of The First National Bank of Emerson, Emerson, Nebraska ("Bank"). In related actions, the Board denied the applications of Tekamah Agency Company, Tekamah, Nebraska ("Tekamah"), Decatur Agency Company, Decatur, Nebraska ("Decatur"), and Arcadia Agency Company, Arcadia, Nebraska ("Arcadia"), for the Board's approval for each to acquire 24.9 percent of the outstanding voting shares of Emerson, under section 3(a)(3) of the BHC Act (12 U.S.C. § 1842(a)(3)).

Emerson, a nonoperating corporation, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $9.6 million.[1] Upon acquisition of Bank, Emerson would control the 224th largest bank in Nebraska and hold approximately 0.1 percent of the total deposits in commercial banks in the state.

Arcadia, Decatur, and Tekamah are one-bank holding companies by virtue of their ownership respectively of Arcadia State Bank, Arcadia, Nebraska ("Arcadia Bank"), Citizens State Bank, Decatur, Nebraska ("Decatur Bank") and First National Bank of Tekamah, Tekamah, Nebraska ("Tekamah Bank"). Arcadia Bank, Decatur Bank, and Tekamah Bank hold deposits of $8.8 million, $5.6 million, and $23.6 million, respectively.[2] These three bank holding compa-

1. Unless otherwise indicated, all banking data are as of June 30, 1980.
2. Data are as of December 31, 1980

nies constitute a chain banking organization, which, after consummation of this proposal, would control 74.7 percent of the voting shares of Emerson.

Bank is the second largest of three banking organizations in the relevant market, controlling 24.8 percent of the total deposits in commercial banks in the market.[3] The principal of Emerson and Bank is also a principal of Tekamah, Arcadia and Decatur and their subsidiary banks. However, neither Tekamah Bank, Arcadia Bank, nor Decatur Bank is located in the same banking market as Emerson and Bank. It appears from the facts of record the consummation of the proposal would result in no adverse effects on existing or potential competition in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval.

The Board has indicated on previous occasions that a holding company should be a source of strength to its subsidiary bank, and that the Board would closely examine the condition of an applicant in each case with these considerations in mind.[4] Furthermore, where the principal of an applicant is engaged in operating a chain of banking organizations, the Board, in addition to analyzing the one-bank holding company proposal before it, also considers the total chain and analyzes the financial and managerial resources and future prospects of the institutions comprising the chain.

In this case, the Board is concerned that the use of acquisition debt, which amounts to 100 percent of Bank's original purchase price, may adversely affect the ability of the bank holding companies in the chain to serve as a source of strength to their subsidiary banks. A one-bank holding company that relies on the earnings of its subsidiary bank to service debt often creates a drain on the resources of its subsidiary bank. The Board has found that with a debt-to-equity ratio less than .3 to 1, a bank holding company generally has sufficient access to debt and equity markets to aid its subsidiary bank should unforeseen circumstances occur. As this ratio increases beyond .3 to 1, the ability of the bank holding company to utilize debt and equity markets correspondingly decreases. These concerns are equally applicable to chain banking organizations.

The Board has recognized that, on balance, the public interest is served by facilitating the transfer of ownership of small community banks to one-bank holding companies even though such transfers often require the assumption of a substantial acquisition debt. Under these circumstances, the Board has been willing to approve the formation of one-bank holding companies with what the Board views as excessive debt obligations on the condition that they can demonstrate their ability to become a source of strength to their subsidiary banks within a relatively short period of time, such as by reducing their debt-to-equity ratio of .3 to 1 within 12 years of consummation.

The Board also believes that the amount of acquisition debt that can be incurred in a one-bank holding company formation by one company or a chain of bank holding companies must be resricted to 75 percent of the purchase price of the bank to be acquired. This limitation reduces the amount of debt, which usually still remains excessive; reduces the possibility of strain on the financial resources of the banking organization; and creates a greater incentive for management to conduct the affairs of the banking organization in a safe and sound manner. In this connection, the Board notes that the Emerson proposal calls for the chain of banking organizations to assume 100 percent of the purchase price of Bank through debt.

The debt to be assumed by Emerson would result in a debt-to-equity ratio of 1.37 to 1, which is greater than the .3 to 1 ratio that the Board considers desirable. However, the Board is willing to permit this level of debt in Emerson for the purpose of facilitating the transfer of ownership of small banks as discussed above. The Board believes that these special considerations do not apply to Tekamah's assumption of a portion of Emerson's acquisition debt. The Board is concerned that the overall financial consequences of the debt servicing requirements created by this proposal present adverse financial factors that warrant denial.

Under this proposal, Tekamah, a bank holding company that is already in debt, would borrow an additional $805,500, which represents approximately 25 percent of the acquisition cost of Bank. This new debt would double Tekamah's debt-to-equity ratio, increasing it from .4:1 to .9:1. The Board regards such a substantial increase in Tekamah's debt-to-equity ratio for the purpose of funding a bank acquisition by a related bank holding company to be inconsistent with Tekamah's responsibility to serve as a source of strength to its subsidiary bank. Tekamah's existing indebtedness exceeds what the Board would consider appropriate for Tekamah to reasonably meet any unexpected needs of Tekamah Bank. The assumption of the additional debt by Tekamah for purposes unrelated to strengthening Tekamah Bank would further impair its ability to meet the needs of its subsidiary bank should unforeseen circumstances occur. The Board believes that the primary focus of a bank holding company should be the operations of *its* subsidiaries

3. The relevant banking market is approximated by Thurston County, Nebraska, and the southeast portion of Dixon County, Nebraska.

4. In *BH Co., Inc.*, 60 FEDERAL RESERVE BULLETIN 123 (1974), the Board expressed its concern abut the financial flexibility of bank holding companies.

and any diversion from this objective is generally not consistent with the public interest. Accordingly, the Board concludes that considerations relating to the financial resources and future prospects of the chain of related banking organizations are so adverse as to warrant denial of these applications. Managerial resources of Applicants, Bank, and the other banks in the chain are consistent with approval of the transaction.

No changes in the services offered by Bank are expected to follow from consummation of the proposed transaction. Consequently, the Board concludes that considerations relating to the convenience and needs of the community to be served lend no weight toward approval of the proposal. Thus, based on the criteria the Board must consider under the Act, there are no factors favoring approval of these applications and the Board's review of the banking factors, as summarized above, favor denial.

On the basis of the above, and all the facts of record, the Board concludes that banking considerations involved in this proposal present adverse factors bearing upon the financial resources and future prospects of the chain of related banking organizations, in general, and of Tekamah, in particular. Such adverse factors are not outweighed by any procompetitive effects or by benefits that would result in better service to the convenience and needs of the community. Accordingly, it is the Board's judgment that approval of these applications would not be in the public interest, and that the applications should be denied.

Board of Governors of the Federal Reserve System, April 2, 1981.

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Dissenting Statement of Governors Partee and Gramley

We would approve the application of Emerson First National Company to become a one-bank holding company and the related applications of Arcadia Agency Company, Decatur Agency Company, and Tekamah Agency Company to acquire voting interests in Emerson First National Company. In our view, the facts of record in this case indicate that both Emerson and Tekamah are capable of servicing their proposed debt, and that financial factors favor approval of these applications.

In light of these considerations, a denial in this case would mean that one-bank holding companies, and similar chain banking organizations, would be required to limit their acquisition debt to less than 75 percent of the purchase price of a bank to be acquired, and not increase their debt-to-equity ratio above .3 to 1 for a nonsubsidiary bank acquisition. We believe that such requirements should be adopted through a rulemaking procedure pursuant to section 553 of the Administrative Procedure Act (5 U.S.C. § 553) and not through adjudication by the Board under the Bank Holding Company Act. The rulemaking procedure would put the industry on notice of what the Board considers to be safe and sound banking practices.

For the reasons stated above and based upon the facts of record, we believe these appications should be approved.

April 2, 1981

Financial Services of Winger, Winger, Minnesota

Order Denying Formation of a Bank Holding Company

Financial Services of Winger, Winger, Minnesota, 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 94.6 percent of the voting shares of Farmers State Bank of Winger, Winger, Minnesota ("Bank").

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

Applicant, a nonoperating Minnesota corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $7.6 million.[1] Upon acquisition of Bank, Applicant would control the 424th largest bank in Minnesota and would hold approximately 0.03 percent of the total deposits of commercial banks in the state.

Bank is the smallest of four banking organizations in the relevant banking market and holds approximately 19.3 percent of the total deposits in commercial banks in the market.[2] Principals of Applicant and Bank have no interest in any other financial institutions. It ap-

1 All banking data are as of December 31, 1979.
2. The relevant banking market is approximated by the eastern half of Polk County, Minnesota.

pears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition or increase concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board would closely examine the condition of an applicant in each case with this consideration in mind. In this case, the Board concludes that the record in this application presents adverse considerations that warrant denial of the proposal to form a bank holding company.

With regard to financial considerations, the Board notes that in connection with this proposal Applicant would incur a sizeable debt, which it proposes to service over a 15-year period through dividends to be declared by Bank, and tax savings to be derived from filing consolidated tax returns. Applicant's estimates of the overall cost of servicing this debt appear to be overly optimistic. Moreover, in light of current economic conditions, the amount of debt involved in the proposal, and Bank's historical earnings and growth performance, the Board believes that Applicant would lack sufficient flexibility to service its debt, maintain adequate capital in Bank, and meet an unforeseen problems that might arise at Bank. Accordingly, the Board is of the opinion that the considerations relating to financial resources and future prospects of Applicant and Bank weigh against approval of the application. Managerial resources of Applicant and Bank are generally satisfactory and would be consistent with approval.

No significant changes in the services offered by Bank are expected to follow from consummation of the proposed transaction. Consequently, convenience and needs factors are consistent with, but lend no weight toward, approval of this application.

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

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

By order of the Board of Governors, effective March 3, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

First Bank Holding Company of Batesville, Batesville, Arkansas

Order Approving Formation of Bank Holding Company

First Bank Holding Company of Batesville, Batesville, Arkansas, has applied for the Board's approval under section 3(a)(1) of the Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 80 percent or more of the voting shares of First National Bank ("Batesville Bank"), Batesville, Arkansas.

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 organized for the purpose of becoming a bank holding company through the acquisition of Batesville Bank. Upon acquisition of Batesville Bank, Applicant would be the 25th largest banking organization in Arkansas, controlling 0.8 percent of total deposits in commercial banks in the state.[1]

Bank is the largest of three banks competing in the relevant banking market,[2] controlling deposits of $57.2 million, representing 54.9 percent of total market deposits. While this proposal involves a restructuring of Batesville Bank's ownership from individuals to a corporation owned by substantially those same individuals, the Board notes that two of Applicant's principals also are associated with another bank located in the relevant banking market. The Chairman of Applicant and Batesville Bank also owns 96.5 percent of Bank of Newark ("Newark Bank"), Newark, Arkansas, the smallest bank in the Independence County banking market, with deposits of $3.7 million, representing 3.6 percent of total market deposits. In addition, this individual serves as President and director of

1. Banking data are as of December 31, 1979, unless otherwise noted.
2. The relevant banking market is approximated by Independence County, Arkansas.

Newark Bank, and the President of Applicant and Batesville Bank serves as a director of Newark Bank.

In analyzing the competitive effects of an application to form a bank holding company where an individual or group of individuals, controlling in a personal capacity more than one bank in a relevant banking market, seeks to transfer control of one or more of the banks to a holding company, the Board takes into consideration the competitive effects of the transaction whereby common ownership was established between the banks in the market.[3] Inasmuch as Batesville Bank and Newark Bank in 1976 controlled 55.0 percent and 3.3 percent, respectively, of total market deposits,[4] the acquisition of Newark Bank by Applicant's principals appears to have eliminated a substantial amount of existing competition in the relevant banking market. However, based upon all of the facts of record, including the poor financial condition of Newark Bank at the time of its acquisition by Applicant's principals, it is the Board's opinion that the adverse effects associated with that acquisition are clearly outweighed by the considerations discussed below.

The financial and managerial resources and future prospects of Applicant, Batesville Bank, and Newark Bank are currently regarded as satisfactory. At the time of the acquisition of Newark Bank by Applicant's principals, however, it was apparent that the continued operation of Newark Bank was jeopardized. While a less anticompetitive means of assuring the existence of Newark Bank as an alternative source of banking services would have been preferable, the record indicates that such an alternative was not readily available. Further, Newark Bank's financial condition has improved substantially under the management of Applicant's principals and it has significantly expanded the services it offers. Thus, banking factors and convenience and needs considerations clearly outweigh the substantially adverse competitive effects of the 1976 acquisition and lend significant weight toward approval of this proposal to become a bank holding company. Based upon these and other facts of record, the Board has determined that consummation of the transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective March 24, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

First Community Bancorporation, Joplin, Missouri

Order Approving Acquisition of Bank

First Community Bancorporation, Joplin, Missouri, 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 82.9 percent or more of the voting shares of Merchants and Miners Bank of Webb City ("Bank"), Webb City, Missouri.

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, including those of Webb City Bank ("Protestant"), Webb City, Missouri, and Mr. Robert J. Baker, Webb City, Missouri, in light of the factors set forth in section 3(c) of the Act.[1]

Applicant, the 17th largest banking organization in Missouri, controls six subsidiary banks with aggregate deposits of $175.1 million, representing 0.7 percent of the commercial bank deposits in the state.[2] Upon consummation of the proposal, Applicant's share of deposits in commercial banks in Missouri would increase by only 0.03 percent and Applicant would remain the 17th largest banking organization in the state. Accordingly, consummation of this proposal would not have an appreciable effect upon the concentration of commercial banking resources in Missouri.

3. E.g., *Mid-Nebraska Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 589 (1978), aff'd sub nom., *Mid-Nebraska Bancshares, Inc.* v. *Board of Governors*, 627 F.2d 266 (D.C. Cir. 1980).

4. Deposit data relating to the time Newark Bank became affiliated with Batesville Bank are as of December 31, 1976, and exclude deposits held by a branch of Batesville Bank located in a separate banking market.

1. Webb City Bank, the larger of the two banks located in Webb City, urged denial of the proposal on competitive grounds. Mr. Baker, an interested member of the public, urged approval because of convenience and needs considerations.

2. Banking data are as of December 31, 1979, unless otherwise noted.

Protestant, in contending that consummation of the proposal would result in adverse competitive effects, asserts that the relevant banking market should be limited to the area within a ten-mile radius of Joplin.[3] In proposing this definition of the market, Protestant relied on the fact that this is the area within which management official interlocks between depository institutions are generally prohibited by the Depository Institution Management Interlocks Act (12 U.S.C. § 3202) (the "DIMIA") and the Board's Regulation L (12 C.F.R. Part 212). The DIMIA prohibits a management official of a depository institution from serving as a management official of another depository institution in the same city, town, or village, or a contiguous or adjacent city, town, or village. Federal law has prohibited management interlocks between banks in contiguous or adjacent cities, towns, and villages since 1935,[4] but the Board has not limited the relevant geographic area for analyzing competition among banks in this manner. The Board believes that the relevant banking market should consist of the localized area where the banks involved offer their services and where local customers can practicably turn for alternatives. As the Supreme Court has noted in this regard, "the proper question is not where the parties to the merger do business or even where they compete, but where, within the area of competitive overlap, the effect of the merger on competition will be direct and immediate."[5]

In determining the area within which the effect of this proposed acquisition on competition will be direct and immediate, the Board has analyzed a number of factors, including commuter patterns, newspaper circulation, and regional commercial growth projections in Joplin and surrounding areas. Based on these and other facts of record, it is the Board's judgment that the relevant geographic market for analyzing the competitive effects of ths proposal is the Joplin banking market, which is approximated by all of Jasper and Newton Counties, Missouri, and the portion of Cherokee County, Kansas, that includes the towns of Galena and Baxter Springs.[6]

Applicant, through its banking subsidiaries, First National Bank and Trust, Joplin, Missouri, and Community National Bank, Joplin, Missouri, is the largest of 18 banking organizations competing in the Joplin banking market, with total market deposits of $132.8 million, representing 25.0 percent of commercial bank deposits in the market.[7] Bank is the 16th largest banking organization in the market, with total deposits of $7.2 million, representing 1.4 percent of market deposits. Consummation of the acquisition will increase Applicant's share of deposits in the Joplin banking market to 26.4 percent. In light of these facts of record, the Board finds that consummation of the proposal would result in the elimination of existing competition between Applicant and Bank and remove an independent competitor from the market.

Proposals involving the acquisition of an independent banking organization by an organization already represented in the relevant market must be analyzed carefully, giving attention to all the facts presented in each case, such as the structural characteristics of the market as well as the quantitative factors associated with the proposal. In this instance, the Board finds that there are several significant factors that mitigate the adverse competitive effects of this proposal. The Joplin banking market is relatively unconcentrated, with a four-firm concentration ratio of 54.9 percent. Further, there are eleven remaining independent and unaffiliated banks in the market that could serve as entry vehicles by bank holding companies not represented in the market. Of those bank holding companies represented in the Joplin banking market, four are among the six largest bank holding companies in Missouri, while Applicant comparatively ranks only as 17th largest in the state. Finally, the Board notes that Bank is a comparatively small institution with limited resources, and, therefore, its overall competitive influence in the market is regarded as relatively insignificant. Accordingly, on the basis of the above and other facts of record, the Board does not regard the effect of the proposal on competition in the Joplin banking market as so substantially adverse as to warrant denial of the application.

The financial and managerial resources and future prospects of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory. Upon acquisition of Bank, Applicant will assist Bank in providing new and improved services to its customers. In particular,

3. Webb City is located approximately seven miles from Joplin, Missouri.

4. Section 8 of the Clayton Antitrust Act (15 U.S.C. § 19) generally prohibited a director, officer, or employee of a member bank from acting in such capacities with another bank located in the same city, town, or village or a contiguous or adjacent city, town, or village. The fact that section 212.2(a) of the Board's Regulation L (12 C.F.R. § 212.2(a)), adopted July 19, 1979, pursuant to the DIMIA, defines "adjacent cities, towns, or villages" as "cities, towns, or villages whose borders are within ten road miles of each other at their closest points" does not affect the definition of the relevant banking market.

5. *United States* v. *Philadelphia National Bank*, 374 U.S. 321, 357 (1963); *United States* v. *Phillipsburg National Bank*, 399 US 350, 364–365 (1970).

6. Applicant believes that the Joplin banking market should be defined as portions of Jasper and Newton Counties and parts of Cherokee County, Kansas, and Ottawa County, Oklahoma. The Board has determined that Joplin's economic influence extends throughout Jasper and Newton Counties. The portion of Ottawa County that Applicant included in its proposed definition is not, in the Board's judgment, sufficiently dependent upon Joplin to warrant inclusion in the Joplin banking market.

7. Market data are as of June 30, 1980.

Applicant will assist Bank in providing improved demand and savings deposit services, incuding checking overdraft privileges and automatic transfer services or NOW accounts, and broadening Bank's range of lending services. In addition, Applicant will assist Bank in improving its facilities to provide for safe deposit boxes, drive-in banking facilities, automated teller machines, and facilities for handicapped persons. Finally, affiliation with Applicant would provide Bank with access to Applicant's electronic data processing facilities and managerial resources. The record indicates that Bank does not currently have the resources to provide these services, and that, although there is another bank in Webb City, the introduction of these services through Bank as a result of this proposal will permit the banking needs of the Webb City community to be better served, thereby enhancing the overall quality of banking services. Since state law prohibits banks from branching within Missouri, and in the Board's judgment Webb City is not attractive for de novo entry, acquisition of Bank by a larger organization appears to be the most expedient method of accomplishing these purposes. Therefore, considerations relating to the convenience and needs of the community to be served lend substantial weight toward approval of the application, and in the Board's view, outweigh any adverse competitive 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 Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective March 12, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

First Southeast Banking Corporation, Darien, Wisconsin

Order Approving Acquisition of One Bank, Conditionally Approving Acquisition of Two Banks, and Denying Acquisition of Two Banks

First Southeast Banking Corp., Darien, Wisconsin, 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 62 percent or more of the voting shares of First Bank Southeast, N.A., Kenosha, Wisconsin ("Kenosha Bank"), 80 percent or more of the voting shares of First Bank Southeast of West Kenosha, Kenosha, Wisconsin ("West Kenosha Bank"), 87 percent or more of the voting shares of First Bank Southeast of Silver Lake, Silver Lake, Wisconsin ("Silver Lake Bank"), and 88 percent or more of the voting shares of each of the following banks: First Bank Southeast of Lake Geneva, Lake Geneva, Wisconsin ("Lake Geneva Bank"), and First Bank Southeast of Twin Lakes, Twin Lakes, Wisconsin ("Twin Lakes 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. The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a one-bank holding company that controls First Bank Southeast of Darien, Darien, Wisconsin ("Darien Bank"). Darien Bank is the 553rd largest commercial bank in Wisconsin, with deposits of $6.9 million, representing .03 percent of the total deposits in commercial banks in the state.[1] Approval of the proposals to acquire the five additional banks, which hold deposits of $120.7 million, would cause Applicant to become the sixteenth largest banking organization in Wisconsin, controlling approximately 0.6 percent of the total deposits in commercial banks in Wisconsin and would not result in a significant increase in the concentration of banking resources in Wisconsin.

Lake Geneva Bank is located in the Walworth banking market,[2] which also contains Applicant's existing subsidiary, Darien Bank. Lake Geneva Bank is the fourth largest of fifteen banking organizations in

1. All deposit data are as of December 31, 1979, unless otherwise indicated.

2. The Walworth banking market is defined as Walworth County, Wisconsin (except for the township of East Troy), and the township of Burlington in Racine County, Wisconsin

the Walworth banking market, controlling $34.2 million in deposits, which represents 8.9 percent of the total deposits in commercial banks in the market. Darien Bank is the fourteenth largest banking organization in the Walworth banking market, controlling 1.8 percent of the total deposits in commercial banks in the market. Upon completion of the proposed acquisitions, Applicant's banks in the Walworth banking market would control $41.1 million in deposits, which represent 10.7 percent of the total deposits in commercial banks in the market.

The four other banks that Applicant proposes to acquire are located in the Kenosha banking market.[3] In the Kenosha market, Kenosha Bank ranks third out of the market's eight commercial banks with $55.7 million in deposits, or 16.3 percent of the total deposits in commercial banks in the market. West Kenosha Bank ranks sixth, with $11.1 million in deposits (3.3 percent of the market total); Silver Lake Bank ranks seventh, with $10.7 million in deposits (3.1 percent of the market total); and Twin Lakes Bank ranks eighth, with $9.0 million in deposits (2.6 percent of the market total). Upon completion of the proposed acquisitions, Applicant would control a total of $86.5 million in deposits in the Kenosha market, or 25.3 percent of the total deposits in commercial banks in that market, and Applicant would become the second largest banking organization in the Kenosha market.

Applicant's principal, who owns 100 percent of Applicant's stock, also owns controlling interests in each of the banks that Applicant proposes to acquire. Since these applications represent a restructuring of existing ownership interests, no existing competition would be eliminated as a result of the proposed acquisitions. However, section 3(c) of the Bank Holding Company Act precludes the Board from approving any proposed acquisition by a bank holding company that (1) would result in a monopoly or be in furtherance of any combination to monopolize or attempt to monopolize a banking market, or that (2) may substantially lessen competition or tend to create a monopoly or be in restraint of trade in any banking market unless the anticompetitive effects are clearly outweighed by the convenience and needs of the community to be served.

As part of its analysis of the competitive effects of a proposal involving the restructuring of a bank's ownership into corporate form, the Board takes into consideration the competitive effects of the transaction whereby common share ownership or interlocking director or officer relationships were established between the subject bank and one or more of the other banks in the same market.[4] In this case the Board has considered the competitive effects of the original transactions by which all of the banks that are the subjects of this proposal came under common ownership.

In the Walworth banking market, Applicant's principal acquired control of Lake Geneva Bank in 1975 and Darien Bank in 1977. While these acquisitions had no competitive effect in the Kenosha market, the 1977 acquisition eliminated some existing competition in the Walworth market. However, the Board does not view the competitive effects of this acquisition as significant, due to the market share (11.5 percent) then held by the two banks, the fact that the market was not particularly concentrated at the time, and the existence of eleven unaffiliated banks that remained in the market as possible acquisition candidates. Accordingly, competitive considerations pertaining to the acquisition of Lake Geneva Bank are consistent with approval.

In the Kenosha banking market, the acquisition by Applicant's principal of Kenosha Bank in 1969 constituted an acquisition of an existing bank by a person controlling no other banking interests within the market. Accordingly, the Board concludes that no existing competition in the Kenosha market was eliminated when Applicant's principal acquired control of Kenosha Bank in 1969. Additionally, the Board concludes that neither this acquisition nor the other Kenosha market acquisitions affected competition in the Walworth market.

The acquisition by Applicant's principal of Silver Lake Bank in 1970 eliminated some existing competition in the Kenosha market. In 1970, Kenosha Bank ranked third out of seven banks in the Kenosha banking market, with $27.6 million in deposits, or 17.3 percent of the market total. Silver Lake Bank ranked fifth, with $5.1 million in deposits, or 3.2 percent of the market total. Upon acquisition of Silver Lake Bank, Applicant's principal controlled 20.5 percent of the total deposits in commercial banks in the market and the banks under his control in the Kenosha market constituted the third largest banking organization in

3. The Kenosha banking market is defined as Kenosha County, Wisconsin. Applicant has urged that the Kenosha banking market be defined as Kenosha County and Western Racine County. The staffs of the Federal Reserve Bank of Chicago and the Board have made a thorough review and analysis of the definition of the relevant market. As a result of this review and its analysis of all the facts of record, including commuting and population data, the Board has concluded that the appropriate area for analyzing the competitive effects in the Kenosha market of the subject proposals is approximated by the single-county area described herein

4. *Mid-Nebraska Bancshares, Inc.* v. *Board of Governors*, No. 78-1658, slip op. 6–8 (D.C. Cir. February 15, 1980); *Mahaska Investment Co.*, 63 FEDERAL RESERVE BULLETIN 579, 580 (1977).

that market. However, the Board does not view the competitive effect as significantly adverse, because of certain considerations concerning that acquisition. Specifically, Silver Lake Bank was eighteen miles from the closest office of Kenosha Bank in 1970, no significant overlap of deposits and loans between the two banks then existed, and five banking alternatives remained in the market. Thus, although some existing competition was eliminated when Applicant's principal acquired Silver Lake Bank in 1970, the competitive effect of this acquisition taken alone would not be sufficient to warrant denial of the proposal if Applicant's principal did not own additional banks in the Kenosha banking market.

With regard to the other acquisitions in the Kenosha market, the Board concludes that Applicant's principal's acquisition of West Kenosha Bank in 1972 and Twin Lakes Bank in 1977 had substantially adverse effects on existing competition in the market. Upon acquisition of West Kenosha Bank in 1972, Applicant's principal eliminated a banking alternative in this highly concentrated market[5] and controlled three of the eight banks competing in the market, representing 22.0 percent of the total deposits in the market. In addition, the rank of the banking group advanced from third to second. Upon acquisition of Twin Lakes Bank in 1977, Applicant's principal eliminated another banking alternative in the market and controlled four of the eight banks competing in the market and 26.1 percent of the total deposits in commercial banks in the market.

In the Board's view, the proposals to acquire West Kenosha Bank and Twin Lakes Bank involve the use of the holding company form to further an anticompetitive arrangement. On the basis of all of the facts of record, including the size of all of the organizations involved (together the four Kenosha banks hold 25.3 percent of the total deposits in the market), the Board concludes that the proposals to acquire West Kenosha Bank and Twin Lakes Bank should be denied since approval of these proposals would serve to perpetuate a substantially adverse competitive situation. While denial of these proposals might not immediately alter the anticompetitive relationships existing among these four banks, a denial would strengthen the prospect of disaffiliation and the possibility that West Kenosha Bank and Twin Lakes Bank would become independent and competing organizations in the future. On the other hand, approval would solidify and strengthen the common ownership of the four banks and would eliminate or significantly diminish the likelihood of their disaffiliation.

In light of the structure of the Kenosha banking market and the market shares of the organizations involved, the Board is of the opinion that approval of the Applicant's proposals to acquire Kenosha Bank and Silver Lake Bank while Applicant's principal retains control of West Kenosha Bank and Twin Lakes Bank would also serve to perpetuate a significantly adverse competitive situation. The Board therefore concludes that the applications to acquire Kenosha Bank and Silver Lake Bank should be approved on the condition that Applicant divest of West Kenosha Bank and Twin Lakes Bank prior to consummation of the acquisition of Kenosha Bank and Silver Lake Bank.

The financial and managerial resources and future prospects of Applicant, Darien Bank and the five banks to be acquired are regarded as satisfactory and their future prospects appear favorable. Accordingly, banking factors are consistent with but lend no weight toward approval of each proposal.

No significant changes in Banks' operations or in the services offered to their customers are anticipated to follow from consummation of the proposed acquisitions. Consequently, convenience and needs factors lend no weight toward approval of these applications.

On the basis of the foregoing and all the facts of record, and in light of the factors set forth in section 3(c) of the Act, it is the Board's judgment that approval of the applications to acquire West Kenosha Bank and Twin Lakes Bank would not be in the public interest and these applications should be and hereby are denied. The applications to acquire Kenosha Bank and Silver Lake Bank are approved subject to the condition that Applicant's principal divest of West Kenosha Bank and Twin Lakes Bank prior to consummation of the acquisition of Kenosha Bank and Silver Lake Bank. The application to acquire Lake Geneva Bank is approved.

The approved 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 Chicago under delegated authority. The acquisition of Kenosha Bank and Silver Lake Bank shall not be consummated until Applicant provides the Federal Reserve Bank of Chicago with evidence that Applicant's principal has effectively and completely divested of his interests in West Kenosha Bank and Twin Lakes Bank.

By order of the Board of Governors, effective March 6, 1981.

5. In 1972, the four largest banking organizations in the market controlled 93.2 percent of the total deposits in commercial banks in the market. In 1977, the four-firm concentration ratio had increased to 94.3 percent of the total deposits in commercial banks in the market.

Voting for this action: Vice Chairman Schultz and Governors Wallich, Partee, and Rice. As noted in the appended statement, Governor Gramley voted to approve all five applications. Absent and not voting: Chairman Volcker and Governor Teeters.

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Concurring and Dissenting Statement of Governor Gramley

I concur in the Board's decision to approve the application to acquire Lake Geneva Bank. However, I would approve the West Kenosha and Twin Lakes applications also, and I would unconditionally approve the Kenosha and Silver Lake applications. The affiliation between Kenosha, West Kenosha, and Silver Lake Banks has spanned nearly a decade. Denial in any of these cases would not increase significantly the probability that common control of the three banks will be terminated. Regarding the Twin Lakes application, the absolute and relative size of the bank in its market ($9.0 million and 2.6 percent of total commercial bank deposits) is sufficiently small that any anticompetitive effects associated with its acquisition in 1977 were not serious. In addition, the economic growth potential in the bank's market is limited. Entry into the market by third parties through acquisition of a bank the size of Twin Lakes Bank therefore appears unlikely, so that the prospects for disaffiliation seem small. Moreover, in a market with limited growth potential, a bank the size of Twin Lakes might not be viable on its own. I would therefore approve all five applications.

March 6, 1981

Bank Shares, Inc., Lake Havasu City, Arizona

Order Denying Formation of a Bank Holding Company

Bank Shares, Inc., Lake Havasu City, Arizona, 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 32.57 percent of the voting shares of The State Bank ("Bank"), Lake Havasu City, Arizona.

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

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary banks, and that the Board would closely examine the condition of an applicant with this consideration in mind. In this case, the Board concludes that the record presents adverse considerations that warrant denial of the proposal to form a bank holding company.

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

On the basis of all the facts of record, the application is denied.

By order of the Board of Governors, effective March 2, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Statement by Board of Governors of the Federal Reserve System Regarding Application of Bank Shares, Inc. to Acquire the State Bank

Bank Shares, Inc., Lake Havasu City, Arizona, 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 32.57 percent of the voting shares of The State Bank ("Bank"), Lake Havasu City, Arizona.

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $38.2 million.[1] Upon acqusition of Bank, Applicant would control the ninth largest bank in Arizona and would hold approximately 0.36 percent of the total deposits of commercial banks in the state.

1 All deposit data are as of June 30, 1980, unless otherwise indicated.

Bank is the second largest banking organization in the relevant market and holds 17.9 percent[2] of the total deposits in commercial banks in the market.[3] While one of Applicant's principals is associated with another bank, that organization operates in a separate banking market from Bank. It appears that consummation of the proposal would not eliminate competition or 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 Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary banks, and that the Board would closely examine the condition of an applicant with this consideration in mind. In this case, the Board concludes that the record presents adverse considerations that warrant denial of the proposal to form a bank holding company.

With regard to financial considerations, the Board notes that Bank's capital formation during recent years has not kept pace with this asset growth. While Applicant has suggested a proposal designed to improve Bank's capital position through sales of equity capital, in light of the uncertainties inherent in such undertakings and the limitations imposed by the nature of Applicant's proposal and Applicant's proposed ownership interest in Bank, the Board does not consider the benefits to be provided by this proposal to be meaningful. Accordingly, the Board is of the opinion that the considerations relating to financial resources and future prospects warrant denial of the application. Managerial considerations are generally satisfactory, but lend no weight toward approval.

In light of the fact that no significant changes in the services offered by Bank are expected to follow from consummation of the proposed transaction, convenience and needs considerations are consistent with but lend no weight towards approval of this application.

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

2. Market share data as of June 30, 1979.

3. The relevant banking market is approximated by Mohave County, Arizona.

Board of Governors of the Federal Reserve System, March 4, 1981.

(Signed) JAMES MCAFEE,

[SEAL] *Assistant Secretary of the Board.*

Marine National Bancorporation, Jacksonville, Florida

Order Denying Formation of a Bank Holding Company

Marine National Bancorporation, 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 92.6 percent of the voting shares of Marine National Bank of Jacksonville, Jacksonville, Florida ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank, which holds deposits of $18.1 million.[1] Upon acquisition of Bank, Applicant would control the 413th largest bank in Florida and would hold approximately 0.05 percent of the total commercial bank deposits in the state.

Bank is the 11th largest of 16 commercial banks in the Jacksonville banking market, and holds approximately 0.9 percent of the total deposits in commercial banks in the market.[2] While three principals of Bank and Applicant are principals in six other banks, these banks do not compete in the relevant banking market. It appears from the facts of record that consummation of the proposal would not result in any adverse effects upon competition or 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 Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank(s), and that the Board would closely examine the condi-

1. All banking data are as of June 30, 1980.

2. The Jacksonville banking market is approximated by Duval County plus the City of Orange Park, Clay County

tion of an applicant in each case with this consideration in mind. While the financial and managerial resoures and future prospects of the six other banks affiliated with Applicant and Bank are considered generally satisfactory, in this case the Board concludes that considerations relating to the financial resources and future prospects of Applicant warrant denial of the application.

With respect to Applicant's and Bank's financial considerations and future prospects, the Board notes that in connection with this proposal Applicant would incur a sizeable debt. Applicant proposes to service the debt over a 25-year period through dividends to be declared by Bank and tax benefits to be derived from filing consolidated tax returns. Applicant projects reaching a debt-to-equity ratio of less than 30 percent by the end of the 12th year while maintaining an adequate capital level in Bank. However, in light of the recent performance of Bank and the historical performance of its peer banks in the Jacksonville market, Applicant's earnings and growth projections for Bank appear to be unrealistic. In particular, Applicant's projections of Bank's earnings are overly optimistic, while its growth projections, in light of all the facts of record including future growth prospects of the downtown Jacksonville area, are low. Thus, based upon the record in this case, it is the Baord's view that Bank is unlikely to generate sufficient earnings to enable Applicant to service its debt while maintaining adequate capital in Bank, as well as affording Applicant the flexibility to meet any unforeseen problems that might arise at Bank. Accordingly, the Board concludes that considerations relating to the financial resources and future prospects of Applicant and Bank lend weight toward denial of this application. While managerial considerations are generally satisfactory, it is the Board's judgment that Applicant's principals have not established a sufficient record of performance to mitigate the adverse considerations relating to the resources and future prospects connected with this application.

No significant changes in the operations or services offered by Bank are expected to follow from consummation of the proposed transaction. Accordingly, convenience and needs factors are consistent with, but lend no weight toward, approval of this application.

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

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

By order of the Board of Governors, effective March 2, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board*

Mercantile Bancorporation Inc., St. Louis, Missouri

Order Approving Acquisition of Bank

Mercantile Bancorporation Inc., St. Louis, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under 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 Mercantile Bank of South County, N.A., St. Louis County, Missouri ("Bank"), a proposed de novo bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with 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 submitted on behalf of Mehlville Bank, St. Louis County, Missouri ("Protestant"), the Comptroller of the Currency and the Office of the Commissioner of Finance of the State of Missouri, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1848(c)).

Applicant is the largest banking organization in Missouri and controls 29 banks with aggregate deposits of approximately $2.9 billion, representing 11.1 percent of the total deposits in commercial banks in the state.[1] Since Bank is a proposed de novo bank, its acquisition by Applicant would not immediately increase Applicant's share of deposits in commercial banks in Missouri.

Bank is to be located in the St. Louis banking market,[2] in which Applicant is the second largest banking organization, with six subsidiary banks con-

1 Unless otherwise indicated, all deposit data are as of December 31, 1979.

2 The St Louis banking market is approximated by the St. Louis Ranally Metro Area, which includes all of St. Louis City and St. Louis

trolling 16.1 percent of total market deposits. Applicant's closest banking subsidiary, High Ridge Mercantile Bank, High Ridge, Missouri, is located approximately 11 miles from Bank's proposed site and derives less than one percent of its deposits from Bank's proposed primary service area ("PSA"). Applicant's market share would not change initially as a result of approval of this application. Since Bank would be a de novo bank, there will be no elimination of existing competition. Moreover, given the de novo nature of Bank, the size of the market, the number of banking organizations operating therein, and the prospects for continuing growth in the area, it does not appear that consummation of the proposal would have any adverse effects on potential competition. On the basis of the above and other facts of record, competitive considerations appear consistent with approval of the application.

The financial and managerial resources of Applicant, its subsidiaries and Bank are regarded as satisfactory. Bank, as a proposed de novo bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of this application. As a new institution in the St. Louis banking market, Bank would serve as an additional source of a full range of banking services in the market. Accordingly, considerations relating to the convenience and needs of the community to be served appear consistent with approval of the application.

In its review of the application, the Board has given careful consideration to the comments submitted on behalf of Protestant, a bank located 2.5 miles (3.5 road miles) from the proposed site of Bank.[3] Protestant contends that consummation of the proposed acquisition would have anticompetitive effects. Protestant asserts that Bank's proposed primary service area would be unable to support an additional bank and that Applicant's acquisition of Bank would threaten Protestant's solvency. Protestant also claims that bank was organized in violation of federal laws requiring that organizers of a national bank be natural persons and subscribe to their shares in good faith. Finally, Protestant argues that Applicant would operate Bank in violation of Missouri antibranch banking statutes.[4]

Although Protestant contends that consummation of the proposal will result in adverse competitive effects, Protestant has not submitted any information in support of its contention, other than recitation of Applicant's rank in the state. However, the facts of record do not support Protestant's conclusion. Applicant is not clearly dominant within the market, controlling only 16.1 percent of market deposits, and the market is not highly concentrated, with a four-firm deposit concentration of only 44.3 percent. The St. Louis banking market contains 88 other banking organizations in addition to Applicant. Applicant's establishment of a de novo bank would provide an additional source of competition within the market. Applicant's relatively small market share, the relatively low market concentration, the number of competing banking organizations in the market, the fact that Bank is a de novo bank, and other facts of record support the conclusion that competitive considerations are consistent with approval of the application.

Protestant's claim that Bank's proposed PSA would be unable to support an additional bank and that Applicant's acquisition of Bank would endanger Protestant's solvency likewise is not supported by the facts of record. Bank's proposed PSA is growing considerably more rapidly than the surrounding St. Louis County or St. Louis SMSA. Population has advanced more rapidly in the PSA (4.9 percent) than in the SMSA (2.2 percent) from 1976 to 1980. Population per banking office is significantly higher in the PSA (11,391) than for St. Louis County (8,978) or St. Louis City (7,871). The seven banks located within a four-mile radius of Protestant have experienced significantly higher average annual deposit growth between 1976 and 1979 (13.0 percent) than deposit growth for the Missouri portion of the St. Louis SMSA (7.2 percent).

County; portions of Franklin, Jefferson, Lincoln, and St. Charles Counties in Missouri, and portions of Jersey, Macoupin, Madison, Monroe, and St. Clair counties in Illinois.

3. Protestant opposed two unsuccessful attempts by Applicant to obtain a state charter for a bank to be located in the same general location as Bank, as well as Applicant's successful application for a national bank charter for Bank. Applicant's first application for a state charter was denied on August 31, 1977, after a hearing before the Commissioner of Finance of the State of Missouri. Applicant's second state charter application was approved on April 20, 1979, and subsequently was reversed on appeal on July 18, 1979, after a hearing before the Missouri State Banking Board. Applicant appealed the Missouri State Banking Board's decision to the Circuit Court for the County of St. Louis in August, 1979, but subsequently requested dismissal of the appeal. On June 27, 1980, the Comptroller of the Currency granted Applicant's application for a national charter for Bank, conditioned upon Board approval of Applicant's application to acquire Bank.

4. Protestant also requested a hearing regarding this application. Under section 3(b) of the Act, the Board is required to hold a hearing when the primary supervisor of the bank to be acquired recommends disapproval of the application (12 U.S.C. § 1842(b)). In this case the Comptroller of the Currency issued preliminary charter approval to Bank on June 27, 1980, and indicated by letter dated November 17, 1980, that he had no objection to approval of this application. Thus, there is no statutory requirement that the Board hold a hearing. Moreover, the Board has examined the record of the two hearings held in connection with the applications for a state charter for Bank, the written submissions by Protestant, and Applicant's responses and is unable to conclude that a hearing would significantly supplement the record before the Board or resolve issues not already discussed at length in the written submissions contained in the record before the Board. In view of these facts, the Board concludes that the record in this case is sufficiently complete to render a decision and hereby denies Protestant's request for a hearing.

Therefore, it appears from these and other facts of record that this area of the market would be capable of supporting an additional bank. Although Protestant, which opened for business on September 13, 1976, did not meet its deposit growth projections contained in its charter application, its deposits have grown from $69,600 (December 31, 1976) to $4,077,000 (December 31, 1977) to $7,775,894 (December 31, 1980). Although Protestant experienced slow growth initially, perhaps due in part to the fact that it operated out of a trailer during its first 10 months of operation until its permanent building was constructed, its total deposits grew at an average annual compound rate of approximately 24 percent between December 31, 1977, and December 31, 1980. In January 1979, Protestant became profitable, and as of December 31, 1980, after slightly over four years of operation, Protestant had grown to $9.4 million in total assets, earning approximately $80,000 in 1980. Based upon the demonstrated financial strength of Protestant, and in light of the rapid growth within the PSA discussed above, the Board concludes that consummation of this proposal does not represent a serious threat to Protestant's solvency.

Protestant alleges that Bank's organization violated federal statutes requiring organizers of a national bank to be natural persons and to subscribe to their shares in good faith. Federal law requires that in order to organize a national bank, natural persons must enter into articles of association to be signed by such persons (12 U.S.C. § 21). The natural persons must execute an organization certificate (12 U.S.C. § 22). These steps have been taken and approved by the Comptroller of the Currency, by letter dated July 25, 1980. Further, the organizers have certified as to the amount of bank stock to which they will subscribe and there has been no showing by Protestant that they have not done so in good faith. Therefore, the record before the Board does not support Protestant's claim that Bank was organized in violation of federal law.

Finally, Protestant contends that Bank's proposed affiliation with Applicant would violate Missouri law prohibiting branch banking. It is clear from a long line of court cases that a state's restrictive branch banking laws do not automatically bar bank holding company operation. The ownership of banks by bank holding companies has been found to be in compliance with Missouri law by the Attorney General of Missouri, Attorney General of Missouri Opinion No. 375, (July 27, 1971), and the Missouri Statutes specifically recognize the bank holding company form of bank ownership. See, § 362.910–940 R.S. Mo. 1978.

In a given case, the Board must examine the facts to determine whether a particular acquisition would constitute illegal branch banking under state law. See *Gravois* v. *Board of Governors*, 478 F.2d 546 (8th Cir. 1973). If the Board determines that a violation of state law would occur as a result of the consummating of the proposal, it is required to disapprove the transaction. *Whitney National Bank in Jefferson Parish* v. *Bank of New Orleans & Trust Co.*, 323 F.2d 290 (D.C. Cir. 1963), reversed on other grounds, (379 U.S. 411 (1965)).

The facts of record indicate that Bank will be a separate corporation, with its own capital, surplus and, as earned, undivided profits; that Bank will have loan limits based upon its own capital structure in the same manner as if it were unaffiliated with a bank holding company; that Bank will be managed by its own officers to be recruited locally; that after its initial organization phase, Bank's board of directors will be separate and distinct from the boards of Applicant's other banking subsidiaries, and will include members of Bank's community; that Bank will maintain its own separate books of account, issue its own distinctive checks, and use its own stationery. Moreover, except as permitted by law, money deposited at Bank will not be credited to the account of a depositor at any other banking subsidiary, nor will money deposited at the other subsidiaries be credited to accounts at Bank; that Bank's officers and employees will not directly perform any services for customers of Applicant's other subsidiary banks other than those services that would be provided for customers of other area banks, and conversely, officers and employees of Applicant's other subsidiary banks will not directly perform any services for customers of Bank that would not be provided for customers of other area banks. Applicant further represents that it will purchase Bank's shares from its own capital resources.

Protestant contends that the proposed automatic teller machine ("ATM") services at Bank would violate Missouri's branch banking laws. However, Protestant has made no showing as to how Bank's proposed ATM operations, which would function in a manner essentially equivalent to the performance of many banking functions through methods other than ATM, would violate Missouri law. The Attorney General of Missouri has considered the general question of whether an ATM network among affiliated banks would violate Missouri's branch banking statutes and has concluded that it would not (Attorney General of Missouri Opinion No. 131 (November 8, 1979)). In addition, the Missouri Commissioner of Finance has advised the Board that it has no objections to the proposed acquisition under the Missouri Bank Holding Company Act (section 362.910 et seq, RS Mo. Supp 1980).

The Board concludes, based upon the above and other facts of record, that Applicant is a "traditionally recognized bank holding company which, with its own capital, invests in or buys the stock of banks,"[5] and that, upon consummation of the proposed acquisition, Bank would not be an illegal branch of any of Applicant's other banking subsidiaries. See also, *North Hills Bank* v. *Board of Governors* (506 F.2d 623 (8th Cir. 1974)) where the court ruled that Mercantile's acquisition of a newly chartered national bank, in a manner substantially similar to the proposal now before the Board, did not violate Missouri's antibranch banking statutes. Furthermore, it appears that any indicia of unitary operations that may be present in Applicant's future operations are those that are inherent in the structure of bank holding companies generally and permissible under Missouri law. *Grandview Bank and Trust Company* v. *Board of Governors* (550 F.2d 415 (8th Cir. 1977)).

In view of the foregoing discussion and having considered the facts of record and all the comments of Protestant in light of the statutory factors the Board must consider under section 3(c) of the Act, it is the Board's judgment that consummation of the subject proposal would be in the public interest and that the application to acquire Bank 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 St. Louis pursuant to delegated authority.

By order of the Board of Governors, effective March 11, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

5. *Whitney National Bank in Jefferson Parish* v. *Bank of New Orleans & Trust Co*, supra, at 303.

United Bank Corporation of New York, Albany, New York

Order Approving Acquisition of Bank

United Bank Corporation of New York, Albany, New York, a bank holding company within the meaning of the Bank Holding Company Act (the "Act"), has applied for the Board's approval under section 3(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 The Sullivan County National Bank of Liberty, Liberty, New York ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of 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 all comments received, including those of the United States Department of Justice, in light of the factors set forth in section 3(c) of the Act.

Applicant, the sixteenth largest commercial banking organization in the State of New York, controls four banks with aggregate deposits of approximately $1.7 billion, representing 1.0 percent of the total deposits held by commercial banks in the state.[1] Acquisition of Bank (deposits of approximately $85.6 million) would increase Applicant's share of statewide deposits by 0.1 percent and would not alter Applicant's ranking among the other commercial banking organizations in New York. Accordingly, consummation of this proposal would not result in a significant increase in the concentration of commercial banking resources in the state.

Bank, the second largest banking organization in the Middletown market (the relevant market),[2] controls approximately 12.4 percent of commercial bank deposits in the market. Applicant, through four offices of its subsidiary, Highland National Bank of Newburgh, Newburgh, New York, is the ninth largest banking organization in the market, controlling 4.3 percent of market deposits. Consummation of the proposed transaction would increase Applicant's share of market deposits to 16.7 percent and would cause Applicant to become the second largest banking organization in the market. The Department of Justice concludes on the basis of these and other facts of record that consummation of the proposal would have an adverse effect on competition in the Middletown market. The Board would normally consider the elimination of existing competition through such a combination of market shares to have a substantially adverse effect on competition. However, the Board is of the

1. Statewide deposit data are as of June 30, 1980. Market deposit data are as of June 30, 1979.
2. The Middletown banking market includes Sullivan and Orange Counties, New York, except for the Orange County municipalities of Newburgh, Newburgh City, Montgomery, New Windsor, Cornwall, and Highland.

view that the adverse competitive effects of this acquisition are mitigated by several factors not considered by the Justice Department.

Although Bank is the second largest commercial banking organization in the market, its market share and absolute deposit size have declined in recent years. Moreover, the Middletown market remains one of the least concentrated markets in the state, due in some measure to the entry into the market of six of the 14 largest banks in the nation. As the Board has noted previously, the competitive influence of such firms cannot be measured by their market shares alone, especially with respect to their ability to serve commercial customers.[3]

In evaluating the proposed acquisition's effects on competition, the Board has also considered the presence of mutual savings banks and savings and loan associations in the market. While the Board continues to view commercial banking as the relevant line of commerce in determining the competitive effects of a proposal,[4] the Board has stated that it may be appropriate in particular cases to take into consideration direct competition from thrifts in specific areas in evaluating various competitive influences.[5] In view of the absolute size and significant deposit-taking role of thrifts in the Middletown market, as well as their increasing powers, the Board believes that the influence of thrift institutions further diminishes the adverse competitive effects of the proposed acquisition. Accordingly, the Board concludes that the competitive effects of the proposal are not so serious as to warrant denial of the proposal.

The financial and managerial resources of Applicant are considered satisfactory and its future prospects favorable. The financial and managerial resources of Bank are considered generally satisfactory and its future prospects as an affiliate of Applicant are considered favorable. Affiliation of Bank with Applicant will strengthen Bank and enable it to market its services more effectively by providing Bank with access to Applicant's expertise in specialized lending areas. Applicant has committed to provide Bank's market area with at least $2.0 million in new lease financing upon the affiliation. In addition, Applicant proposes to expand Bank's business to include increased trust activities, accounts receivable processing, automatic payroll processing, custodial and trusteed Keogh plans and credit card issuance. Applicant also intends to replace Bank's headquarters building with an updated facility.

In light of the above, considerations relating to the convenience and needs of the community to be served lend such weight toward approval of the application as to outweigh any adverse competitive effects associated with this proposal. Based on the foregoing and other considerations reflected in the record on this application, it is the Board's judgment that the subject proposal 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 proposed 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 New York pursuant to delegated authority.

By order of the Board of Governors, effective March 17, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Order Under Sections 3 and 4 of Bank Holding Company Act

Mid-Nebraska Bancshares, Inc., Ord, Nebraska

Order Approving Formation of a Bank Holding Company and Acquisition of a Nonbanking Company

Mid-Nebraska Bancshares, Inc., Ord, Nebraska ("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 by acquiring 100 percent of the voting shares of Nebraska State Bank, Ord, Nebraska ("Bank"). As part of the same proposal, Applicant has also 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

3. *The Bank of New York*, 66 FEDERAL RESERVE BULLETIN 807 (1980).

4. In view of the uncertainty with respect to the extent to which thrift institutions in New York will exercise the new powers conferred on them by the Depository Institutions Deregulation and Monetary Control Act (P.L. 96–221) and by recent state legislation, the Board believes that it is premature to consider thrift institutions as full competitors of commercial banks until the effects of the newly-conferred powers can be meaningfully ascertained.

5. *United Bank Corporation of New York*, 66 FEDERAL RESERVE BULLETIN 61 (1980); *Fidelity Union Bancorporation*, 66 FEDERAL RESERVE BULLETIN 576 (1980); *The Bank of New York*, 66 FEDERAL RESERVE BULLETIN 807 (1980).

acquire 90 percent of the voting shares of Ord Agency, Inc., Ord, Nebraska ("Agency"), which engages in general insurance agency activities in a community with a population of less than 5,000. This activity has been determined by the Board to be closely related to banking. 12 C.F.R. § 225.4(a)(9)(iii).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Act. The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in section 3(c) of the Act, 12 U.S.C. § 1842(c), and the considerations specified in section 4(c)(8) of the Act.

Applicant is a non-operating corporation with no subsidiaries, organized for the purposes of becoming a bank holding company through the acquisition of Bank, which has deposits of $19.6 million.[1] Upon acquisition of Bank, Applicant would control the 107th largest of 454 Nebraska banks with 0.22 percent of deposits in that state. Bank is the second largest of five commercial banks in the Valley County banking market[2] controlling 30.7 percent of the market's deposits.

This is the third time Applicant's principal has sought Board approval to reorganize Bank into a bank holding company. In 1976, the Board denied the application of Nebraska Banco, Inc., to acquire Bank, primarily because the condition of other banks in a chain owned by Applicant's principal reflected adversely on management, and the proposal involved excessive acquisition debt. Also, at that time the Board noted the adverse competitive relationship between Bank and North Loup Valley Bank, North Loup, Nebraska, ("North Loup Bank"), another bank owned by Applicant's principal in the Valley County market. *Nebraska Banco, Inc.*, 62 FEDERAL RESERVE BULLETIN 638 (1976). After modifying his interest in his other chain banks, Applicant's principal filed another application to place Bank into a bank holding company. In 1978, the Board denied that application solely on anticompetitive grounds. The Board found that the acquisition of Bank by Applicant's principal in 1972 was anticompetitive because he had already owned North Loup Bank, and that approval of the application to form a holding company for Bank would amount to Board sanction of the 1972 acquisition and remove any chance of disaffiliation of the two banks. *Mid-Nebraska Bancshares, Inc.*, 64 FEDERAL RESERVE BULLETIN 589 (1978). The Board's Order was affirmed in *Mid-Nebraska Bancshares* v. *Board of Governors*, 627 F.2d 266 (D.C. Cir. 1980).

The present application proposes to alleviate the anticompetitive effects of the 1972 acquisition by Applicant's principal by separating control of Applicant and Bank from North Loup Bank.[3] Immediately following acquisition of Bank by Applicant, the principal would dispose of all his interest in Applicant, in part, by sale of controlling interest to his adult son, who has been president of Bank since 1977 and also is a director and minority shareholder of North Loup Bank. Further, principal's son would dispose of his stock interest in North Loup Bank. Also, all interlocks between the two banks would be severed and both the principal and his son have submitted affidavits stating that neither will seek to control or influence the other's banking interests. In addition, Applicant's principal has agreed, should the Board specifically require, to order his affairs so that on his or his wife's death (whomever is the survivor) none of his interest in North Loup Bank will pass by will or intestate succession to his son unless he obtains prior Board approval.

The separation of stock ownership, the severed interlocks, the sworn statements by Applicant's principal and his son not to control the other's bank, and evidence that each of them is capable of competent bank management, tend to support the conclusion that Bank and North Loup Bank will be operated as separate entities. These commitments alone, however, would not be sufficient to eliminate the anticompetitive effects of the joint ownership; the son of Applicant's principal is his only child and, absent provision to the contrary, that son would most likely succeed to ownership of North Loup Bank upon the death of his surviving parent. To preserve the possibility of complete and permanent disaffiliation, the Board conditions approval of this application on the commitment of Applicant's principal to order his affairs so that upon his death, all of his interest in North Loup Bank would be placed in trust with an independent corporate trustee instructed to dispose of the interest in that bank within two years of his or his wife's death (if she survives him). In no event may the trustee transfer the shares to the son of Applicant's principal (or his issue) without prior Board approval. This condition preserves the possibility that Bank and North Loup Bank ultimately will be permanently disaffiliated.

In addition to Bank and North Loup Bank, the son of Applicant's principal is a principal of two other bank holding companies. However, all of these other

1. Banking data are as of December 31, 1979, except as otherwise noted.

2. The Valley County banking market includes all of Valley County and the town of Scotia in Greely County, Nebraska.

3. North Loup Bank presently controls 12.9 percent of the commercial bank deposits in the Valley County market. If considered together Bank and North Loup Bank would control 43.6 percent of such deposits.

organizations operate in separate markets. It appears, therefore, that consummation of the proposal with the condition the Board has outlined, will not eliminate competition or increase the concentration of banking resources in any relevant area. Accordingly, the Board concludes that competitive considerations are consistent with approval of this application.

In addition to analyzing the competitive effects of a chain of banking organizations operated by principals of an applicant, the Board also considers the entire chain of organizations in the context of its multibank holding company standards in analyzing the financial and managerial and future resources associated with the one-bank holding company proposal. Based on such an anlaysis in this case, the financial and managerial resources and future prospects of Applicant, Bank, and the other organizations in the chain appear to be generally satisfactory. Therefore, considerations relating to banking factors are consistent with, but lend no weight toward approval of the application. Although consummation of this proposal would have no immediate effect on the banking services offered by Bank, the ultimate disaffiliation of Bank and North Loup Bank is expected to result in providing an independent source of banking services to the community. Therefore, it is the Board's judgment that considerations relating to the convenience and needs of the community to be served lend some weight toward approval of this application and that the application to form a bank holding company should be approved.

As part of the subject proposal, Applicant also has applied for the Board's approval to acquire 90 percent of Agency, a corporation presently controlled by the Applicant's principal and his son and that engages in general insurance agency activities in a community with a population of less than 5,000. Agency's acquisition by Applicant merely will constitute a reorganization of ownership interests, which will enable Agency to continue to serve the residents of Ord. It thus appears that the proposal is in the public interest. Furthermore, there is no evidence that Applicant's acquisition of Agency would result in undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound practices, or other adverse effects on the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined, in accordance with the provisions of § 4(c)(8) of the Act, that consummation of this proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects and that the application to engage in insurance activities should be approved.

On the basis of the record, the applications are approved for the reasons summarized above, conditioned upon the commitment of Applicant's principal to make the testamentary plans outlined above. The acquisition of Bank shall not be made before the thirtieth calendar day following the effective date of this Order or no later than three months after the effective date of this Order, unless such period is extended for good cause by the Board, or by the Federal Reserve Bank of Kansas City pursuant to delegated authority. The approval of Applicant's insurance activities 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, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof. Insurance activities are to commence no 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 24, 1981.

Voting for this action: Chairman Volcker and Governors Partee, Teeters, and Gramley. Voting against this action: Governor Rice. Governor Schultz voted against the section 3(a)(1) application and abstained from all consideration of the section 4(c)(8) application. Absent and not voting: Governor Wallich.

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Dissenting Statement of Governors Schultz and Rice

The Board determined on two prior occasions that the anticompetitive effects arising from common control of Bank and North Loup Bank warranted denial of proposals by Applicant's principal to reorganize Bank into a bank holding company. We believe that the instant proposal should be denied for the same reason.

Applicant's principal and his only child have restructured their share ownership and management positions with Bank and North Loup Bank. However, the facts of this case persuade us that the mere reorganization proposed here does not overcome the long history of cooperative management of these two banks exercised by Applicant's principal and his son. In fact, Applicant's principal and his son have managed Bank together since January 1977, and principal's son has been a director and 20 percent owner of North Loup Bank, which is controlled by Applicant's principal. Furthermore, the son's purchase of Bank's stock is being financed by a loan from his father on very favorable terms. Given these factors, we cannot find that approval of this proposal would cause these two banks to become competitors. Furthermore, we believe that the testamentary plan upon which the Board's approval is conditioned requires toleration, for an indeterminate time, of a situation that the Board in the past has characterized as substantially anticompetitive.

For these reasons, we dissent from the Board's Order.

March 25, 1981

Order Issued Under Section 4 of Bank Holding Company Act

JCT Trust Company Limited,
Tel Aviv, Israel

Otzar Hityashvuth Hayehudim B.M.,
Tel Aviv, Israel

Bank Leumi Le-Israel B.M.,
Tel Aviv, Israel

Order Approving Request for Exemption of Securities-Related Activities from Nonbanking Restrictions of the Bank Holding Company Act

JCT Trust Company Limited ("JCT"), Otzar Hityashvuth Hayehudim B.M. ("OHH"), and Bank Leumi le-Israel B.M. ("Bank Leumi") all of Tel Aviv, Israel (collectively referred to as "Applicants"),[1] bank holding companies within the meaning of the Bank Holding Company Act (the "Act"), have requested the Board's approval under section 4(c)(9) of the Act (12 U.S.C. § 1843(c)(9)), to engage temporarily through their subsidiary, Leumi Securities Corporation ("Leumi Securities"), New York, New York, in certain securities-related activities.

Bank Leumi, a bank organized under the laws of the State of Israel, and the other Applicants became bank holding companies as a result of the Bank Holding Company Act Amendments of 1970. They commenced acting as broker, dealer, and underwriter in securities transactions in the United States through Leumi Securities in 1962. On December 8, 1980, the Board determined that Applicants are not entitled to permanent grandfather privileges because they did not own or control a subsidiary bank in the United States on June 30, 1968, as required by section 4(a)(2) of the Act (12 U.S.C. § 1843(1)(2)). On the same date, the Board approved Applicants' request pursuant to section 4(c)(9) to continue to engage, through Leumi Securities, in acting as a broker or dealer in securities issued by the State of Israel after the expiration of their temporary grandfather privileges on December 31, 1980.[2] The Board refused, however, to permit Leumi Securities to continue to engage in general broker/dealer or underwriter activities with respect to securities of companies with a significant connection with Israel.

Applicants have now applied, pursuant to section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)), for permission for Leumi Securities to engage in the following activities: (1) executing unsolicited purchases and sales of securities as agent solely upon the order and for the account of customers; (2) providing custodial services for such securities; (3) acting as managing agent for customers with respect to such securities; and (4) buying and selling gold and silver coin and bullion for its own account and for the account of others.[3] Applicants anticipate that the proposed securities-related activities would involve primarily securities of companies located in Israel, or of subsidiaries of such companies, but Leumi Securities would also perform some services with respect to other securities. Those applications under section 4(c)(8) are pending.

At the same time that Applicants submitted their applications pursuant to section 4(c)(8), they also requested temporary authority, until the Board acts on that application, for Leumi Securities to engage in the proposed activities pursuant to section 4(c)(9). Applicants assert that unless temporary authority to continue these activities is granted pending action on the section 4(c)(8) applications, Leumi Securities will in the interim lose its base of established customers and will be unable, in practical effect, to resume these activities even if those applications are approved.

Section 4(c)(9) of the Act provides that the nonbanking prohibitions of section 4 shall not apply to the investments or activities of foreign bank holding companies that conduct the greater part of their business outside the United States, if the Board by regulation or order determines that, under the circumstances and

1. The only assets of OHH consist of 94 percent of the voting shares of Bank Leumi, a bank organized under the laws of Israel. JCT is the trustee for a trust controlling 38.9 percent of the voting shares of OHH. This trust is also a bank holding company within the meaning of the Act and the trust is one of the Applicants.

2. *Bank Leumi le-Israel B.M.*, 67 FEDERAL RESERVE BULLETIN 62 (1981).

3. Applicants have also applied to engage in furnishing, without charge, general information and advice about the Israeli economy, information about particular Israeli companies, and assistance in the formation of investment clubs to invest in Israeli companies. The Board regards these as merely promotional activities incidental to activities (1),(2), and (3), and as such not requiring separate approval.

subject to the conditions set forth in the regulation or order, the exemption would not be substantially at variance with the purposes of the Act and would be in the public interest.

The Board has refused to exempt general securities activities under section 4(c)(9). It has viewed such exemption as contrary to the public interest in light of Congress' indications, in enacting the Glass-Steagall Act, that affiliations of banks and securities companies give rise to potential conflicts of interests and unsound banking practices.[4] In determining whether to grant an exemption under section 4(c)(9), the Board has also considered whether such exemption would give the foreign institution a competitive advantage over domestic or other foreign banking organizations.[5] These concerns are somewhat mitigated with respect to the proposed brokerage and custodial activities in view of the provision of section 16 of the Glass-Steagall Act (12 U.S.C. § 24 Seventh) that permits member banks to engage in purchasing and selling securities "solely upon the order, and for the account of, customers . . ." With respect to the other proposed activities, moreover, the Board notes that bank holding companies are permitted to act as managing agent pursuant to section 225.4(a)(5)(iii) of Regulation Y (12 C.F.R. § 225.4 (a)(5)(iii)), and that the Board has previously determined in one case that buying and selling gold and silver coin and bullion is closely related to banking.[6] Furthermore, the Board notes that Leumi Securities engaged in the proposed securities activities for 18 years, until December 31, 1980, when Applicants' ten-year grandfather authority expired. In view of the inconvenience that denial would cause for longstanding customers of Leumi Securities, the Board believes it would be consistent with the public interest and the purposes of the Act to grant the requested temporary exemptions.

Based upon the foregoing and other considerations reflected in the record, and based upon the assumption that Applicants will continue to qualify as foreign bank holding companies under section 4(c)(9) and the Board's regulations, these applications for temporary exemption are approved.[7] This approval is subject to the conditions that Applicants continue to actively pursue approval of the applications for these activities pursuant to section 4(c)(8), and that Applicants cease to engage in these activities as soon as practicable if the Board denies those applications, but in no case later than six months from the date of such denial. This approval is also subject to considerations set forth in section 225.4(c) of the Board's Regulation Y and to the Board's authority to require reports by and make examinations of bank holding companies and their subsidiaries, and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's Orders and regulations issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective March 13, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

4. In addition to the Board's previous Order regarding Applicants, see also Board Orders approving applications of *The Industrial Bank of Japan, Ltd.*, and *The Fuji Bank Ltd.*, to become bank holding companies (39 *Federal Register* 39,503 and 39,504 (1974)).

5. See Board letter of September 17, 1979, to Banco di Roma, S.p.A; *The Bank of Tokyo, Ltd.* (Tokyo International (Houston) Inc.), 61 FEDERAL RESERVE BULLETIN 449 (1975) (denying an application under section 4(c)(9)); *Lloyd's Bank Limited*, 60 FEDERAL RESERVE BULLETIN 139 (1974) (conditionally approving retention of export credit and marketing corporation).

6. In *Standard Chartered Banking Group Limited* (Mocatta Metals, Inc.), 38 *Federal Register* 27552 (1973), the Board determined that this activity was closely related to banking in the circumstances of that case, but declined to add the activity to the list of those generally permissible for bank holding companies.

7. The Board's action on these applications in no way constitutes any finding on the pending section 4(c)(8) applications.

Orders Under Section 2 of Bank Holding Company Act

Rae C. Heiple, Inc., Abingdon, Illinois

Order Granting Determination Under the Bank Holding Company Act

Rae C. Heiple, Inc., Abingdon, Illinois ("Company"), a registered bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended ("BHC Act") (12 U.S.C. § 1841(a)), by virtue of its ownership, of more than 25 percent of the outstanding voting shares of Abingdon Bank and Trust Company, Abingdon, Illinois ("Bank"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the BHC Act (12 U.S.C. § 1841(g)(3)), that Company is not, in fact, capable of controlling Bank, Rae C. Heiple, II (an individual to whom it transferred its shares of Bank), or Sharon Heiple, notwithstanding, the fact that Mr. Heiple and his wife, Sharon Heiple (referred to jointly as the

"Heiples"), are officers and directors of both Bank and Company.

Under the provisions of section 2(g)(3) of the BHC 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 the control of the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for a hearing, determines that the transferor is not in fact capable of controlling the transferee. No request for a hearing was made by Company. Instead, Company has submitted evidence to the Board to support its contention that it is incapable of controlling the Heiples either directly or indirectly. The Board has received no contradictory evidence.

It is hereby determined that Company is not, in fact, capable of controlling Bank or the Heiples. This determination is based upon the evidence in the matter, including the following facts. Company is a small closely-held corporation of which 100 percent of its common stock is owned by Mr. Heiple, who along with his wife serve as its only officers and directors. By virtue of section 4(c)(ii) of the BHC Act, Company was exempted from divesting either its banking or insurance activities—as otherwise required by section 4(a)(2) of the BHC Act. Nevertheless, Company chose to divest its voting shares of Bank before December 31, 1980. In anticipation of such a divestiture, Company sold all of its voting shares of Bank to Mr. Heiple. Thus, Company's interest in Bank has terminated. The Heiples own 73 percent of Bank's common stock, and are also directors and officers of Bank, and the divestiture does not appear to have been a means for perpetuating Company's control over Bank. Rather, from the record it appears that control of both Company and Bank resides with the Heiples as individuals, and there is no evidence that Company controls or is in fact capable of controlling the Heiples either as a transferee of Bank stock, or otherwise.

Accordingly, it is ordered that the request of Company for a determination pursuant to section 2(g)(3) be, and hereby is granted. This determination is based upon the representations made to the Board by Company and Mr. Heiple. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Company or Mr. Heiple has failed to disclose to the Board other materials facts, this determination may be revoked, and any change in the facts or circumstances relied upon in making this determination could result in a reconsideration of 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 23, 1981.

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Orders Under Section 25(a) Federal Reserve Act

Bankers International Corporation, New York, New York

Order Denying Additional Activity Under Section 25(a) of the Federal Reserve Act

Bankers International Corporation ("BIC"), New York, New York, has applied for the Board's consent under section 25(a) of the Federal Reserve Act (12 U.S.C. § 615(c)) and section 211.5(d) of the Board's Regulation K (12 C.F.R. § 211.5(d)) to engage through a subsidiary, BT Australia Limited ("BT Australia"), Sydney, Australia, in the trading of physical commodities futures on the Sydney Futures Exchange ("SFE"), Sydney, Australia.

BIC is a corporation organized under section 25(a) of the Federal Reserve Act (an "Edge Corporation") and is a wholly-owned subsidiary of Bankers Trust Company ("Bank"), New York, New York. Bank, a wholly-owned subsidiary of Bankers Trust New York Corporation, New York, New York, had assets on June 30, 1980, of approximately 30.5 billion dollars.

BIC's indirect subsidiary, BT Australia, is an Australian merchant bank offering a broad range of services. In early 1979, BT Australia purchased a floor membership on the SFE and currently engages in a brokerage business with respect to financial and gold bullion futures.[1] BT Australia now seeks to be able to engage in a futures brokerage business with respect to physical commodities, i.e., greasy wool, live cattle and boneless beef. The proposed activity is not included in the list of activities that subsidiaries of Edge Corporations may perform (section 211.5(d) of Regulation K (12 C.F.R. 211.5(d)).

Edge Corporations are organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations. In amending its Regulation K in June 1979, the Board included a list of activities that it had determined to be "usual in

1. The Board has determined that pursuant to section 4(c)(8) of the Bank Holding Company Act certain bank holding companies may act as futures commission merchants dealing in precious metals. *Republic National Bancorporation*, 63 FEDERAL RESERVE BULLETIN 951 (1977). Since Regulation K permits foreign subsidiaries of U.S. banking organizations to engage in activities that the Board has determined by regulation or order are closely related to banking under section 4(c)(8), this activity is permissible to BT Australia.

connection with the transaction of the business of banking or other financial operations abroad." The Board's regulation provides, however, that an Edge Corporation that is of the opinion that other activities are usual in connection with the transaction of the business of banking or other financial operations abroad and are consistent with the Federal Reserve Act or the Bank Holding Company Act may apply to the Board for such a determination. As in the case of an application by a bank holding company to engage in a new activity under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)), the Board may either deny the application or, if it determines to approve the application, may do so by issuing an order permitting the specific proposal or by undertaking to revise its regulation to indicate the general permissibility of the activity.

The Board recognizes that in the diverse banking and financial systems of the world, local institutions are often permitted to engage in activities that would not be permissible for United States banking organizations under applicable United States laws and regulations. In the Edge Act and the Bank Holding Company Act, the Board has been granted broad discretionary authority to permit activities abroad that will augment the competitive capabilities of United States banking organizations. In the exercise of that authority, however, the Board has generally adhered to the policy that the foreign activities that it authorizes should be of a banking or financial, as opposed to commercial, nature. In this regard, some activities that have commercial characteristics may, under the circumstances in which they are performed abroad, be financial in nature. Thus, in acting on an application to engage in a new activity abroad, the Board examines the context in which the activity is performed to determine whether the activity is usual in connection with banking or other financial operations.

The Board also takes into consideration the risks inherent in the activity, especially whether those risks are of a type and nature normally associated with banking, and the effect of the activity on the capital and managerial resources of the United States banking organization. Therefore, in addition to determining whether a proposed activity is banking or financial in nature, the Board assesses whether performance of the activity indirectly by a United States banking organization is consistent with the supervisory and regulatory aspects of the Federal Reserve Act and the Bank Holding Company Act.

It does not appear that acting as a broker in physical commodities futures as described by BIC is inherently financial. Furthermore, it does not appear that the activity, in the context in which it would be performed by BT Australia, would be financial in nature. BIC has indicated that of the 23 members of the Australian Merchant Bankers Association, eight are floor members of the SFE and, presumably, are or will be engaged in commodity as well as financial futures dealings. BIC also claims that many of its important customers frequently use commodity and financial futures in related transactions. In the view of the Board, evidence that other financial institutions are engaged in a specific activity, while probative, is not determinative of the financial nature of the activity. In dealing with an activity that is not on its face financial the most important consideration is the nexus between the proposed activity and other banking or financial activities. In this regard, the Board does not believe that the fact that the customers of BT Australia may find it convenient to conduct physical commodities futures business with it alters the nonfinancial nature of the activity.

Acting as a dealer in physical commodities futures entails assuming risks of a type not normally associated with banking. Experience indicates that at times these risks can be substantial. The activity as described by BIC would involve the registration of contracts in the name of BT Australia. BT Australia would therefore have ultimate financial responsibility for these contracts if volatile commodities prices caused BT Australia's clients to be unable to meet their obligations. In such instances, BT Australia would be in the position of an unsecured creditor of its commodities futures customer. BT Australia would have to absorb any losses, which could be substantial. While BIC has proposed several measures to reduce the exposure of BT Australia, the Board does not believe that these adequately mitigate the risks inherent in commodities futures brokerage.

Based upon the foregoing and other considerations reflected in the record, the Board concludes that the activity of trading in physical commodities futures in Australia would not be financial in nature and would not be consistent with the purposes of the Federal Reserve Act and therefore the application is denied.

By order of the Board of Governors, effective March 25, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

Citibank Overseas Investment Corporation, Wilmington, Delaware

Order Approving Additional Activity Under Section 25(a) of the Federal Reserve Act

Citibank Overseas Investment Corporation ("COIC"), Wilmington, Delaware, has applied for the Board's consent under section 25(a) of the Federal Reserve Act (12 U.S.C. § 615(c)) and section 211.5(d) of the Board's Regulation K (12 C.F.R. § 211.5(d)) to engage through an indirect subsidiary, Surrey Insurance Company ("Surrey"), Sydney, Australia, in the underwriting of credit life and credit accident and health insurance in Australia, regardless of whether such insurance is directly related to extensions of credit by COIC and it affiliates.

COIC is a corporation organized under section 25(a) of the Federal Reserve Act (an "Edge Corporation") and is a wholly-owned subsidiary of Citibank, N.A. ("Bank"), New York, New York. Bank, a wholly-owned subsidiary of Citicorp, New York, New York, is the second largest commercial bank in the United States, having assets on September 30, 1980, of approximately $97.2 billion.

COIC's Australian subsidiary, Citicorp Australia Holdings Limited ("Holdings"), which is primarily a consumer finance company, has two Australian insurance subsidiaries, Surrey and Ajax Insurance Company ("Ajax"), also of Sydney. Ajax engages in the underwriting of motor vehicle comprehensive insurance and credit life and credit accident and health insurance, while Surrey is currently an inactive company that until recently underwrote title insurance on chattels.

COIC and Citicorp currently hold 100 percent of Holdings' shares pursuant to Board consents. When the Board granted its consent, it required Holdings to confine its activities to international or foreign banking and other international or foreign financial operations. Accordingly, the Board's 1975 consent was subject to the condition that Holdings cease to engage directly, or indirectly through subsidiaries, in certain specified activities, including underwriting life and casualty insurance, within two years from the time Citicorp acquired majority voting control of Holdings. At that time, Ajax was engaged in a general casualty insurance underwriting business and Surrey served as an alter ego for Ajax while reinsuring some of Ajax's policies. Subsequently, Citicorp restructured the operations of those companies so that Ajax underwrote only credit life insurance and motor vehicle comprehensive insurance (e.g., auto, fire, theft and physical damage, but not liability insurance) while Surrey underwrote only title insurance on chattels serving as collateral for extensions of credit made by Holdings and its affiliates. In 1976, Citicorp requested that the Board consider Citicorp's indirect holding of Ajax and Surrey to be permissible, notwithstanding the various types of insurance coverage provided by the two corporations.

In a letter dated March 29, 1977 (the "March 29 letter"), the Board granted its consent for Citicorp to retain its indirect interest in Ajax subject to several conditions, including a provision that Ajax "confine a clear majority (51 percent) of its underwriting business to transactions directly related to extensions of credit or to dealer financing arrangements made by [Holdings] and its affiliates." The Board also granted its consent for Citicorp to retain its indirect interest in Surrey subject to the condition that Surrey confine its activities to the underwriting of credit life, accident and health insurance and title insurance on chattels securing extensions of credit made by Holdings and its affiliates. COIC now seeks to have the Board modify the conditions established in the Board's March 29 letter, specifically by removing the restriction that at least 51 percent of the underwriting of credit life insurance by Ajax be directly related to extensions of credit or dealer financing arrangements by the Citicorp organization.[1]

Edge Corporations are organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations. In amending its Regulation K in June 1979, the Board included a list of activities that it had determined to be "usual in connection with the transaction of the business of banking or other financial operations abroad." The Board's regulation provides, however, that an Edge Corporation that is of the opinion that other activities are usual in connection with the transaction of the business of banking or other financial operations abroad and are consistent with the Federal Reserve Act or the Bank Holding Company Act may apply to the Board for such a determination. As in the case of an application by a bank holding company to engage in a new activity under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)), the Board may either deny the application or, if it determines to approve the application, may do so by issuing

1. COIC has stated that Surrey has ceased underwriting title insurance following a change in Australian regulations. Since the Australian Life Insurance Commissioner has requested that the credit life insurance underwriting of Ajax be transferred to a separate legal vehicle not engaging in other insurance activities, COIC proposes that Ajax's credit life and credit accident health insurance be transferred to Surrey, that Ajax handle the run-off of that insurance already booked, and that Ajax continue to underwrite motor vehicle insurance in conformity with the conditions of the March 29 letter. COIC is thus seeking the Board's prior consent, pursuant to the final paragraph of section 12 C.F.R. § 211.5(d), for Surrey to engage in the general business of underwriting credit life and credit accident and health insurance in Australia.

an order permitting the specific proposal or by undertaking to revise its regulation to indicate the general permissibility of the activity.

The Board recognizes that in the diverse banking and financial systems of the world, local institutions are often permitted to engage in activities that would not be permissible for United States banking organizations under applicable United States laws and regulations. In the Edge Act and the Bank Holding Company Act, the Board has been granted broad discretionary authority to permit activities abroad that will augment the competitive capabilities of United States banking organizations. In the exercise of that authority, however, the Board has generally adhered to the policy that the foreign activities that it authorizes should be of a banking or financial, as opposed to commercial, nature. In this regard, some activities that have commercial characteristics may, under the circumstances in which they are performed abroad, be financial in nature. Thus, in acting on an application to engage in a new activity abroad, the Board examines the context in which the activity is performed to determine whether the activity is usual in connection with banking or other financial operations.

The Board also takes into consideration the risks inherent in the activity, especially whether those risks are of a type and nature normally associated with banking, and the effect of the activity on the capital and managerial resources of the United States banking organization. Therefore, in addition to determining whether a proposed activity is banking or financial in nature, the Board assesses whether performance of the activity indirectly by a United States banking organization is consistent with the supervisory and regulatory aspects of the Federal Reserve Act and the Bank Holding Company Act.

The list of permissible activities in Regulation K includes the underwriting of credit life insurance and credit accident and health insurance that is related to extensions of credit by the Edge Corporation or its affiliates (12 C.F.R. 211.5(d)(5)). The activity of underwriting credit insurance with respect to extensions of credit by unaffiliated lenders is not on the list. In the United States, the underwriting of credit related insurance is generally viewed as a financially related activity. The insurance is directly linked to an extension of credit, the purpose of the insurance is to assure repayment of the credit, and the beneficiary is the lender. Under section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. 1843(c)(8)), and section 225.4(a)(10) of Regulation Y (12 C.F.R. 225.4(a)(10)), underwriting credit related insurance is only permitted when directly related to extensions of credit by the bank holding company system.

COIC argues that the underwriting of credit related insurance is integrally related to the lending process, regardless of the identity of the lender, and that the restrictions applicable in the United States serve no regulatory purpose when the activity is conducted abroad. Moreover, COIC provides evidence of official concern by local authorities regarding the effect on local competition of a limitation on the scope of Holdings' credit related insurance activities. COIC contends that that concern might result in Holdings' inability to continue to furnish credit related insurance in connection with its own lending activities and thus lessen its ability to compete in the Australian market.

United States banking organizations, including Citicorp, have extensive experience in managing the risks associated with underwriting credit related insurance, both in the United States and abroad. Those risks are likely to be only marginally different when the insurance is underwritten in relation to extensions of credit by nonaffiliated companies. Moreover, the activity is not likely to have an adverse effect on the capital, liquidity or managerial resources of COIC or its parent organization.

Based on the foregoing and other considerations reflected in the record, the Board concluded that the proposed activity in the circumstances of this case is of a banking or financial nature and that its performance by a subsidiary of COIC would be consistent with the purposes of the Federal Reserve Act. Accordingly, the application is approved.[2] The Board's approval is subject to the conditions that the lender be the beneficiary of the policies underwritten and that the terms of the insurance policies shall not exceed the amount or tenor of the credit to which the policies are related.

By order of the Board of Governors, effective March 25, 1981.

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

(Signed) JAMES MCAFEE,
[SEAL] *Assistant Secretary of the Board.*

2. The Board's action addresses solely the issue of the permissibility of the activity of underwriting credit life and credit accident and health insurance with regard to extensions of credit by unaffiliated organizations and carries no implications regarding the permissibility of underwriting other forms of insurance abroad.

Orders Approving Applications Under the Bank Holding Company Act and Bank Merger Act

By the Board of Governors

During March 1981 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)
First International Bancshares, Inc., Dallas, Texas	Lake Air National Bank of Waco, Waco, Texas	March 24, 1981
G.W.B. Holding Company, N.V., Curacao, Netherlands Antilles G.W.B. Company, B.V., Rotterdam, The Netherlands, GWB Holding Company, Dover, Delaware	Great Western Bank and Trust, Phoenix, Arizona	March 26, 1981
Metro Bank Corp., Denver, Colorado	Metro National Bank, Denver, Colorado	March 31, 1981
Riggs National Corporation, Washington, D.C.	Riggs National Bank of Washington, D.C., Washington, D.C.	March 6, 1981
Southwest Bancshares, Inc., Houston, Texas	American National Bank of Garland, Garland, Texas	March 27, 1981

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
ABT Bancshares Corporation Hot Springs National Park, Arkansas	Arkansas Bank and Trust Company Hot Springs National Park, Arkansas	St. Louis	March 3, 1981
Alpine Bancorp, Inc., Glenwood Springs, Colorado	Valley Bank and Trust, Glenwood Springs, Colorado Roaring Fork Bank, Carbondale, Colorado Roaring Fork Bancorporation, Inc., Carbondale, Colorado	Kansas City	February 27, 1981
American Holding Co., Glencoe, Illinois	Bank of Highland Park, Highland Park, Illinois	Chicago	February 20, 1981

Section 3 — Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Ashton Bancorporation, Inc., Ashton, Illinois	The Ashton Bank and Trust Company, Ashton, Illinois	Chicago	March 9, 1981
Bankstock Two, Inc., Dardanelle, Arkansas	Arkansas Valley Bank, Dardanelle, Arkansas	St. Louis	February 25, 1981
Beardsley Baneshares, Inc., Beardsley, Minnesota	Security State Bank of Beardsley, Beardsley, Minnesota	Minneapolis	March 23, 1981
CBC Bancorp, Inc., Cookeville, Tennessee	Citizens Bank, Cookeville, Tennessee	Atlanta	March 19, 1981
CNB Corp., Shenandoah, Iowa	The City National Bank of Shenandoah, Shenandoah, Iowa	Chicago	March 17, 1981
California Pacific Corporation, Bakersfield, California	American National Bank, Bakersfield, California	San Francisco	March 27, 1981
Commercial Security Bancorporation, Ogden, Utah	Bear River State Bank, Tremonton, Utah	San Francisco	March 25, 1981
Commonwealth Bancshares, Inc., Shelbyville, Kentucky	Shelby County Trust Bank, Shelbyville, Kentucky	St. Louis	March 23, 1981
Consolidated Bancorp, Inc., Waco, Texas	The First National Bank of Rosebud, Rosebud, Texas The First National Bank, Hillsboro, Texas, Hillsboro, Texas First State Bank of Hewitt, Hewitt, Texas	Dallas	February 27,1981
Darrouzett Bancshares, Inc., Darrouzett, Texas	The First National Bank of Darrouzett, Darrouzett, Texas	Dallas	March 4, 1981
Dritter Financial Corporation, Chicago, Illinois	Bank of Chicago, Chicago, Illinois	Chicago	March 18, 1981
Exchange Holding, Inc., El Dorado, Kansas	Exchange Investors, Inc., El Dorado, Kansas First National Bank and Trust Company, El Dorado, Kansas	Kansas City	March 9, 1981
FNB Financial Services, Inc., Cambridge, Nebraska	The First National Bank of Cambridge, Cambridge, Nebraska	Kansas City	March 20, 1981
First Blackwell Bancshares, Blackwell, Oklahoma	First National Bank and Trust Company, Blackwell, Oklahoma	Kansas City	February 20, 1981
First Kansas BancGroup, Inc., Herndon, Kansas	The State Bank of Herndon, Herndon, Kansas	Kansas City	February 19, 1981
First of Searcy, Inc., Searcy, Arkansas	First Security Bank, Searcy, Arkansas	St. Louis	March 5, 1981
First State Corporation, Albany, Georgia	First Bank and Trust Company, Albany, Georgia State Bank of Leesburg, Leesburg, Georgia	Atlanta	March 19, 1981

Section 3 – Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First United Bancshares, Inc., North Platte, Nebraska	McDonald State Bank, North Platte, Nebraska	Kansas City	March 20, 1981
Gray Bancorp., Coleridge, Nebraska	The Coleridge National Bank, Coleridge, Nebraska	Kansas City	March 13, 1981
Heritage Financial Corporation, London, Tennessee	First Heritage National Bank, London, Tennessee	Atlanta	March 3, 1981
J & L Bancorporation, Inc., Glendive, Montana	First Security Bank of Glendive, Glendive, Montana	Minneapolis	March 24, 1981
James Madison Limited, Washington, D.C.	Madison National Bank, Washington, D.C.	Richmond	March 6, 1981
Jayhawk Bancshares, Inc., Kansas City, Kansas	Lawrence Bancshares, Inc., Kansas City, Missouri Lawrence Bank & Trust Co., N.A., Lawrence, Kansas	Kansas City	February 27, 1981
LaFarge Bancorp, Inc., La Farge, Wisconsin	LaFarge State Bank, La Farge, Wisconsin	Chicago	March 9, 1981
Mercantile Bancorporation Inc., St. Louis, Missouri	The First National Bank of Monett, Monett, Missouri	St. Louis	February 26, 1981
Osage Bank Services, Inc., Osage, Iowa	Osage Farmer National Bank, Osage, Iowa	Chicago	March 24, 1981
Pacwest Bancorp and Citizens Bank Purchase Company, Milwaukie, Oregon	Citizens Bank of Oregon, Eugene, Oregon	San Francisco	March 27, 1981
Piedmont BankGroup Incorporated, Martinsville, Virginia	The First National Bank of Ferrum, Ferrum, Virginia	Richmond	March 2, 1981
Republic of Texas Corporation, Dallas, Texas	Spring Branch Bank, Houston, Texas	Dallas	March 12, 1981
Society Corporation, Cleveland, Ohio	The First National Bank at Carrollton, Carrollton, Ohio	Cleveland	March 20, 1981
St. Croix Banco, Inc., Somerset, Wisconsin	Bank of Somerset, Somerset, Wisconsin	Minneapolis	March 4, 1981
Texas Commerce Bancshares, Inc., Houston, Texas	Texas Commerce Bank-Quorum, National Association, Addison, Texas	Dallas	March 11, 1981
Valders Bancorporation, Valders, Wisconsin	Valders State Bank, Valders, Wisconsin	Chicago	February 27, 1981
Valley Bancorporation, Appleton, Wisconsin	The First National Bank of Ripon, Ripon, Wisconsin	Chicago	March 16, 1981
Valley Bancorporation, Appleton, Wisconsin	Citizens Bank of Juneau, Juneau, Wisconsin	Chicago	February 24, 1981
Warren Bancorp, Inc., Warren, Illinois	Citizens Bank and Trust Company, Warren, Illinois	Chicago	February 24, 1981
Weatherford Bancshares, Inc., Weatherford, Oklahoma	Security State Bank, Weatherford, Oklahoma	Kansas City	March 6, 1981
Welch Bancshares, Inc., Welch, Oklahoma	Welch State Bank of Welch, Oklahoma, Welch, Oklahoma	Kansas City	February 27, 1981

Section 3 — Continued

Applicant	Bank(s)	Reserve Bank	Effective date
West Gate Banshares, Inc., Omaha, Nebraska	West Gate Bank, Lincoln, Nebraska	Kansas City	March 12, 1981

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
Clayton Bancshares, Inc., Clayton, Alabama	The Clayton Banking Company Clayton, Alabama	to engage in general insurance and consumer financing activities	Atlanta	March 20, 1981
Inwood Bancorp, Inc., Inwood, Iowa	Inwood State Bank, Inwood, Iowa	to engage in general insurance activities	Chicago	February 26, 1981
Peoples Ban Corporation, Seattle, Washington	Peoples National Bank of Washington Seattle, Washington	to engage in originating and servicing loans secured by real estate for construction purposes	San Francisco	February 26, 1981
Southwest Bancorp, Vista, California	Southwest Bank, Vista, California	to engage in the activities of an industrial loan company	San Francisco	March 5, 1981

ORDERS APPROVED UNDER BANK MERGER ACT

By the Board of Governors

Applicant	Banks	Reserve Bank	Effective date
Exchange Bank and Trust Company of Florida, Tampa, Florida	Exchange National Bank of Pinellas County, Clearwater, Florida Exchange National Bank of Pasco County, Holiday, Florida	Atlanta	March 11, 1981

By Federal Reserve Banks

Applicant	Banks	Reserve Bank	Effective date
Fidelity Union Trust Company, Newark, New Jersey	The National Bank of New Jersey, Piscataway, New Jersey	New York	February 26, 1981
The Harter Bank & Trust Company Canton, Ohio	The First National Bank at Carrollton, Carrollton, Ohio	Cleveland	March 20, 1981

*Pending Cases Involving the Board of Governors**

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

First Bank & Trust Company v. *Board of Governors*, filed February 1981, U.S.D.C. for the Eastern District of Kentucky.

Ellis E. St. Rose & James H. Sibbet v. *Board of Governors*, filed February 1981, U.S.D.C. for the District of Columbia.

Option Advisory Service, Inc. v. *Board of Governors, et al.*, filed February 1981, U.S.C.A. for the Second Circuit.

Wilshire Oil Company of Texas v. *Board of Governors, et al.*, filed Decemer 1980, U.S.D.C. for New Jersey.

9 to 5 Organization for Women Office Workers v. *Board of Governors*, filed December 1980, U.S.D.C. for the District of Massachusetts.

Securities Industry Association v. *Board of Governors, et al.*, filed October 1980, U.S.D.C. for the District of Columbia.

Securities Industry Association v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed October 1980, U.S.D.C. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed October 1980, U.S.C.A. for the District of Columbia.

Independent Insurance Agents of America and Independent Insurance Agents of Missouri v. *Board of Governors*, filed September 1980, U.S.C.A. for the Eighth Circuit.

Independent Insurance Agents of America and Independent Insurance Agents of Virginia v. *Board of Governors*, filed September 1980, U.S.C.A. for the Fourth Circuit.

Nebraska Bankers Association, et al. v. *Board of Governors, et al.*, filed September 1980, U.S.D.C. for the District of Nebraska.

Republic of Texas Corporation v. *Board of Governors*, filed September 1980, U.S.C.A. for the Fifth Circuit.

Consumers Union of the United States, Inc. v. *Board of Governors, et al.*, filed August 1980, U.S.D.C. for the District of Columbia.

A. G. Becker, Inc. v. *Board of Governors, et al.*, filed August 1980, U.S.D.C. for the District of Columbia.

Otero Savings and Loan Association v. *Board of Governors*, filed August 1980, U.S.D.C. for the District of Columbia.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1980, U.S.C.A. for the Fifth Circuit.

Martin-Trigona v. *Board of Governors*, filed July 1980, U.S.C.A. for the District of Columbia.

U.S. League of Savings Associations v. *Depository Institutions Deregulation Committee, et al.*, filed June 1980, U.S.D.C. for the District of Columbia.

Berkovitz, et al. v. *Government of Iran, et al.*, filed June 1980, U.S.D.C. for the Northern District of California.

Mercantile Texas Corporation v. *Board of Governors*, filed May 1980, U.S.C.A. for the Fifth Circuit.

Corbin, Trustee v. *United States*, filed May 1980, United States Court of Claims.

Louis J. Roussel v. *Board of Governors*, filed April 1980, U.S.D.C. for the District of Columbia.

Ulyssess S. Crockett v. *United States, et al.*, filed April 1980, U.S.D.C. for the Eastern District of North Carolina.

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

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

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

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

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

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

David Merrill, et al. v. *Federal Open Market Committee*, filed May 1975, U.S.D.C. for the District of Columbia.

Directors of Federal Reserve Banks and Branches

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

For the purpose of electing Class A and Class B directors, the member banks of each Federal Reserve District are classified by the Board of Governors of the Federal Reserve System into three groups, each of which consists of banks of similar capitalization, and each group elects one Class A and one Class B director. Class C directors are selected to represent the public with due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers, and may not be officers, directors, employees, or stockholders of any bank. One Class C director is designated by the Board of Governors as Chairman of the board of directors and Federal Reserve Agent and another is appointed Deputy Chairman.

Federal Reserve Branches have either five or seven directors, of whom a majority are appointed by the board of directors of the parent Federal Reserve Bank; the others are appointed by the Board of Governors of the Federal Reserve System. One of the directors appointed by the Board of Governors at each Branch is designated annually as Chairman of the board of that Branch in such a manner as the Federal Reserve Bank may prescribe.

In this list of the directorates, a name followed by footnote reference 1 ([1]) is a Chairman of the Bank's board, that by footnote reference 2 ([2]) is a Deputy Chairman, and that by footnote reference 3 ([3]) indicates a new appointment.

DISTRICT 1—BOSTON

Class A

		Term expires Dec. 31
Fred A. White	President, Dartmouth National Bank of Hanover, Hanover, N.H.	1981
H. Alan Timm	President, Bank of Maine, N.A., Augusta, Maine	1982
Henry S. Woodbridge, Jr.[3]	Chairman of the Board and Chief Executive Officer, Rhode Island Hospital Trust National Bank, Providence, R.I.	1983

Class B

Robert D. Kilpatrick	President and Chief Executive Officer, Connecticut General Life Insurance Company, Hartford, Conn.	1981
Carol R. Goldberg	Senior Vice President, The Stop & Shop Companies, Inc., Boston, Mass.	1982
Joseph A. Baute[3]	Chairman and Chief Executive Officer, Markem Corporation, Keene, N.H.	1983

Class C

		Term expires Dec. 31
Robert P. Henderson[1]	President and Chief Executive Officer, Itek Corporation, Lexington, Mass.	1981
Thomas I. Atkins[2]	General Counsel, National Association for the Advancement of Colored People, New York, N.Y.	1982
Michael J. Harrington[3]	Harrington, Keefe, and Schork, Inc., Boston, Mass.	1983

DISTRICT 2—NEW YORK

Class A

James Whelden	President, Ballston Spa National Bank, Ballston Spa, N.Y.	1981
Gordon T. Wallis	Chairman of the Board, Irving Trust Company, New York, N.Y.	1982
Peter D. Kiernan[3]	Chairman and President, United Bank Corporation, Albany, N.Y.	1983

Class B

Edward L. Hennessy, Jr.	Chairman of the Board, Allied Chemical Corporation, Morristown, N.J.	1981
William S. Cook	President, Union Pacific Corporation, New York, N.Y.	1982
John R. Opel[3]	President and Chief Executive Officer, International Business Machines Corporation, Armonk, N.Y.	1983

Class C

Gertrude G. Michelson	Senior Vice President, R. H. Macy & Company, Inc., New York, N.Y.	1981
Boris Yavitz[2]	Dean, Graduate School of Business, Columbia University, New York, N.Y.	1982
Robert H. Knight[1]	Partner, Shearman and Sterling, Attorneys, New York, N.Y.	1983

—BUFFALO BRANCH

Appointed by Federal Reserve Bank

Robert J. Donough	President, Liberty National Bank and Trust Company, Buffalo, N.Y.	1981
M. Jane Dickman	Partner, Touche Ross & Co., Buffalo, N.Y.	1982
Arthur M. Richardson	President and Chief Executive Officer, Security Trust Company, Rochester, N.Y.	1982
Carl F. Ulmer[3]	President, The Evans National Bank of Angola, Angola, N.Y.	1983

Appointed by Board of Governors

George L. Wessel	President, Buffalo AFL–CIO Council, Buffalo, N.Y.	1981
Frederick D. Berkeley, III	Chairman of the Board and President, Graham Manufacturing Company, Inc., Batavia, N.Y.	1982
John R. Burwell	President, Rollins Container Corporation, Rochester, N.Y.	1983

DISTRICT 3—PHILADELPHIA

Class A

		Term expires Dec. 31
Robert H. Deacon	President, The Bank of Mid-Jersey, Bordentown, N.J.	1981
Donald J. Seebold	President, The First National Bank of Danville, Danville, Pa.	1982
Roger S. Hillas[3]	Chairman and President, Provident National Bank, Philadelphia, Pa.	1983

Class B

Richard P. Hauser	Chairman and Chief Executive Officer, John Wanamaker, Philadelphia, Pa.	1981
Eberhard Faber	Chairman of the Board and Chief Executive Officer, Eberhard Faber, Inc., Wilkes-Barre, Pa.	1982
Harry A. Jensen	President and Chief Executive Officer, Armstrong World Industries, Inc., Lancaster, Pa.	1983

Class C

John W. Eckman[1]	Chairman and Chief Executive Officer, Rorer Group Inc., Fort Washington, Pa.	1981
Jean A. Crockett[2]	Chairman, Department of Finance, Wharton School, University of Pennsylvania, Philadelphia, Pa.	1982
Robert M. Landis[3]	Partner, Dechert Price & Rhoads, Philadelphia, Pa.	1983

DISTRICT 4—CLEVELAND

Class A

Everett L. Maffett	President and Chief Executive Officer, Eaton National Bank & Trust Co., Eaton, Ohio	1981
John W. Alford	Chairman of the Board and Chief Executive Officer, The Park National Bank, Newark, Ohio	1982
J. David Barnes[3]	Chairman and Chief Executive Officer, Mellon Bank, N.A., Pittsburgh, Pa.	1983

Class B

Jeffery A. Robb	Managing Partner, Proctor, Robb and Company, Granville, Ohio	1981
John W. Kessler	President, John W. Kessler Company, Columbus, Ohio	1982
E. M. de Windt[3]	Chairman of the Board, Eaton Corporation, Cleveland, Ohio	1983

Class C

J. L. Jackson[1]	President—Coal Unit and Executive Vice President, Diamond Shamrock Corporation, Lexington, Ky.	1981
John D. Anderson[3]	Senior Partner, The Andersons, Maumee, Ohio	1982
William H. Knoell[2, 3]	President and Chief Executive Officer, Cyclops Corporation, Pittsburgh, Pa.	1983

—CINCINNATI BRANCH

Appointed by Federal Reserve Bank

		Term expires Dec. 31
Lawrence C. Hawkins	Senior Vice President, University of Cincinnati, Cincinnati, Ohio	1981
Elden Houts	President, The Citizens Commercial Bank and Trust Company, Celina, Ohio	1981
Oliver W. Birckhead	Chairman of the Board and Chief Executive Officer, The Central Trust Company, N.A., Cincinnati, Ohio	1982
O. T. Dorton[3]	President, Citizens National Bank, Paintsville, Ky.	1983

Appointed by Board of Governors

Martin B. Friedman	Director, Formica Corporation, Cincinnati, Ohio	1981
Sister Grace Marie Hiltz	President, Sisters of Charity Health Care Systems, Inc., Cincinnati, Ohio	1982
Vacancy		1983

—PITTSBURGH BRANCH

Appointed by Federal Reserve Bank

Thomas V. Mansell	President and Chief Executive Officer, First National Bank of Western Pennsylvania, New Castle, Pa.	1981
R. Burt Gookin	Director, H. J. Heinz Co., Pittsburgh, Pa.	1981
William D. McKain	President, Wheeling National Bank, Wheeling, W. Va.	1982
Ernest L. Lake[3]	President, The National Bank of North East, North East, Pa.	1983

Appointed by Board of Governors

Vacancy		1981
Robert S. Kaplan	Dean, Graduate School of Industrial Administration, Carnegie-Mellon University, Pittsburgh, Pa.	1982
Milton G. Hulme, Jr.	President and Chief Executive Officer, Mine Safety Appliances Company, Pittsburgh, Pa.	1983

DISTRICT 5—RICHMOND

Class A

Vincent C. Burke, Jr.	Chairman of the Board and Chief Executive Officer, The Riggs National Bank, Washington, D.C.	1981
William M. Dickson	President & Senior Trust Officer, First National Bank in Ronceverte, Ronceverte, W. Va.	1982
J. Banks Scarborough[3]	Chairman and President, Pee Dee State Bank, Timmonsville, S.C.	1983

Class B

Paul G. Miller	Chairman of the Board and Chief Executive Officer, Commercial Credit Company, Baltimore, Md.	1981
James A. Chapman, Jr.	Chairman of the Board and Chief Executive Officer, Inman Mills, Inman, S.C.	1982
Leon A. Dunn, Jr.[3]	Chairman, President and Chief Executive Officer, Guardian Corporation and Subsidiaries, Rocky Mount, N.C.	1983

Class C

		Term expires Dec. 31
Maceo A. Sloan[1]	Executive Vice President and Chief Operating Officer, North Carolina Mutual Life Insurance Company, Durham, N.C.	1981
Paul E. Reichardt	Chairman of the Board and Chief Executive Officer, Washington Gas Light Company, Washington, D.C.	1982
Steven Muller[2]	President, The Johns Hopkins University, Baltimore, Md.	1983

—*Baltimore Branch*

Appointed by Federal Reserve Bank

Pearl C. Brackett	Assistant/Deputy Manager, Baltimore Regional Chapter of American Red Cross, Baltimore, Md.	1981
Hugh D. Shires	President and Chief Executive Officer, The First National Bank and Trust Company of Western Maryland, Cumberland, Md.	1982
A. R. Reppert	President, The Union National Bank of Clarksburg, Clarksburg, W. Va.	1982
Joseph M. Gough, Jr.	President, The First National Bank of St. Mary's, Leonardtown, Md.	1983

Appointed by Board of Governors

Joseph H. McLain	President, Washington College, Chestertown, Md.	1981
Edward H. Covell	Vice President, Country Pride Foods Limited, General Manager, Delmarva Division, Easton, Md.	1982
Robert L. Tate[3]	Chairman, Tate Industries, Baltimore, Md.	1983

—*Charlotte Branch*

Appointed by Federal Reserve Bank

Hugh M. Chapman	Chairman of the Board, The Citizens & Southern National Bank of South Carolina, Columbia, S.C.	1981
J. B. Aiken, Jr.[3]	Chairman of the Board, Guaranty Bank and Trust Company, Florence, S.C.	1982
W. B. Apple, Jr.	President, First National Bank of Reidsville, Reidsville, N.C.	1982
Nicholas W. Mitchell[3]	President and Director, Piedmont Federal Savings and Loan Association, Winston-Salem N.C.	1983

Appointed by Board of Governors

Henry Ponder	Office of the President, Benedict College, Columbia, S.C.	1981
Naomi G. Albanese	Dean, School of Home Economics, University of North Carolina at Greensboro, Greensboro, N.C.	1982
William S. Lee III[3]	President and Chief Operating Officer, Duke Power Company, Charlotte, N.C.	1983

DISTRICT 6—ATLANTA

		Term expires Dec. 31
Class A		
Guy W. Botts	Chairman of the Board, Barnett Banks of Florida, Inc., Jacksonville, Fla.	1981
Dan B. Andrews	President, First National Bank of Dickson, Dickson, Tenn.	1982
Hugh M. Willson	President, Citizens National Bank, Athens, Tenn.	1983
Class B		
Floyd W. Lewis	Chairman of the Board and Chief Executive Officer, Middle South Utilities, Inc., New Orleans, La.	1981
Jean McArthur Davis	President, McArthur Dairy, Inc., Miami, Fla.	1982
Harold B. Blach, Jr.[3]	President, Blach's Inc., Birmingham, Ala.	1983
Class C		
Fred Adams, Jr.	President, Cal-Maine Foods, Inc., Jackson, Miss.	1981
John H. Weitnauer, Jr.[2]	Chairman and Chief Executive Officer, Richway, Atlanta, Ga.	1982
William A. Fickling, Jr.[1]	Chairman and Chief Executive Officer, Charter Medical Corporation, Macon, Ga.	1983

—BIRMINGHAM BRANCH

Appointed by Federal Reserve Bank		
Guy H. Caffey, Jr.	Chairman and Chief Executive Officer, Southern Bancorporation of Alabama and Birmingham Trust National Bank, Birmingham, Ala.	1981
C. Gordon Jones	President and Chief Executive Officer, First National Bank of Decatur, Decatur, Ala.	1982
Martha A. McInnis	Executive Vice President, Alabama Environmental Quality Association, Montgomery, Ala.	1982
Henry A. Leslie[3]	President and Chief Executive Officer, Union Bank & Trust Co., Montgomery, Ala.	1983
Appointed by Board of Governors		
Louis J. Willie	Executive Vice President, Booker T. Washington Insurance Co., Birmingham, Ala.	1981
William H. Martin, III	President and Chief Executive Officer, Martin Industries, Inc., Florence, Ala.	1982
Samuel R. Hill, Jr.[3]	President, University of Alabama in Birmingham, Birmingham, Ala.	1983

—JACKSONVILLE BRANCH

Appointed by Federal Reserve Bank		
Robert E. Warfield, Jr.	Chairman and President, Barnett Bank of Eustis, N.A., Eustis, Fla.	1981
Whitfield M. Palmer, Jr.	Chairman, Florida Crushed Stone Company, Ocala, Fla.	1982
Billy J. Walker	President, Atlantic Bancorporation, Jacksonville, Fla.	1982
Gordon W. Campbell[3]	President and Chief Executive Officer, Exchange Bancorporation, Inc., Tampa, Fla.	1983

Appointed by Board of Governors

		Term expires Dec. 31
Jerome P. Keuper	President, Florida Institute of Technology, Melbourne, Fla.	1981
Copeland D. Newbern	Chairman of the Board, Newbern Groves, Inc., Tampa, Fla.	1982
Joan W. Stein	Partner, Regency Square Shopping Center, Jacksonville, Fla.	1983

—*MIAMI BRANCH*

Appointed by Federal Reserve Bank

Jane C. Cousins	President, Cousins Associates, Inc., Miami, Fla.	1981
Alfred W. Roepstorff	President, National Bank of Collier County, Marco Island, Fla.	1981
M. G. Sanchez	President and Chief Executive Officer, First Bankers Corporation of Florida, Pompano Beach, Fla.	1982
Daniel S. Goodrum[3]	President and Chief Executive Officer, Century Banks, Inc., Ft. Lauderdale, Fla.	1983

Appointed by Board of Governors

Roy W. Vandegrift, Jr.	President, Vandegrift-Williams Farms, Inc., Pahokee, Fla.	1981
David H. Rush	President, ACR Electronics, Inc., Hollywood, Fla.	1982
Eugene E. Cohen[3]	Treasurer and Chief Financial Officer, Howard Hughes Medical Institute, Coconut Grove, Fla.	1983

—*NASHVILLE BRANCH*

Appointed by Federal Reserve Bank

Ruth W. Ellis	President, Mountain Empire Bank, Johnson City, Tenn.	1981
Charles J. Kane	Chairman and Chief Executive Officer, Third National Bank in Nashville, Nashville, Tenn.	1982
John R. King	President, The Mason and Dixon Lines, Inc., Kingsport, Tenn.	1982
James F. Smith, Jr.[3]	Chairman and Chief Executive Officer, Park National Bank, Knoxville, Tenn.	1983

Appointed by Board of Governors

John C. Bolinger, Jr.	Management Consultant, Knoxville, Tenn.	1981
Cecelia Adkins	Executive Director, Sunday School Publishing Board, Nashville, Tenn.	1982
Robert C. H. Mathews Jr.	President, R. C. Mathews Contractor, Inc., Nashville, Tenn.	1983

—*NEW ORLEANS BRANCH*

Appointed by Federal Reserve Bank

Robert H. Bolton	President, Rapides Bank and Trust Company in Alexandria, Alexandria, La.	1981
Patrick A. Delaney	President, Whitney National Bank of New Orleans, New Orleans, La.	1982
Ben M. Radcliff	President, Ben M. Radcliff Contractor, Inc., Mobile, Ala.	1982
Paul W. McMullan[3]	Chairman and Chief Executive Officer, First Mississippi National Bank, Hattiesburg, Miss.	1983

Appointed by Board of Governors

		Term expires Dec. 31
Horatio C. Thompson	President, Horatio Thompson Investment, Inc., Baton Rouge, La.	1981
Levere C. Montgomery	Chairman, Time Saver Stores, Inc., New Orleans, La.	1982
Leslie B. Lampton[3]	President, Ergon, Inc., Jackson, Miss.	1983

DISTRICT 7—CHICAGO

Class A

Roger E. Anderson	Chairman of the Board, Continental Illinois National Bank and Trust Company of Chicago, Chicago, Ill.	1981
Patrick E. McNarny	President, First National Bank of Logansport, Logansport, Ind.	1982
Ollie Jay Tomson[3]	President, The Citizens National Bank of Charles City, Charles City, Ia.	1983

Class B

Dennis W. Hunt	President, Hunt Truck Lines, Inc., Rockwell City, Ia.	1981
Mary Garst	Manager of Cattle Division, Garst Company, Coon Rapids, Ia.	1982
Leon T. Kendall[3]	President, Mortgage Guaranty Insurance Corp., Milwaukee, Wis.	1983

Class C

Edward F. Brabec	Business Manager, Chicago Journeymen Plumbers, Local Union 130, U.A., Chicago, Ill.	1981
Stanton R. Cook[2]	President, Tribune Company, Chicago, Ill.	1982
John Sagan[1]	Vice President–Treasurer, Ford Motor Company, Dearborn, Mich.	1983

—DETROIT BRANCH

Appointed by Federal Reserve Bank

Thomas Ricketts[3]	Chairman, President and Managing Officer, Standard Federal Savings and Loan of Troy, Troy, Mich.	1981
James H. Duncan	Chairman and Chief Executive Officer, First American Bank Corporation, Kalamazoo, Mich.	1981
Dean E. Richardson	Chairman, Manufacturers National Bank of Detroit, Detroit, Mich.	1982
Lawrence A. Johns	President, Isabella Bank and Trust, Mount Pleasant, Mich.	1983

Appointed by Board of Governors

Herbert H. Dow	Director and Secretary, The Dow Chemical Company, Midland, Mich.	1981
Russell G. Mawby	President and Trustee, W. K. Kellogg Foundation, Battle Creek, Mich.	1982
Karl D. Gregory[3]	Professor of Economics and Management, Oakland University, Rochester, Mich.	1983

DISTRICT 8—ST. LOUIS

Class A

		Term expires Dec. 31
George M. Ryrie	President, First National Bank & Trust Co., Alton, Ill.	1981
Donald L. Hunt	President, First National Bank of Marissa, Marissa, Ill.	1982
Clarence C. Barksdale[3]	Chairman and Chief Executive Officer, First National Bank in St. Louis, St. Louis, Mo.	1983

Class B

Tom K. Smith, Jr.	St. Louis, Mo.	1981
Mary P. Holt	President, Clothes Horse, Little Rock, Ark.	1982
Frank A. Jones, Jr.[3]	President, Dietz Forge Company, Memphis, Tenn.	1983

Class C

William B. Walton[2]	Vice Chairman of the Board Emeritus, Holiday Inns, Inc., Memphis, Tenn.	1981
Armand C. Stalnaker[1]	Chairman of the Board, General American Life Insurance Co., St. Louis, Mo.	1982
William H. Stroube	Department of Agriculture, Western Kentucky University, Bowling Green, Ky.	1983

—LITTLE ROCK BRANCH

Appointed by Federal Reserve Bank

Gordon E. Parker	President and Chief Executive Officer, The First National Bank of El Dorado, El Dorado, Ark.	1981
Shirley J. Pine	Speech Communication, University of Arkansas at Little Rock, Little Rock, Ark.	1981
William H. Bowen	President and Chief Executive Officer, The Commercial National Bank of Little Rock, Little Rock, Ark.	1982
William H. Kennedy, Jr.[3]	Chairman of the Board, National Bank of Commerce of Pine Bluff, Pine Bluff, Ark.	1983

Appointed by Board of Governors

G. Larry Kelley	President, Pickens-Bond Construction Co., Little Rock, Ark.	1981
E. Ray Kemp, Jr.	Vice Chairman of the Board and Chief Administrative Officer, Dillard Department Stores, Inc., Little Rock, Ark.	1982
Richard V. Warner[3]	Group Vice President, Wood Products Group, Potlatch Corporation, Warren, Ark.	1983

—LOUISVILLE BRANCH

Appointed by Federal Reserve Bank

Fred B. Oney	President, The First National Bank of Carrollton, Carrollton, Ky.	1981
William C. Ballard, Jr.	Executive Vice President—Finance and Administration, Humana, Inc., Louisville, Ky.	1981
Howard Brenner	Vice Chairman of the Board, Tell City National Bank, Tell City, Ind.	1982
Frank B. Hower, Jr.[3]	Chairman and Chief Executive Officer, Liberty National Bank and Trust Company, Louisville, Ky.	1983

Appointed by Board of Governors

		Term expires Dec. 31
Sister Eileen M. Egan	President, Spalding College, Louisville, Ky.	1981
James F. Thompson	Professor of Economics, Murray State University, Murray, Ky.	1982
Richard O. Donegan	Senior Vice President and Group Executive, General Electric Company, Louisville, Ky.	1983

—MEMPHIS BRANCH

Appointed by Federal Reserve Bank

Stallings Lipford	President, First-Citizens National Bank of Dyersburg, Dyersburg, Tenn.	1981
Bruce E. Campbell, Jr.	Chairman of the Board and President, National Bank of Commerce, Memphis, Tenn.	1981
Earl L. McCarroll	President, The Farmers Bank & Trust Co., Blytheville, Ark.	1982
Wayne W. Pyeatt[3]	Independent Investor, Memphis, Tenn.	1983

Appointed by Board of Governors

Benjamin P. Pierce	President, Tyrone Hydraulics, Inc., Corinth, Miss.	1981
Patricia W. Shaw	Senior Vice President and Assistant Secretary, Universal Life Insurance Company, Memphis, Tenn.	1982
Donald B. Weis[3]	President, Tamak Transportation Corp., West Memphis, Ark.	1983

DISTRICT 9—MINNEAPOLIS

Class A

Zane G. Murfitt	President, Flint Creek Valley Bank, Philipsburg, Mont.	1981
Henry N. Ness	Senior Vice President, The Fargo National Bank, Fargo, N.D.	1982
Vern A. Marquardt[3]	President, Commercial National Bank of L'Anse, L'Anse, Mich.	1983

Class B

Russell G. Cleary	Chairman and President, G. Heileman Brewing Company, LaCrosse, Wis.	1981
Joe F. Kirby	Chairman, Western Surety Company, Sioux Falls, S.D.	1982
Harold F. Zigmund[3]	President and Chief Executive Officer, Blandin Paper Company, Grand Rapids, Minn.	1983

Class C

William G. Phillips[2]	Chairman and Chief Executive Officer, International Multifoods, Minneapolis, Minn.	1981
Sister Generose Gervais	Administrator, St. Mary's Hospital, Rochester, Minn.	1982
Stephen F. Keating[1]	Minneapolis, Minn.	1983

—HELENA BRANCH

Appointed by Federal Reserve Bank		Term expires Dec. 31
Lynn D. Grobel	President, First National Bank of Glasgow, Glasgow, Mont.	1981
Jase O. Norsworthy	President, The N.R.G. Company, Billings, Mont.	1982
Harry W. Newlon	President, First National Bank, Bozeman, Mont.	1982

Appointed by Board of Governors

Norris E. Hanford	Fort Benton, Mont.	1981
Ernest B. Corrick[3]	Vice President and General Manager, Champion International Corporation, Timberlands-Rocky Mountain Operation, Missoula, Mo.	1982

DISTRICT 10—KANSAS CITY

Class A

John D. Woods	Chairman and Chief Executive Officer, The Omaha National Bank, Omaha, Nebr.	1981
Howard K. Loomis	President, The Peoples Bank, Pratt, Kans.	1982
Wayne D. Angell	President, Council Grove National Bank, Ottawa, Kans.	1983

Class B

Alan R. Sleeper	Alden, Kans.	1981
Charles C. Gates	President and Chairman of the Board, Gates Rubber Company, Denver, Colo.	1982
James G. Harlow, Jr.	President and Chief Executive Officer, Oklahoma Gas and Electric Co., Oklahoma City, Okla.	1983

Class C

Doris M. Drury[2]	Professor of Economics, University of Denver, Englewood, Colo.	1981
Paul H. Henson[1]	Chairman, United Telecommunications, Inc., Kansas City, Mo.	1982
John F. Anderson[3]	President and Chief Executive Officer, Farmland Industries, Inc., Kansas City, Mo.	1983

—DENVER BRANCH

Appointed by Federal Reserve Bank

Kenneth C. Naramore	President, Stockmen's Bank & Trust Company, Gillette, Wyo.	1981
Delano E. Scott	President and Chairman, The Routt County National Bank of Steamboat Springs, Steamboat Springs, Colo.	1982
George S. Jenks[3]	Chairman and Chief Executive Officer, Albuquerque National Bank, Albuquerque, N.M.	1982

Appointed by Board of Governors

Caleb B. Hurtt	President and Corporate Vice President, Martin Marietta Aerospace Corporation, Denver, Colo.	1981
Alvin F. Grospiron	Denver, Colo.	1982

—*Oklahoma City Branch*

Appointed by Federal Reserve Bank

		Term expires Dec. 31
J. A. Maurer	Chairman, Security National Bank & Trust Co., Duncan, Okla.	1981
Marcus R. Tower[3]	Vice Chairman of the Board, Chairman of the Credit Policy Committee, Bank of Oklahoma, Tulsa, Okla.	1982
W. L. Stephenson, Jr.	Chairman and Chief Executive Officer, Central National Bank and Trust Company, Enid, Okla.	1982

Appointed by Board of Governors

Christine H. Anthony	Oklahoma City, Okla.	1981
Samuel R. Noble	Chairman of the Board, Noble Affiliates, Inc., Ardmore, Okla.	1982

—*Omaha Branch*

Appointed by Federal Reserve Bank

W. W. Cook, Jr.	President, Beatrice National Bank and Trust Company, Beatrice, Nebr.	1981
Joe J. Huckfeldt	President, Gering National Bank and Trust Company, Gering, Nebr.	1981
Donald J. Murphy[3]	Chairman and Chief Executive Officer, United States National Bank of Omaha, Omaha, Nebr.	1982

Appointed by Board of Governors

Gretchen S. Pullen	Chairman of the Board, Swanson Enterprises, Inc., Omaha, Nebr.	1981
Robert G. Lueder	President, Lueder Construction Company, Omaha, Nebr.	1982

District 11—Dallas

Class A

Lewis H. Bond	Chairman of the Board and Chief Executive Officer, Texas American Bancshares Inc., Ft. Worth, Tex.	1981
John P. Gilliam	President and Chief Executive Officer, First National Bank in Valley Mills, Valley Mills, Tex.	1982
Miles D. Wilson[3]	Chairman of the Board and President, The First National Bank of Bellville, Bellville, Tex.	1983

Class B

J. Wayland Bennett	Texas Tech University, Lubbock, Tex.	1981
Robert D. Rogers	President, Texas Industries, Inc., Dallas, Tex.	1982
Kent Gilbreath	Professor of Economics, Department of Economics and Finance, Baylor University, Waco, Tex.	1983

Class C

Gerald D. Hines[1]	Owner, Gerald D. Hines Interests, Houston, Tex.	1981
Margaret S. Wilson	Chairman of the Board and Chief Executive Officer, Scarbroughs Stores, Austin, Tex.	1982
John V. James[2,3]	Chairman of the Board, Dresser Industries, Inc., Dallas, Tex.	1983

—*El Paso Branch*

Appointed by Federal Reserve Bank		Term expires Dec. 31
Arnold B. Peinado, Jr.	Executive Vice President, AVC Development Corporation, El Paso, Tex.	1981
Ernest M. Schur	Chairman of the Executive Committee, The First National Bank of Odessa, Odessa, Tex.	1981
Arthur L. Gonzales	Chairman of the Board and Chief Executive Officer, First City National Bank of El Paso, El Paso, Tex.	1982
Claude E. Leyendecker	President, Mimbres Valley Bank, Deming, N. Mex.	1983

Appointed by Board of Governors

Josefina A. Salas-Porras	Executive Director, BI Language Services, El Paso, Tex.	1981
A. J. Losee	Shareholder, Losee, Carson, & Dickerson, Professional Association, Artesia, N. Mex.	1982
Chester J. Kesey	C. J. Kesey Enterprises, Pecos, Tex.	1983

—*Houston Branch*

Appointed by Federal Reserve Bank

John T. Cater	President, Bank of the Southwest National Association, Houston, Tex.	1981
Ralph E. David	President, First Freeport National Bank, Freeport, Tex.	1981
Will E. Wilson	President and Chief Executive Officer, First Security Bank of Beaumont, N.A., Beaumont, Tex.	1983
Raymond L. Britton	Labor Arbitrator & Professor of Law, University of Houston, Houston, Tex.	1983

Appointed by Board of Governors

George V. Smith, Sr.	President, Smith Pipe & Supply, Inc., Houston, Tex.	1981
Jerome L. Howard	Chairman of the Board and Chief Executive Officer, Mortgage & Trust, Inc., Houston, Tex.	1982
Paul N. Howell[3]	Chairman and President, Howell Corporation, Houston, Tex.	1983

—*San Antonio Branch*

Appointed by Federal Reserve Bank

John H. Holcomb	Owner-Manager, Progreso Haciendas Company, Progreso, Tex.	1981
Charles E. Cheever, Jr.	President, Broadway National Bank, San Antonio, Tex.	1981
George Brannies	Chairman of the Board and President, The Mason National Bank, Mason, Tex.	1982
John H. Garner	President and Chief Executive Officer, Corpus Christi National Bank, Corpus Christi, Tex.	1983

Appointed by Board of Governors

Carlos A. Zuniga	Zuniga Freight Services, Inc., Laredo, Tex.	1981
Pat Legan	Owner, Legan Properties, San Antonio, Tex.	1982
Lawrence L. Crum	Professor of Banking and Finance, The University of Texas at Austin, Austin, Tex.	1983

DISTRICT 12—SAN FRANCISCO

Class A

		Term expires Dec. 31
Robert A. Young	Chairman and President, Northwest National Bank, Vancouver, Wash.	1981
Frederick G. Larkin, Jr.	Chairman of the Executive Committee, Security Pacific National Bank, Los Angeles, Calif.	1982
Ole R. Mettler	President and Chairman, Farmers & Merchants Bank of Central California, Lodi, Calif.	1983

Class B

Malcolm T. Stamper	President, The Boeing Company, Seattle, Wash.	1981
Clair L. Peck, Jnr.	Chairman of the Board, C. L. Peck Contractor, Los Angeles, Calif.	1982
J. R. Vaughan	Senior Member, Richards, Watson, Dreyfuss & Gershon, Los Angeles, Calif.	1983

Class C

Alan C. Furth	President, Southern Pacific Company, San Francisco, Calif.	1981
Caroline L. Ahmanson[2]	Chairman of the Board, Caroline Leonetti, Ltd., Beverly Hills, Calif.	1982
Cornell C. Maier[1]	Chairman, President and Chief Executive Officer, Kaiser Aluminum & Chemical Corp., Oakland, Calif.	1983

—LOS ANGELES BRANCH

Appointed by Federal Reserve Bank

Harvey J. Mitchell	President, First National Bank of San Diego County, Escondido, Calif.	1981
Bram Goldsmith	Chairman of the Board, City National Bank, Beverly Hills, Calif.	1982
Fred W. Andrew	President and Chief Operating Officer, Superior Farming Company, Bakersfield, Calif.	1982
James D. McMahon	President, Santa Clarita National Bank, Valencia, Calif.	1983

Appointed by Board of Governors

Harvey A. Proctor	Chairman of the Board, Southern California Gas Company, Los Angeles, Calif.	1981
Togo W. Tanaka	President, Gramercy Enterprises, Los Angeles, Calif.	1982
Lola M. McAlpin-Grant	Assistant Dean, Loyola Law School, Los Angeles, Calif.	1983

—PORTLAND BRANCH

Appointed by Federal Reserve Bank

Jack W. Gustavel	President and Chief Executive Officer, First National Bank of North Idaho, Coeur d'Alene, Idaho	1981
Robert F. Wallace	Chairman of the Board and President, First National Bank of Oregon, Portland, Oreg.	1981
Merle G. Bryan	President, Forest Grove National Bank, Forest Grove, Oreg.	1982
William S. Naito[3]	Vice President, Norcrest China Company, Portland, Oreg.	1983

Appointed by Board of Governors

		Term expires Dec. 31
Jean Mater	Vice President, Mater Engineering, Ltd., Corvallis, Oreg.	1981
Phillip W. Schneider	Former Northwest Regional Executive, National Wildlife Federation, Portland, Oreg.	1982
John C. Hampton[3]	Chairman and President, Willamina Lumber Company, Portland, Oreg.	1983

—*SALT LAKE CITY BRANCH*

Appointed by Federal Reserve Bank

Spencer F. Eccles	President and Chief Operating Officer, First Security Corporation, Salt Lake City, Utah	1981
David P. Gardner	President, University of Utah, Salt Lake City, Utah	1981
Fred H. Stringham	President, Valley Bank and Trust Company, South Salt Lake, Utah	1982
Albert C. Gianoli[3]	President and Chairman of the Board, First National Bank of Ely, Ely, Nev.	1983

Appointed by Board of Governors

Wendell J. Ashton	Publisher, Deseret News, Salt Lake City, Utah	1981
Robert A. Erkins	Geothermal Agri/Aquaculturist, White Arrow Ranch, Bliss, Idaho	1982
J. L. Terteling	President, The Terteling Company, Inc., Boise, Idaho	1983

—*SEATTLE BRANCH*

Appointed by Federal Reserve Bank

Douglas S. Gamble	President and Chief Executive Officer, Pacific Gamble Robinson Co., Seattle, Wash.	1981
C. M. Berry	President, Seattle-First National Bank, Seattle, Wash.	1981
Donald L. Mellish	Chairman of the Board, National Bank of Alaska, Anchorage, Alaska	1982
Lonnie G. Bailey[3]	Executive Vice President, Farmers & Merchants Bank of Rockford, Spokane, Wash.	1983

Appointed by Board of Governors

George H. Weyerhaeuser	President and Chief Executive Officer, Weyerhaeuser Company, Federal Way, Wash.	1981
Merle D. Adlum	President, Maritime Trades Department, Puget Sound District Council, AFL–CIO, Seattle, Wash.	1982
Virginia L. Parks	Vice President for Finance and Treasurer, Seattle University, Seattle, Wash.	1983

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1980 Q1	1980 Q2	1980 Q3	1980 Q4	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	4.3	[illegible]	6.7	16.5	8.2	35.9	1.6	1.0	14.6
2 Required	[illegible]	[illegible]	5.8	15.2	6.8	27.0	0.1	0.7	3.9
3 Nonborrowed	3.3	[illegible]	12.4	[illegible]	5.4	13.2	13.4	8.2	12.4
4 Monetary base[2]	7.8	5.2	9.9	11.2	10.1	15.0	4.9	2.7	2.3
Concepts of money and liquid assets[3]									
5 M-1A	4.6	4.4	11.5	8.1	9.1	6.5	11.1	37.4	21.9
6 M-1B	5.8	2.6	14.6	10.8	11.8	8.7	9.0	11.9	3.8
7 M-2	7.3	5.6	16.0	9.1	8.8	10.3	1.9	5.7	7.7
8 M-3	8.0	5.8	13.0	11.6	11.8	15.2	7.3	12.9	8.9
9 L	8.0	7.8	9.7	11.0	6.6	14.2	12.5	n.a.	n.a.
Time and savings deposits									
Commercial banks									
10 Total	8.2	10.0	4.9	15.0	12.7	23.2	18.3	18.1	12.0
11 Savings[4]	19.8	21.7	27.5	1.7	11.0	8.7	40.0	54.9	29.1
12 Small-denomination time[5]	28.9	33.1	0.7	17.1	11.3	31.6	39.6	36.3	17.8
13 Large-denomination time[6]	[illegible]	10.6	7.2	23.4	14.1	38.2	39.5	49.9	32.7
14 Thrift institutions[7]	2.6	4.8	9.9	11.5	11.7	12.7	10.8	1.2	1.0
15 Total loans and securities at commercial banks[8]	[illegible]	[illegible]	6.7	14.7	13.0	17.6	12.8	15.7	8.1

Item	1980 Q2	1980 Q3	1980 Q4	1981 Q1	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	12.69	9.83	15.85	16.57	15.85	18.90	19.08	15.93	14.70
17 Discount window borrowing[10]	12.45	[illegible]	11.78	13.00	11.47	12.87	13.00	13.00	13.00
18 Treasury bills (3-month market yield)[11]	9.62	9.15	13.61	14.39	13.73	15.49	15.02	14.79	13.36
19 Commercial paper (3-month)[11,12]	[illegible]	9.65	15.26	15.34	15.18	18.07	16.58	15.49	13.94
Long-term rates									
Bonds									
20 U.S. government[13]	10.58	10.95	12.23	12.74	12.44	12.49	12.29	12.98	12.94
21 State and local government[14]	7.95	8.58	9.59	9.97	9.56	10.11	9.66	10.10	10.16
22 Aaa utility (new issue)[15]	11.77	12.20	13.49	14.45	13.85	14.51	14.12	14.90	14.71
23 Conventional mortgages[16]	12.70	13.12	14.62	n.a.	13.70	15.08	14.95	15.10	n.a.

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

2. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

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

M-1B: M-1A plus negotiable order of withdrawal and automated transfer service accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

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

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

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

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

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

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

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

8. Changes calculated from figures shown in table 1.23.

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

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

11. Quoted on a bank discount basis.

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

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

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

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

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

1.11 RESERVES OF DEPOSITORY INSTITUTIONS, RESERVE BANK CREDIT

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for week-ending						
	1981			1981						
	Jan.	Feb	Mar	Feb. 11	Feb. 18	Feb 25	Mar 4	Mar 11	Mar 18	Mar. 25
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**142,819**	**140,373**	**140,919**	**139,545**	**141,281**	**140,696**	**140,382**	**139,195**	**141,557**	**141,445**
2 U S government securities[1]	119,362	116,509	118,098	115,857	117,348	115,262	117,657	116,750	118,711	118,667
3 Bought outright	118,795	116,509	118,033	115,857	117,348	115,262	117,657	116,750	118,711	118,515
4 Held under repurchase agreements	567	...	65	...	...	...	...	...	...	152
5 Federal agency securities	8,812	8,739	8,751	8,739	8,739	8,739	8,737	8,736	8,733	8,793
6 Bought outright	8,739	8,739	8,734	8,739	8,739	8,739	8,737	8,736	8,733	8,733
7 Held under repurchase agreements	73	...	17	...	...	...	...	...	...	60
8 Acceptances	68	...	35	...	...	...	...	...	...	38
9 Loans	1,405	1,278	1,004	1,113	1,145	1,713	1,299	768	774	888
10 Float	4,161	3,755	2,925	3,438	3,745	5,272	2,762	3,014	3,262	2,836
11 Other Federal Reserve assets	9,011	10,092	10,106	10,398	10,305	9,709	9,928	9,927	10,077	10,223
12 Gold stock	11,160	11,159	11,156	11,159	11,159	11,159	11,156	11,156	11,156	11,155
13 Special drawing rights certificate account	2,518	2,518	2,653	2,518	2,518	2,518	2,518	2,518	2,647	2,732
14 Treasury currency outstanding	13,465	13,498	13,490	13,460	13,465	13,474	13,677	13,484	13,489	13,493
ABSORBING RESERVE FUNDS										
15 Currency in circulation	133,443	131,879	132,537	131,721	132,431	131,989	131,863	132,388	132,765	132,630
16 Treasury cash holdings	440	451	471	445	450	450	461	455	472	477
Deposits, other than member bank reserves, with Federal Reserve Banks										
17 Treasury	3,172	3,297	3,045	3,926	2,832	3,376	2,682	3,022	3,131	3,242
18 Foreign	380	319	319	283	346	282	347	276	391	272
19 Other	541	401	342	431	366	373	420	291	352	328
20 Other Federal Reserve liabilities and capital	4,872	4,609	4,782	4,532	4,635	4,610	4,838	4,704	4,774	4,719
21 Reserve accounts[2]	27,114	26,591	26,722	25,344	27,364	26,765	27,122	25,217	26,963	27,158
	End-of-month figures			Wednesday figures						
	1981			1981						
	Jan	Feb	Mar	Feb 11	Feb 18	Feb 25	Mar 4	Mar 11	Mar 18	Mar 25
SUPPLYING RESERVE FUNDS										
22 **Reserve bank credit outstanding**	**139,328**	**139,199**	**141,272**	**143,200**	**142,868**	**143,683**	**140,712**	**139,094**	**143,791**	**145,343**
23 U.S. government securities[1]	117,169	117,621	118,043	117,146	117,913	116,622	115,812	116,271	119,561	119,606
24 Bought outright	117,169	117,621	117,666	117,146	117,913	116,662	115,812	116,271	119,561	118,541
25 Held under repurchase agreements	...	...	377	...	...	...	...	...	...	1,065
26 Federal agency securities	8,739	8,737	8,779	8,739	8,739	8,737	8,737	8,733	8,733	9,151
27 Bought outright	8,739	8,737	8,722	8,739	8,739	8,737	8,737	8,733	8,733	8,733
28 Held under repurchase agreements	...	...	57	...	...	...	...	...	...	418
29 Acceptances	...	...	298	...	...	...	...	...	...	267
30 Loans	1,304	1,249	656	1,037	875	5,192	1,939	569	1,912	3,229
31 Float	2,280	1,545	3,261	5,700	5,472	3,279	3,928	3,497	3,350	2,743
32 Other Federal Reserve assets	9,836	10,047	10,235	10,578	9,869	9,853	10,296	10,024	10,235	10,347
33 Gold stock	11,159	11,156	11,154	11,159	11,159	11,158	11,156	11,156	11,156	11,155
34 Special drawing rights certificate account	2,518	2,518	2,818	2,518	2,518	2,518	2,518	2,518	2,668	2,818
35 Treasury currency outstanding	13,886	13,939	13,509	13,464	13,471	13,477	13,483	13,489	13,489	13,502
ABSORBING RESERVE FUNDS										
36 Currency in circulation	131,113	131,833	133,435	132,461	132,846	132,006	132,186	133,051	132,994	133,031
37 Treasury cash holdings	451	464	481	445	450	450	461	455	474	476
Deposits, other than member bank reserves, with Federal Reserve Banks										
38 Treasury	3,038	2,284	3,032	3,468	3,729	3,433	3,099	2,645	2,858	2,609
39 Foreign	573	422	474	267	241	232	274	231	261	244
40 Other	515	337	313	424	364	397	518	317	392	369
41 Other Federal Reserve liabilities and capital	4,579	4,737	4,855	4,708	4,486	4,449	5,050	4,568	4,621	4,670
42 Reserve accounts[2]	26,621	26,734	26,164	28,568	27,900	29,869	26,281	24,990	29,504	31,419

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

2 Includes reserve balances of all depository institutions.

NOTE For amounts of currency and coin held as reserves, see table 1 12

1.12 RESERVES AND BORROWINGS Depository Institutions

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1979	1980						1981		
	Dec	July	Aug	Sept	Oct	Nov	Dec	Jan p	Feb p	Mar p
1 Reserve balances with Reserve Banks[1]	32,473	31,384	28,923	29,164	29,976	29,215	26,664	27,114	26,591	26,722
2 Total vault cash (estimated)	....	.	..	...		15,311	18,149	19,293	17,824	17,327
3 Vault cash at institutions with required reserve balances[2]	11,344	11,287	11,262	11,811	11,678	11,876	12,602	13,587	12,187	11,687
4 Vault cash equal to required reserves at other institutions	n.a.	n.a.	n.a.	n.a.	n.a.	439	704	700	763	1,237
5 Surplus vault cash at other institutions[3]	n.a.	n.a.	n.a.	n.a.	n.a.	2,996	4,843	5,006	4,874	4,403
6 Reserve balances + total vault cash[4]	43,972	42,859	40,373	41,164	41,815	44,674	44,940	46,520	44,524	44,155
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	n.a.	n.a.	n.a.	n.a.	n.a.	41,678	40,097	41,514	39,650	39,752
8 Required reserves (estimated)	43,578	42,575	40,071	40,908	41,498	40,723	40,067	41,025	39,448	39,372
9 Excess reserve balances at Reserve Banks[4,6]	394	284	302	256	317	955	30	489	202	380
10 Total borrowings at Reserve Banks	1,473	395	659	1,311	1,335	2,156	1,617	1,405	1,278	1,004
11 Seasonal borrowings at Reserve Banks	82	7	10	26	67	99	116	120	148	197
Large commercial banks										
12 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	24,940	26,267	24,874	24,772
13 Required	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25,819	26,605	25,328	25,145
14 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	−879	338	−454	−373
Small commercial banks										
15 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13,719	13,935	13,305	13,386
16 Required	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	13,523	13,690	13,235	13,229
17 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	196	245	70	157
U.S. agencies and branches										
18 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	260	253	388	461
19 Required	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	230	228	366	450
20 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30	25	22	11
All other institutions										
21 Reserves held	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	494	513	502	605
22 Required	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	495	502	519	548
23 Excess	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	−1	11	−17	57

Reserve classification	Weekly averages of daily figures for week ending									
	Jan 21p	Jan 28p	Feb 4p	Feb 11p	Feb 18p	Feb 25p	Mar 4p	Mar 11p	Mar 18p	Mar 25p
24 Reserve balances with Reserve Banks[1]	27,809	26,508	26,571	25,344	27,364	26,765	27,122	25,217	26,963	27,158
25 Total vault cash (estimated)	20,244	18,827	18,985	18,742	17,421	16,820	17,415	18,457	17,144	16,496
26 Vault cash at institutions with required reserve balances[2]	14,066	13,736	13,067	12,942	11,886	11,464	11,640	12,506	11,538	11,152
27 Vault cash equal to required reserves at other institutions	700	700	700	700	700	700	1,285	1,269	1,226	1,208
28 Surplus vault cash at other institutions[3]	5,478	4,391	5,218	5,100	4,835	4,656	4,490	4,682	4,380	4,136
29 Reserve balances + total vault cash[4]	48,165	45,442	45,667	44,196	44,893	43,693	44,644	43,780	44,214	43,760
30 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	42,687	41,051	40,449	39,096	40,058	39,037	40,154	39,098	39,834	39,624
31 Required reserves (estimated)	42,180	40,651	40,221	38,926	39,760	39,202	39,479	38,868	39,491	39,464
32 Excess reserve balances at Reserve Banks[4,6]	507	400	228	170	298	−165	675	230	343	160
33 Total borrowings at Reserve Banks	1,419	1,793	1,201	1,113	1,145	1,713	1,299	768	774	888
34 Seasonal borrowings at Reserve Banks	123	137	125	131	154	160	176	185	193	200
Large commercial banks										
35 Reserves held	27,380	25,881	25,526	24,830	25,241	23,669	24,946	24,595	24,583	24,348
36 Required	27,629	26,222	25,955	25,031	25,573	25,041	25,283	24,831	25,302	25,066
37 Excess	−249	−341	−429	−201	−332	−1,372	−337	−236	−719	−718
Small commercial banks										
38 Reserves held	14,185	13,929	13,674	13,159	13,336	13,180	13,376	13,224	13,315	13,492
39 Required	13,825	13,698	13,554	13,126	13,184	13,226	13,206	13,027	13,191	13,387
40 Excess	360	231	120	33	152	−46	170	197	124	105
U.S. agencies and branches										
41 Reserves held	252	244	226	261	465	482	490	470	470	444
42 Required	223	231	226	237	461	440	463	455	446	460
43 Excess	29	13	0	24	4	42	27	15	24	−16
All other institutions										
44 Reserves held	496	473	495	479	510	485	625	587	589	626
45 Required	503	500	486	532	542	495	527	555	552	551
46 Excess	−7	−27	9	−53	−32	−10	98	32	37	75

1 Includes all reserve balances of depository institutions

2. Prior to Nov. 13, 1980, the figures shown reflect only the vault cash held by member banks.

3 Total vault cash at institutions without required reserve balances less vault cash equal to their required reserves.

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

5 Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions

6. Reserve balances with Federal Reserve Banks plus vault cash used to satisfy reserve requirements less required reserves (*This measure of excess reserves is* comparable to the old excess reserve concept published historically.)

1.13 FEDERAL FUNDS AND REPURCHASE AGREEMENTS Large Member Banks[1]

Averages of daily figures, in millions of dollars

By maturity and source	1981, week ending Wednesday								
	Jan 28	Feb 4	Feb 11	Feb. 18	Feb 25	Mar 4	Mar 11	Mar. 18	Mar. 25
One day and continuing contract									
1 Commercial banks in United States	44,416	45,728	48,974	48,056	47,407	49,384	53,647	49,104	47,575
2 Other depository institutions, foreign banks and foreign official institutions, and U.S. government agencies	14,227	13,884	15,093	15,244	14,672	14,060	15,595	15,548	15,700
3 Nonbank securities dealers	2,768	2,272	2,234	2,574	2,251	2,759	2,887	2,179	2,101
4 All other	17,325	17,846	17,143	17,153	19,179r	20,076	19,514	19,180	18,763
All other maturities									
5 Commercial banks in United States	4,196	4,095	4,582	4,935	3,958	3,669	3,475	3,531	3,629
6 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	7,302	7,553	7,539	7,530	7,339	7,430	7,552	7,664	7,975
7 Nonbank securities dealers	4,918	5,014	4,868	4,751	4,390	4,146	4,314	4,144	4,556
8 All other	12,377	11,740	11,924	11,564	11,020r	10,681	10,938	10,581	10,236
MEMO: Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	11,356	13,967	14,038	17,221	14,409	15,554	15,117	17,058	16,006
10 Nonbank securities dealers	2,547	2,869	2,686	2,918	3,066	2,719	2,651	3,258	3,042

1 Banks with assets of $1 billion or more as of December 31, 1977.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit[1]			Extended credit						Emergency credit to all others under section 13[3]		
				Seasonal credit			Special circumstances[2]					
	Rate on 3/31/81	Effective date	Previous rate	Rate on 3/31/81	Effective date	Previous rate	Rate on 3/31/81	Effective date	Previous rate	Rate on 3/31/81	Effective date	Previous rate
Boston	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
New York	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Philadelphia	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
Cleveland	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Richmond	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Atlanta	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Chicago	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
St Louis	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Minneapolis	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Kansas City	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15
Dallas	13	12/8/80	12	13	12/8/80	12	14	12/8/80	13	16	12/8/80	15
San Francisco	13	12/5/80	12	13	12/5/80	12	14	12/5/80	13	16	12/5/80	15

Range of rates in recent years[4,5]

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

Effective date	Range (or level)—All F.R Banks	F R Bank of N Y
1974— Apr 25	7½–8	8
30	8	8
Dec 9	7¾–8	7¾
16	7¾	7¾
1975— Jan 6	7¼	7¼
10	7¼	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
1976— Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977— Aug 30	5¼–5¾	5¼
31	5¼–5¾	5¾
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

Effective date	Range (or level)—All F R Banks	F R Bank of N.Y
1978— July 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
1979— July 20	10	10
Aug 17	10–10½	10½
20	10½	10½
Sept. 19	10½–11	11
21	11	11
Oct 8	11–12	12
10	12	12
1980— Feb 15	12–13	13
19	13	13
May 29	12–13	13
30	12	12
June 13	11–12	11
16	11	11
July 28	10–11	10
29	10	10
Sept 26	11	11
Nov 17	12	12
Dec 5	12–13	13
8	13	13
In effect Mar 31, 1981	13	13

1. Effective Dec. 5, 1980, a 3 percent surcharge was applied to short-term adjustment credit borrowings by institutions with deposits of $500 million or more who borrowed in successive weeks or in more than 4 weeks in a calendar quarter.

2. Applicable to advances when exceptional circumstances or practices involve only a particular depository institution as described in section 201 3(b) (2) of Regulation A

3. Applicable to emergency advances to individuals, partnerships, and corporations as described in section 201 3(c) of Regulation A

4 Rates for short-term adjustment credit. For description and earlier data see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941* and *1941–1970; Annual Statistical Digest, 1971–1975, 1972-1976, 1973–1977*, and *1974–1978*.

5 Twice in 1980, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of $500 million or more who had borrowed in successive weeks or in more than 4 weeks in a calendar quarter A 3 percent surcharge was in effect from Mar 17, 1980, through May 7, 1980 On Nov. 17, 1980, a 2 percent surcharge was adopted which was subsequently raised to 3 percent on Dec 5, 1980

1.15 DEPOSITORY INSTITUTIONS RESERVE REQUIREMENTS[1]

Percent of deposits

Type of deposit, and deposit interval in millions of dollars	Member bank requirements before implementation of the Monetary Control Act		Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act[5]	
	Percent	Effective date		Percent	Effective date
Net demand[2]			*Net transaction accounts*[6]		
0–2	7	12/30/76	$0–$25 million	3	11/13/80
2–10	9½	12/30/76	Over $25 million	12	11/13/80
10–100	11¾	12/30/76			
100–400	12¾	12/30/76	*Nonpersonal time deposits*[7]		
Over 400	16¼	12/30/76	By original maturity		
			Less than 4 years	3	11/13/80
Time and savings[2,3]			4 years or more	0	11/13/80
Savings	3	3/16/67			
			Eurocurrency liabilities		
Time[4]			All types	3	11/13/80
0–5, by maturity					
30–179 days	3	3/16/67			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			
Over 5, by maturity					
30–179 days	6	12/12/74			
180 days to 4 years	2½	1/8/76			
4 years or more	1	10/30/75			

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 Under provisions of the Monetary Control Act, depository institutions include commercial banks, mutual savings banks, savings and loan associations, credit unions, agencies and branches of foreign banks, and Edge Act corporations.

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 were gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

(b) The Federal Reserve Act as amended through 1978 specified different ranges of requirements for reserve city banks and for other banks Reserve cities were designated under a criterion adopted effective Nov 9, 1972, by which a bank having net demand deposits of more than $400 million was considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constituted designation of that place as a reserve city Cities in which there were Federal Reserve Banks or branches were also reserve cities Any banks having net demand deposits of $400 million or less were considered to have the character of business of banks outside of reserve cities and were permitted to maintain reserves at ratios set for banks not in reserve cities

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

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

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

(b) The average reserve requirement on savings and other time deposits before implementation of the Monetary Control Act had to be at least 3 percent, the minimum specified by law

4 (a) Effective Nov 2, 1978, a supplementary reserve requirement of 2 percent was imposed on large time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances. This supplementary requirement was eliminated with the maintenance period beginning July 24, 1980

(b) Effective with the reserve maintenance period beginning Oct. 25, 1979, a *marginal reserve requirement of 8 percent* was added to managed liabilities in excess of a base amount This marginal requirement was increased to 10 percent beginning April 3, 1980, was decreased to 5 percent beginning June 12, 1980, and was reduced to zero beginning July 24, 1980 Managed liabilities are defined as large time deposits, Eurodollar borrowings, repurchase agreements against U S. government and federal agency securities, federal funds borrowings from nonmember institutions, and certain other obligations. In general, the base for the marginal reserve requirement was originally the greater of (a) $100 million or (b) the average amount of the managed liabilities held by a member bank, Edge corporation, or family of U S branches and agencies of a foreign bank for the two statement weeks ending Sept 26, 1979 For the computation period beginning Mar. 20, 1980, the base was lowered by (a) 7 percent or (b) the decrease in an institution's U S. office gross loans to foreigners and gross balances due from foreign offices of other institutions between the base period (Sept. 13–26, 1979) and the week ending Mar 12, 1980, whichever was greater For the computation period beginning May 29, 1980, the base was increased by 7½ percent above the base used to calculate the marginal reserve in the statement week of May 14–21, 1980. In addition, beginning Mar. 19, 1980, the base was reduced to the extent that foreign loans and balances declined

5 For existing nonmember banks and thrift institutions at the time of implementation of the Monetary Control Act, the phase-in period ends Sept. 3, 1987. For existing member banks the phase-in period is about three years, depending on whether their new reserve requirements are greater or less than the old requirements For existing agencies and branches of foreign banks, the phase-in ends Aug 12, 1982. All new institutions will have a two-year phase-in beginning with the date that they open for business

6. Transaction accounts include all deposits on which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, and telephone and preauthorized transfers (in excess of three per month) for the purpose of making payments to third persons or others.

7 In general, nonpersonal time deposits are time deposits, including savings deposits, that are not transaction accounts and in which the beneficial interest is held by a depositor that is not a natural person. Also included are certain transferable time deposits held by natural persons, and certain obligations issued to depository institution offices located outside the United States. For details, see section 204 2 of Regulation D

NOTE Required reserves must be held in the form of deposits with Federal Reserve Banks or vault cash After implementation of the Monetary Control Act, nonmembers may maintain reserves on a pass-through basis with certain approved institutions.

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

Percent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Mar. 31, 1981		Previous maximum		In effect Mar. 31, 1981		Previous maximum	
	Percent	Effective date	Percent	Effective date	Percent	Effective date	Percent	Effective date
1 Savings	5¼	7/1/79	5	7/1/73	5½	7/1/79	5¼	(1)
2 Negotiable order of withdrawal accounts [2]	5¼	12/31/80	5	1/1/74	5¼	12/31/80	5	1/1/74
Time accounts [3]								
Fixed ceiling rates by maturity [4]								
3 14–89 days [5]	5¼	8/1/79	5	7/1/73	(6)		(6)	
4 90 days to 1 year	5¾	1/1/80	5½	7/1/73	6	1/1/80	5¾	(1)
5 1 to 2 years [7]	6	7/1/73	5½	1/21/70	6½	(1)	5¾	1/21/70
6 2 to 2½ years [7]			5¾	1/21/70			6	1/21/70
7 2½ to 4 years [7]	6½	7/1/73	5¾	1/21/70	6¾	(1)	6	1/21/70
8 4 to 6 years [8]	7¼	11/1/73	(9)		7½	11/1/73	(9)	
9 6 to 8 years [8]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
10 8 years or more [8]	7¾	6/1/78	(6)		8	6/1/78	(6)	
11 Issued to governmental units (all maturities) [10]	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
12 Individual retirement accounts and Keogh (H.R. 10) plans (3 years or more) [10,11]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77
Special variable ceiling rates by maturity								
13 6-month money market time deposits [12]	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)
14 2½ years or more	(14)	(14)	(15)	(15)	(14)	(14)	(15)	(15)

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

2. For authorized states only, federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable order of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978, and in New Jersey on Dec. 28, 1979. Authorization to issue NOW accounts was extended to similar institutions nationwide effective Dec. 31, 1980.

3. For exceptions with respect to certain foreign time deposits see the FEDERAL RESERVE BULLETIN for October 1962 (p. 1279), August 1965 (p. 1084), and February 1968 (p. 167).

4. Effective Nov. 10, 1980, the minimum notice period for public unit accounts at savings and loan associations was decreased to 14 days and the minimum maturity period for time deposits at savings and loan associations in excess of $100,000 was decreased to 14 days. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 days to 14 days for mutual savings banks.

5. Effective Oct. 30, 1980, the minimum maturity or notice period for time deposits was decreased from 30 days to 14 days for commercial banks.

6. No separate account category.

7. No minimum denomination. Until July 1, 1979, a minimum of $1,000 was required for savings and loan associations, except in areas where mutual savings banks permitted lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

8. No minimum denomination. Until July 1, 1979, minimum denomination was $1,000 except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) plan established pursuant to the Internal Revenue Code. The $1,000 minimum requirement was removed for such accounts in December 1975 and November 1976 respectively.

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

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

10. Accounts subject to fixed rate ceilings. See footnote 8 for minimum denomination requirements.

11. Effective January 1, 1980, commercial banks are permitted to pay the same rate as thrifts on IRA and Keogh accounts and accounts of governmental units when such deposits are placed in the new 2½-year or more variable ceiling certificates or in 26-week money market certificates regardless of the level of the Treasury bill rate.

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

13. 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 on money market time deposits entered into before June 5, 1980, is the discount rate (auction average) on most recently issued six-month U.S. Treasury bills. Until Mar. 15, 1979, the ceiling rate for savings and loan associations and mutual savings banks was ¼ percentage point higher than the rate for commercial banks. Beginning March 15, 1979, the ¼-percentage-point interest differential is removed when the six-month Treasury bill rate is 9 percent or more. The full differential is in effect when the six-month bill rate is 8¾ percent or less. Thrift institutions may pay a maximum 9 percent when the six-month bill rate is between 8¾ and 9 percent. Also effective March 15, 1979, interest compounding was prohibited on six-month money market time deposits at all offering institutions. The maximum allowable rates in March for commercial banks and thrift institutions were as follows: Mar. 5, 14.383; Mar. 12, 13.677; Mar. 19, 12.346; Mar. 26, 12.524. Effective for all six-month money market certificates issued beginning June 5, 1980, the interest rate ceilings will be determined by the discount rate (auction average) of most recently issued six-month U.S. Treasury bills as follows:

Bill rate	*Commercial bank ceiling*	*Thrift ceiling*
8.75 and above	bill rate + ¼ percent	bill rate + ¼ percent
8.50 to 8.75	bill rate + ¼ percent	9.00
7.50 to 8.50	bill rate + ¼ percent	bill rate + ½ percent
7.25 to 7.50	7.75	bill rate + ½ percent
Below 7.25	7.75	7.75

The prohibition against compounding interest in these certificates continues.

14. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable-ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage point below the yield on 2½-year U.S. Treasury securities; the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks. Effective Mar. 1, 1980, a temporary ceiling of 11¾ percent was placed on these accounts at commercial banks; the temporary ceiling is 12 percent at savings and loan associations and mutual savings banks. Effective for all variable ceiling nonnegotiable time deposits with maturities of 2½ years or more issued beginning June 2, 1980, the ceiling rates of interest will be determined as follows:

Treasury yield	*Commercial bank ceiling*	*Thrift ceiling*
12.00 and above	11.75	12.00
9.50 to 12.00	Treasury yield − ¼ percent	Treasury yield
Below 9.50	9.25	9.50

Interest may be compounded on these time deposits. The ceiling rates of interest at which these accounts may be offered vary biweekly. The maximum allowable rates in March for commercial banks were as follows: Mar. 5, 11.75; Mar. 19, 11.75. The maximum allowable rates in March for thrift institutions were as follows: Mar. 5, 12.00; Mar. 19, 12.00.

15. Between July 1, 1979, and Dec. 31, 1979, commercial banks, savings and loan associations, and mutual savings banks were authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 4 years or more. The maximum rate for commercial banks was 1¼ percentage points below the yield on 4-year U.S. Treasury securities; the ceiling rate for thrift institutions was ¼ percentage point higher than that for commercial banks.

NOTE. Before Mar. 31, 1980, the maximum rates that could be paid by federally insured commercial banks, mutual savings banks, and savings and loan associations were 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. Title II of the Depository Institutions Deregulation and Monetary Control Act of 1980 (P.L. 96–221) transferred the authority of the agencies to establish maximum rates of interest payable on deposits to the Depository Institutions Deregulation Committee. The maximum rates on time deposits in denominations of $100,000 or more with maturities of 30–89 days were suspended in June 1970; such deposits maturing in 90 days or more were suspended in May 1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the 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	1978	1979	1980	1980 Aug	1980 Sept	1980 Oct	1980 Nov	1980 Dec.	1981 Jan.	1981 Feb
	U S GOVERNMENT SECURITIES										
	Outright transactions (excluding matched sale-purchase transactions)										
	Treasury bills										
1	Gross purchases	16,628	15,998	7,668	0	200	991	0	1,331	1,100	0
2	Gross sales	13,725	6,855	7,331	47	237	531	600	0	3,865	357
3	Exchange	0	0	0	0	0	0	0	0	0	0
4	Redemptions	2,033	2,900	3,389	0	0	700	500	49	1,000	0
	Others within 1 year[1]										
5	Gross purchases	1,184	3,203	912	137	0	0	0	100	0	0
6	Gross sales	0	0	0	0	0	0	0	0	0	23
7	Maturity shift	−5,170	17,339	12,427	2,423	589	596	2,368	754	462	990
8	Exchange	0	−11,308	−18,251	−3,134	−1,459	−420	−879	−967	0	−1,936
9	Redemptions		2,600	0	0	0	0	0	0	0	0
	1 to 5 years										
10	Gross purchases	4,188	2,148	2,138	541	0	0	0	0	0	0
11	Gross sales	0	0	0	0	0	0	0	0	0	0
12	Maturity shift	−178	−12,693	−8,909	−720	−589	−596	−2,368	−754	−462	−990
13	Exchange		7,508	13,412	1,750	1,459	420	500	967	0	1,211
	5 to 10 years										
14	Gross purchases	1,526	523	703	236	0	0	0	0	0	0
15	Gross sales	0	0	0	0	0	0	0	0	0	0
16	Maturity shift	2,803	−4,646	−3,092	−1,703	0	0	0	0	0	0
17	Exchange		2,181	2,970	1,000	0	0	220	0	0	400
	Over 10 years										
18	Gross purchases	1,063	454	811	320	0	0	0	0	0	0
19	Gross sales	0	0	0	0	0	0	0	0	0	0
20	Maturity shift	2,545	0	−426	0	0	0	0	0	0	0
21	Exchange		1,619	1,869	384	0	0	159	0	0	325
	All maturities[1]										
22	Gross purchases	24,591	22,325	12,232	1,234	200	991	0	1,431	1,100	0
23	Gross sales	13,725	6,855	7,331	47	237	531	600	0	3,865	380
24	Redemptions	2,033	5,500	3,389	0	0	700	500	49	1,000	0
	Matched transactions										
25	Gross sales	511,126	627,350	674,000	72,315	55,766	55,787	40,944	79,754	61,427	30,819
26	Gross purchases	510,854	624,192	675,496	71,645	56,207	56,462	41,129	78,734	63,062	31,651
	Repurchase agreements										
27	Gross purchases	151,618	107,051	113,902	2,783	3,203	20,145	24,169	11,534	6,108	0
28	Gross sales	152,436	106,968	113,040	3,016	2,743	19,808	23,924	11,381	8,137	0
29	Net change in U S government securities	7,743	6,896	3,869	284	863	771	−670	516	−4,159	452
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions										
30	Gross purchases	301	853	668	0	0	0	0	0	0	0
31	Gross sales	173	399	0	0	0	0	0	0	0	0
32	Redemptions	235	134	145	*	91	21	0	22	0	3
	Repurchase agreements										
33	Gross purchases	40,567	37,321	28,895	1,082	977	5,922	4,825	1,889	652	0
34	Gross sales	40,885	36,960	28,863	1,132	1,188	5,734	4,880	1,767	1,177	0
35	Net change in federal agency obligations	−426	681	555	−50	−302	167	−55	99	−525	−3
	BANKERS ACCEPTANCES										
36	Outright transactions, net	0	0	0	0	0	0	0	0	0	
37	Repurchase agreements, net	−366	116	73	−33	222	67	−43	253	−776	0
38	Net change in bankers acceptances	−366	116	73	−33	222	67	−43	253	−776	0
39	**Total net change in System Open Market Account**	**6,951**	**7,693**	**4,497**	**202**	**784**	**1,005**	**−768**	**868**	**−5,460**	**450**

1 Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars). March 1979, 2,600

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

1.18 FEDERAL RESERVE BANKS Condition and Federal Reserve Note Statements

Millions of dollars

Account	Wednesday 1981					End of month 1981		
	Feb 25	Mar. 4	Mar 11	Mar. 18	Mar 25	Jan	Feb	March
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,158	11,156	11,156	11,156	11,155	11,159	11,156	11,154
2 Special drawing rights certificate account	2,518	2,518	2,518	2,668	2,818	2,518	2,518	2,818
3 Coin	486	484	482	480	474	468	495	468
Loans								
4 To depository institutions	5,192	1,939	569	1,912	3,229	1,304	1,249	656
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	0	0	0	0	267	0	0	298
Federal agency obligations								
7 Bought outright	8,737	8,737	8,733	8,733	8,733	8,739	8,737	8,722
8 Held under repurchase agreements	0	0	0	0	418	0	0	57
U.S. government securities								
Bought outright								
9 Bills	41,034	40,224	40,683	43,973	42,953	41,558	42,033	42,078
10 Notes	58,370	58,370	58,370	58,370	58,370	58,718	58,370	58,370
11 Bonds	17,218	17,218	17,218	17,218	17,218	16,893	17,218	17,218
12 Total[1]	116,622	115,812	116,271	119,561	118,541	117,169	117,621	117,666
13 Held under repurchase agreements	0	0	0	0	1,065	0	0	377
14 Total U.S. government securities	116,622	115,812	116,271	119,561	119,606	117,169	117,621	118,043
15 Total loans and securities	**130,551**	**126,488**	**125,573**	**130,206**	**132,253**	**127,212**	**127,607**	**127,776**
16 Cash items in process of collection	9,220	10,689	9,544	9,893	8,613	7,865	7,473	11,107
17 Bank premises	461	461	461	464	466	458	461	465
Other assets								
18 Denominated in foreign currencies[2]	7,088	7,088	7,131	7,143	7,148	5,993	7,086	7,060
19 All other	2,304	2,747	2,432	2,628	2,733	3,385	2,500	2,710
20 Total assets	**163,786**	**161,631**	**159,297**	**164,638**	**165,660**	**159,058**	**159,296**	**163,558**
LIABILITIES								
21 Federal Reserve notes	119,465	119,648	120,499	120,459	120,479	118,147	118,854	120,874
Deposits								
22 Depository institutions	29,869	26,281	24,990	29,504	31,419	26,621	26,734	26,164
23 U S. Treasury—General account	3,433	3,099	2,645	2,858	2,609	3,038	2,284	3,032
24 Foreign—Official accounts	232	274	231	261	244	573	422	474
25 Other	397	518	317	392	369	515	337	313
26 Total deposits	**33,931**	**30,172**	**28,183**	**33,015**	**34,641**	**30,747**	**29,777**	**29,983**
27 Deferred availability cash items	5,941	6,761	6,047	6,543	5,870	5,585	5,928	7,846
28 Other liabilities and accrued dividends[3]	1,755	2,362	1,860	1,906	1,959	1,957	1,958	1,952
29 Total liabilities	**161,092**	**158,943**	**156,589**	**161,923**	**162,949**	**156,436**	**156,517**	**160,655**
CAPITAL ACCOUNTS								
30 Capital paid in	1,221	1,222	1,226	1,227	1,227	1,208	1,222	1,227
31 Surplus	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203
32 Other capital accounts	270	263	279	285	281	211	354	473
33 Total liabilities and capital accounts	**163,786**	**161,631**	**159,297**	**164,638**	**165,660**	**159,058**	**159,296**	**163,558**
34 MEMO: Marketable U S government securities held in custody for foreign and international account	93,977	97,078	97,279	97,949	98,309	92,756	94,658	101,214
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	141,361	141,494	141,762	142,005	142,063	140,717	141,297	142,182
36 Less-held by bank[4]	21,896	21,846	21,263	21,546	21,584	22,570	22,443	21,308
37 Federal Reserve notes, net	119,465	119,648	120,499	120,459	120,479	118,147	118,854	120,874
Collateral for Federal Reserve notes								
38 Gold certificate account	11,158	11,156	11,156	11,156	11,155	11,159	11,156	11,154
39 Special drawing rights certificate account	2,518	2,518	2,518	2,668	2,818	2,518	2,518	2,818
40 Other eligible assets	0	0	0	0	0	0	0	0
41 U.S. government and agency securities	105,789	105,974	106,825	106,635	106,506	104,470	105,180	106,902
42 Total collateral	**119,465**	**119,648**	**120,499**	**120,459**	**120,479**	**118,147**	**118,854**	**120,874**

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

2. Includes U S government securities held under repurchase agreement against receipt of foreign currencies and foreign currencies warehoused for the U.S. Treasury Assets shown in this line are revalued monthly at market exchange rates

3. Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

4 Beginning September 1980, Federal Reserve notes held by the Reserve Bank are exempt from the collateral requirement

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity groupings	Wednesday					End of month		
	1981					1981		
	Feb 25	Mar 4	Mar 11	Mar 18	Mar 25	Jan 31	Feb 28	Mar 31
1 Loans—Total	5,192	1,939	569	1,912	3,229	1,304	1,249	656
2 Within 15 days	5,163	1,846	475	1,874	3,208	1,255	1,199	616
3 16 days to 90 days	29	93	94	38	21	49	50	40
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	0	267	0	0	298
6 Within 15 days	0	0	0	0	267	0	0	298
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—Total	116,622	115,812	116,271	119,561	119,606	117,169	117,621	118,043
10 Within 15 days[1]	5,096	2,768	4,692	7,484	7,141	2,125	3,101	2,265
11 16 days to 90 days	21,510	21,752	20,486	20,205	21,680	24,904	23,245	22,904
12 91 days to 1 year	26,125	27,519	27,321	28,100	27,014	27,279	27,385	29,020
13 Over 1 year to 5 years	34,809	34,691	34,691	34,691	34,690	34,505	34,809	34,772
14 Over 5 years to 10 years	13,755	13,755	13,754	13,754	13,754	13,354	13,754	13,755
15 Over 10 years	15,327	15,327	15,327	15,327	15,327	15,002	15,327	15,327
16 Federal agency obligations—Total	8,737	8,737	8,733	8,733	9,151	8,739	8,737	8,779
17 Within 15 days[1]	128	54	0	199	616	73	128	266
18 16 days to 90 days	439	529	529	418	419	550	439	397
19 91 days to 1 year	1,834	1,819	1,931	1,843	1,843	1,749	1,834	1,843
20 Over 1 year to 5 years	4,621	4,620	4,613	4,613	4,613	4,597	4,621	4,613
21 Over 5 years to 10 years	1,030	1,030	975	975	975	1,085	1,030	975
22 Over 10 years	685	685	685	685	685	685	685	685

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	1977	1978	1979r	1980			1981	
				Oct.	Nov.	Dec.	Jan	Feb
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	34,322 8	40,297 8	49,775 0	65,346 7	67,621 4	69,950 2	72,402 3	73,174 6
2 Major New York City banks	13,860 6	15,008.7	18,512 7	26,035.0	26,821.8	27,352.2	29,656.0	29,752.0
3 Other banks	20,462 2	25,289.1	31,262 3	39,311 7	40,799 6	42,598.0	42,746 3	43,422.5
	Debits to savings deposits[2] (not seasonally adjusted)							
4 ATS/NOW[3]	5 5	17 1	83.3	185 5	173.4	218 3	529.3	526.6
5 Business[4]	21.7	56 7	77 3	100 1	95.6	119 2	108.2	93.4
6 Others[5]	152.3	359 7	515.2	688 2	573.7	704 2	685.7	553.1
7 All accounts	179 5	432 9	675 8	973 8	842 8	1,041 6	1,323 2	1,173.1
	Demand deposit turnover[1] (seasonally adjusted)							
8 All commercial banks	129 2	139 4	163 5	202 1	211 6	222 7	244 6	253.6
9 Major New York City banks	503 0	541 9	646 2	799 5	842 2	865 8	956.2	952.6
10 Other banks	85.9	96 8	113 3	135 2	141.8	150.8	161 3	168 7
	Savings deposit turnover[2] (not seasonally adjusted)							
11 ATS/NOW[3]	6 5	7 0	7.8	9 7	8.4	10.4	15 1	12.5
12 Business[4]	4 1	5 1	7 2	8 8	8 5	11 3	10.9	9 8
13 Others[5]	1.5	1 7	2.7	3 8	3 2	4.1	4.1	3.4
14 All accounts	1 7	1 9	3 1	4 6	4 0	5.1	6 3	5.5

1 Represents accounts of individuals, partnerships, and corporations, and of states and political subdivisions

2. Excludes special club accounts, such as Christmas and vacation clubs

3. Accounts authorized for negotiable orders of withdrawal (NOW) and accounts authorized for automatic transfer to demand deposits (ATS) ATS data availability starts with December 1978

4 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).

5 Savings accounts other than NOW, business, and, from December 1978, ATS.

NOTE Historical data for the period 1970 through June 1977 have been estimated; these estimates are based in part on the debits series for 233 SMSAs, which were available through June 1977. Back data are available from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C 20551 Debits and turnover data for savings deposits are not available before July 1977

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1977 Dec	1978 Dec.	1979 Dec	1980 Dec.	1980 Sept	1980 Oct.	1980 Nov	1980 Dec	1981 Jan.	1981 Feb.
	Seasonally adjusted									
MEASURES[1]										
1 M-1A	328.4	351.6	369.8	384.8	383.4	386.3	388.4	384.8	372.8	366.0
2 M-1B	332.6	360.1	386.9	411.9	408.0	412.0	415.0	411.9	416.1	417.3
3 M-2	1,294.1	1,401.5	1,526.0	1,673.4	1,644.4	1,656.5	1,670.8	1,673.4	1,681.4r	1,692.2
4 M-3	1,460.3	1,623.6	1,775.5	1,957.9	1,904.6	1,921.8	1,946.1	1,957.9	1,978.9r	1,993.6
5 L[2]	1,720.2	1,934.9	2,151.8	2,372.0r	2,306.5	2,319.1	2,346.5	2,372.0r	n.a.	n.a.
COMPONENTS										
6 Currency	88.7	97.6	106.3	116.4	113.9	115.1	115.8	116.4	116.6	117.3
7 Demand deposits	239.7	253.9	263.5	268.4	269.5	271.2	272.6	268.4	256.2	248.8
8 Savings deposits	486.4	475.8	417.0	393.6	412.1	414.2	407.8r	393.6	377.2r	367.5
9 Small-denomination time deposits[3]	454.9	533.8	656.2	763.2	716.4	723.6	741.6	763.2	778.0r	786.5
10 Large-denomination time deposits[4]	145.2	194.7	219.0	248.0	226.8	229.8	238.8	248.0	258.8r	263.5
	Not seasonally adjusted									
MEASURES[1]										
11 M-1A	337.2	360.9	379.4	394.7	382.6	388.0	391.1	394.7	377.3	358.2
12 M-1B	341.4	369.5	396.4	421.8	407.2	413.7	417.7	421.8	420.7	409.4
13 M-2	1,295.9	1,403.6	1,527.7	1,674.8	1,642.3	1,656.9	1,665.7	1,674.8	1,684.8r	1,685.3
14 M-3	1,464.5	1,629.2	1,780.8	1,962.8	1,902.3	1,923.1	1,942.1	1,962.8	1,984.3r	1,986.6
15 L[2]	1,723.2	1,938.3	2,154.3	2,373.5r	2,296.2	2,318.0	2,344.7	2,373.5r	n.a.	n.a.
COMPONENTS										
16 Currency	90.3	99.4	108.3	118.5	113.7	114.9	116.6	118.5	115.8	115.9
17 Demand deposits	247.0	261.5	271.2	276.2	268.9	273.1	274.5	276.2	261.5	242.3
18 Other checkable deposits[5]	4.2	8.6	17.0	27.1	24.6	25.7	26.6	27.1	43.3	51.2
19 Overnight RPs and Eurodollars[6]	18.6	23.9	25.3	32.2	32.9	32.5	32.6	32.2	32.5r	31.8
20 Money market mutual funds	3.8	10.3	43.6	75.8	78.2	77.4	77.0	75.8	80.7	92.4
21 Savings deposits	483.1	472.6	414.1	390.9	412.4	412.9	405.8	390.9	374.9r	364.7
22 Small-denomination time deposits[3]	451.3	529.8	651.2	757.4	714.9	723.7	735.9	757.4	779.2r	790.2
23 Large-denomination time deposits[4]	147.7	198.2	222.6	251.5	226.5	230.7	240.0	251.5	260.7r	263.4

1. Composition of the money stock measures is as follows.

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

M-1B: M-1A plus negotiable order of withdrawal (NOW) and automatic transfer service (ATS) accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

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

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

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

3 Small-denomination time deposits are those issued in amounts of less than $100,000

4 Large-denomination time deposits are those issued in amounts of $100,000 or more and are net of the holdings of domestic banks, thrift institutions, the U.S. government, money market mutual funds, and foreign banks and official institutions

5 Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks.

6 Overnight (and continuing contract) RPs are those issued by commercial banks to the nonbank public, and overnight Eurodollars are those issued by Caribbean branches of member banks to U.S. nonbank customers.

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

1.22 AGGREGATE RESERVES OF DEPOSITORY INSTITUTIONS[1] AND MEMBER BANK DEPOSITS

Billions of dollars, averages of daily figures

Item	1978 Dec	1979 Dec	1980 Dec	1980 Aug	1980 Sept	1980 Oct	1980 Nov [2]	1980 Dec	1981 Jan	1981 Feb
	Seasonally adjusted									
1 **Total reserves[3]**	**41.16**	**43.46**	**40.13**	**40.75**	**41.52**	**41.73**	**41.23**	**40.13**	**40.10**	**39.76**
2 Nonborrowed reserves	40.29	41.98	38.44	40.09	40.21	40.42	39.17	38.44	38.70	38.45
3 Required reserves	40.93	43.13	39.58	40.45	41.26	41.52	40.73	39.58	39.56	39.58
4 Monetary base[4]	142.2	153.7	159.8	158.2	159.5	160.9	160.7	159.8	160.1	160.6
5 **Member bank deposits subject to reserve requirements[5]**	**616.1**	**644.5**	**701.8**	**667.8**	**678.2**	**684.7**	**694.3**	**701.8**	**703.8**	**704.3**
6 Time and savings	428.7	451.2	485.6	474.2	482.0	485.5	475.4	485.6	517.4	523.3
Demand										
7 Private	185.1	191.5	196.0	191.5	194.5	195.6	198.1	196.0	184.1	178.9
8 U.S. government	2.2	1.8	1.9	2.1	1.8	2.4	2.2	1.9	2.3	2.1
	Not seasonally adjusted									
9 Monetary base[4]	144.6	156.2	162.5	158.0	159.0	160.6	161.5	162.5	161.0	158.9
10 **Member bank deposits subject to reserve requirements[5]**	**624.0**	**652.7**	**710.3**	**662.5**	**675.6**	**684.2**	**694.6**	**710.3**	**712.6**	**701.5**
11 Time and savings	429.6	452.1	486.5	471.8	479.6	484.5	474.5	486.5	493.4	494.0
Demand										
12 Private	191.9	198.6	203.2	189.0	193.9	196.4	199.6	203.2	189.9	174.6
13 U.S. government	2.5	2.0	2.1	1.7	2.1	2.1	1.9	2.1	2.1	2.0

1. Reserves of depository institutions series reflect actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Before Nov. 13, 1980, the date of implementation of the Monetary Control Act, only the reserves of commercial banks that were members of the Federal Reserve System were included in the series. Since that date the series *include the reserves of all depository institutions. In conjunction with the implementation of the act, required reserves of member banks were reduced about $4.3 billion and required reserves of other depository institutions were increased about $1.4 billion. Effective Oct. 11, 1979, an 8 percentage point marginal reserve requirement was imposed on "Managed Liabilities." This action raised required reserves about $320 million. Effective Mar. 12, 1980, the 8 percentage point marginal reserve requirement was raised to 10 percentage points. In addition the base upon which the marginal reserve requirement was calculated was reduced. This action increased required reserves about $1.7 million in the week ending Apr. 2, 1980. Effective May 29, 1980, the marginal reserve requirement was reduced from 10 to 5 percentage points and the base upon which the marginal reserve requirement was calculated was raised. This action reduced required reserves about $980 million in the week ending June 18, 1980. Effective July 24, 1980, the 5 percent marginal reserve requirement on managed liabilities and the 2 percent supplementary reserve requirement against large time deposits were removed. These actions reduced required reserves about $3.2 billion.

2. Reserve measures for November reflect increases in required reserves associated with the reduction of weekend avoidance activities of a few large banks. The reduction in these activities lead to essentially a one-time increase in the average level of required reserves that need to be held for a given level of deposits entering the money supply. In November, this increase in required reserves is *estimated at $550 to $600 million.*

3. Reserve balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions.

4. Includes reserve balances at Federal Reserve Banks in the current week plus vault cash held two weeks earlier used to satisfy reserve requirements at all depository institutions plus currency outside the U.S. Treasury, Federal Reserve Banks, the vaults of depository institutions, and surplus vault cash at depository institutions.

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

NOTE. Latest monthly and weekly figures are available from the Board's H.3(502) statistical release. Back data and estimates of the impact on required reserves and changes in reserve requirements are available from the Banking Section, Division of Research and Statistics.

1.23 LOANS AND SECURITIES All Commercial Banks[1]

Billions of dollars, averages of Wednesday figures

Category	1978 Dec	1979 Dec	1980 Dec	1981 Jan	1981 Feb	1978 Dec	1979 Dec	1980 Dec	1981 Jan.	1981 Feb
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**1,013.4[3]**	**1,134.6[4]**	**1,237.3**	**1,253.5**	**1,262.9[11]**	**1,022.5[3]**	**1,145.0[4]**	**1,248.9**	**1,253.8**	**1,250.9[11]**
2 U.S. Treasury securities	93.3	93.8	110.7	113.6	115.3	94.5	95.0	112.1	114.6	116.1
3 Other securities	173.2[3]	191.8	213.9	216.3	217.2	173.9[3]	192.6	214.8	215.8	216.1
4 Total loans and leases[2]	746.9[3]	848.9[4]	912.7	923.6	930.3[11]	754.2[3]	857.4[4]	922.1	923.3	918.7[11]
5 Commercial and industrial loans	246.1[5]	291.1[4]	324.9	329.5	331.5[11]	247.7[5]	293.0[4]	327.0	328.5	327.8[11]
6 Real estate loans	210.5	241.3[4]	260.6	262.0	264.7[11]	210.9	241.8[4]	261.1	262.0	263.6[11]
7 Loans to individuals	164.7	184.9	175.2	174.9	174.3	165.6	186.0	176.2	174.9	172.7
8 Security loans	19.3	18.6	17.6	18.7	18.2	20.6	19.8	18.8	19.0	17.8
9 Loans to nonbank financial institutions	27.1[6]	28.8[4]	28.7	29.0	28.9[11]	27.6[6]	29.3[4]	29.2	28.7	28.3[11]
10 Agricultural loans	28.2	31.1	31.6	31.8	32.2	28.1	30.9	31.4	31.4	31.6
11 Lease financing receivables	7.5	9.3	10.9	11.4	11.9	7.5	9.3	10.9	11.4	11.9
12 All other loans	43.6[3]	44.0	63.4	66.5	68.8	46.2[3]	47.3	67.5	67.5	65.1
MEMO.										
13 ***Total loans and securities plus loans sold[2,8]***	***1,017.1[3]***	***1,137.6[4,7]***	***1,240.0***	***1,256.2***	***1,265.7[11]***	***1,026.2[3]***	***1,148.0[4,7]***	***1,251.6***	***1,256.5***	***1,253.7[11]***
14 Total loans plus loans sold[2,8]	750.6[3]	851.9[4,7]	915.5	926.4	933.1[11]	757.9[3]	860.4[4,7]	924.8	926.1	921.5[11]
15 Total loans sold to affiliates[8]	3.7	3.0[7]	2.7	2.8	2.8	3.7	3.0[7]	2.7	2.8	2.8
16 Commercial and industrial loans plus loans sold[8]	248.0[5,9]	293.1[4,7]	326.6	331.3	333.4[11]	249.6[5,9]	295.0[4,7]	328.8	330.3	329.7[11]
17 Commercial and industrial loans sold[8]	1.9[9]	2.0[7]	1.8	1.9	1.9	1.9[9]	2.0[7]	1.8	1.9	1.9
18 Acceptances held	6.6	8.2	8.1	8.8	9.0	7.3	9.1	8.8	9.2	8.9
19 Other commercial and industrial loans	239.5	282.9	316.7	320.7	322.5	240.4	283.9	318.2	319.2	319.0
20 To U.S. addressees[10]	226.0	264.1	295.2	297.0	297.6	225.9	264.1	295.2	294.9	294.1
21 To non-U.S. addressees	13.5	18.8	21.5	23.7	24.9	14.5	19.8	23.0	24.3	24.9
22 Loans to foreign banks	21.5	18.5	23.2	24.0	24.6	23.2	20.0	24.9	24.9	23.1

1 Includes domestically chartered banks, U.S. branches and agencies of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.
2. Excludes loans to commercial banks in the United States.
3. As of Dec. 31, 1978, total loans and securities were reduced by $0.1 billion. "Other securities" were increased by $1.5 billion and total loans were reduced by $1.6 billion largely as the result of reclassifications of certain tax-exempt obligations. Most of the loan reduction was in "all other loans."
4 As of Jan. 3, 1979, as the result of reclassifications, total loans and securities and total loans were increased by $0.6 billion. Business loans were increased by $0.4 billion and real estate loans by $0.5 billion. Nonbank financial loans were reduced by $0.3 billion.
5. As of Dec 31, 1978, commercial and industrial loans were reduced $0.1 billion as a result of reclassifications.
6 As of Dec 31, 1978, nonbank financial loans were reduced $0.1 billion as the result of reclassification.
7. As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million and commercial and industrial loans sold were reduced $700 million due to corrections of two banks in New York City.
8. 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.
9 As of Dec 31, 1978, commercial and industrial loans sold outright were increased $0.7 billion as the result of reclassifications, but $0.1 billion of this amount was offset by a balance sheet reduction of $0.1 billion as noted above.
10 United States includes the 50 states and the District of Columbia.
11 Absorption of a nonbank affiliate by a large commercial bank added the following to February figures: total loans and securities, $1.0 billion, total loans and leases, $1.0 billion, commercial and industrial loans, $.5 billion; real estate loans, $.1 billion; nonbank financial, $.1 billion.

NOTE Data are prorated averages of Wednesday estimates for domestically chartered banks, based on weekly reports of a sample of domestically chartered banks and quarterly reports of all domestically chartered banks. For foreign related institutions, data are averages of month-end estimates based on weekly reports from large agencies and branches and quarterly reports from all agencies, branches, investment companies, and Edge Act corporations engaged in banking. Data in this release have been revised to reflect benchmarking to call reports through March 1980 for domestically chartered commercial banks and through December 1980 for foreign related institutions. Back data are available from the Banking Section, Division of Research and Statistics.

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1980 and 1981								
	1977	1978	1979	June	July	Aug	Sept.	Oct	Nov	Dec.	Jan.	Feb.
Total nondeposit funds												
1 Seasonally adjusted[2]	61.5	91.2	121.1	115.9	114.6	109.4	114.0	119.9	n.a.	n.a.	n.a.	n.a.
2 Not seasonally adjusted	60.1	90.2	119.8	116.0	118.6	112.3	114.5	120.8	n.a.	n.a.	n.a.	n.a.
Federal funds, RPs, and other borrowings from non-banks												
3 Seasonally adjusted[3]	58.4	80.7	90.0	98.5	100.9	96.2	102.2	105.7	n.a.	n.a.	n.a.	n.a.
4 Not seasonally adjusted	57.0	79.7	88.7	98.7	104.9	99.1	102.7	106.6	n.a.	n.a.	n.a.	n.a.
5 Net balances due to foreign-related institutions, not seasonally adjusted	-1.5	6.8	28.1	14.6	10.9	10.3	8.9	11.4	7.4	6.8	8.3	8.3
6 Loans sold to affiliates, not seasonally adjusted[4,5]	4.7	3.7	3.0	2.8	2.8	2.9	2.9	2.8	2.6	2.7	2.8	2.8
MEMO												
7 Domestically chartered banks net positions with own foreign branches, not seasonally adjusted[6]	-12.5	-10.2	6.5	-5.4	-8.4	-10.3	-14.5	-12.9	-14.2	-14.7	-16.2	-14.8
8 Gross due from balances	21.1	24.9	22.8	30.1	32.7	35.8	38.2	38.3	37.2	37.5	37.4	36.4
9 Gross due to balances	8.6	14.7	29.3	24.7	24.3	25.5	23.7	25.5	23.0	22.7	21.2	21.6
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	10.9	17.0	21.6	19.9	19.3	20.6	23.3	24.3	21.6	21.5	24.5	23.1
11 Gross due from balances	10.7	14.3	28.9	28.5	30.8	30.9	30.3	30.8	32.4	33.9	31.4	31.7
12 Gross due to balances	21.7	31.3	50.5	48.4	50.1	51.6	53.6	55.2	54.0	55.4	55.9	54.8
13 Security RP borrowings, seasonally adjusted[8]	36.0	44.8	49.2	49.0	55.0	57.5	56.2	59.7	58.8	63.4	68.7	67.0
14 Not seasonally adjusted	35.1	43.6	47.9	48.8	54.7	59.1	58.7	59.5	60.9	61.7	65.0	65.2
15 U.S. Treasury demand balances, seasonally adjusted[9]	4.4	8.7	8.1	8.6	10.9	11.8	12.6	14.0	6.9	7.6	8.0	7.8
16 Not seasonally adjusted	5.1	10.3	9.7	10.0	9.3	9.3	14.2	12.7	6.6	9.0	7.9	8.1
17 Time deposits, $100,000 or more, seasonally adjusted[10]	162.0	213.0	227.6	237.6	234.0	234.4	238.8	241.6	249.3	257.5	268.2	275.5
18 Not seasonally adjusted	165.4	217.9	232.8	235.5	230.0	232.1	236.7	241.1	250.8	263.4	272.8	276.8

1 Commercial banks are those in the 50 states and the District of Columbia with national or state charters plus agencies and branches of foreign banks, New York investment companies majority owned by foreign banks, and Edge Act corporations owned by domestically chartered and foreign banks.

2 Includes seasonally adjusted federal funds, RPs, and other borrowings from nonbanks and not seasonally adjusted net Eurodollars and loans to affiliates. Includes averages of Wednesday data for domestically chartered banks and averages of current and previous month-end data for foreign-related institutions.

3 Other borrowings are borrowings on any instrument, such as a promissory note or due bill, given for the purpose of borrowing money for the banking business. This includes borrowings from Federal Reserve Banks and from foreign banks, term federal funds, overdrawn due from bank balances, loan RPs, and participations in pooled loans. Includes averages of daily figures for member banks and averages of current and previous month-end data for foreign-related institutions.

4 Loans initially booked by the bank and later sold to affiliates that are still held by affiliates. Averages of Wednesday data.

5 As of Dec. 1, 1979, loans sold to affiliates were reduced $800 million due to corrections of two New York City banks.

6 Averages of daily figures for member and nonmember banks. Before October 1980 nonmember banks were interpolated from quarterly call report data.

7 Includes averages of current and previous month-end data until August 1979, beginning September 1979 averages of daily data.

8 Based on daily average data reported by 122 large banks beginning February 1980 and 46 banks before February 1980.

9 Includes U.S. Treasury demand deposits and Treasury tax-and-loan notes at commercial banks. Averages of daily data.

10. Averages of Wednesday figures.

NOTE. Data have been revised to reflect benchmarking to call reports through March 1980 for domestically chartered banks and through December 1980 for foreign-related institutions. Back data are available from the Banking Section, Division of Research and Statistics.

1.25 ASSETS AND LIABILITIES OF COMMERCIAL BANKING INSTITUTIONS Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

Account	1980								1981		
	May	June	July	Aug.	Sept	Oct	Nov.	Dec	Jan	Feb.	Mar.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and investments, excluding interbank	1,087.0	1,090.5	1,095.3	1,108.5	1,117.9	1,134.8	1,150.8	1,177.1	1,166.0	1,167.0	1,169.7
2 Loans, excluding interbank	792.5	793.2	793.4	801.9	809.1	821.6	832.8	851.4	840.2	839.0	840.8
3 Commercial and industrial	256.6	256.9	257.1	259.5	263.9	269.0	275.7	281.5	277.6	276.3	277.7
4 Other	535.9	536.4	536.3	542.4	545.2	552.6	557.1	569.9	562.6	562.7	563.1
5 U.S. Treasury securities	94.8	96.2	98.7	101.4	103.2	104.4	107.1	111.2	112.0	113.7	112.8
6 Other securities	199.8	201.1	203.3	205.2	205.6	208.9	210.9	214.6	213.8	214.3	216.2
7 Cash assets, total	172.7	150.6	154.3	148.8	156.6	155.9	175.6	194.2	159.3	165.9	166.4
8 Currency and coin	17.7	17.3	17.5	18.2	17.8	18.3	16.9	19.9	18.7	18.6	17.8
9 Reserves with Federal Reserve Banks	37.9	29.5	32.2	29.0	31.1	31.7	30.4	28.2	25.2	30.4	31.7
10 Balances with depository institutions	48.3	45.8	45.0	45.9	46.8	47.2	56.1	63.0	54.9	54.6	53.6
11 Cash items in process of collection	68.9	58.1	59.6	55.8	60.9	58.8	72.2	83.0	60.5	62.3	63.3
12 Other assets[2]	140.1	143.8	143.5	150.3	154.4	151.3	151.3	165.6	155.8	160.1	164.9
13 Total assets/total liabilities and capital	**1,399.8**	**1,384.9**	**1393.1**	**1,407.7**	**1,428.9**	**1,442.1**	**1,477.7**	**1,537.0**	**1,481.0**	**1,493.0**	**1,501.1**
14 Deposits	1,060.9	1,048.1	1,053.1	1,062.8	1,077.2	1,092.9	1,126.2	1,187.4	1,128.7	1,132.0	1,136.7
15 Demand	370.3	358.1	363.5	363.4	369.7	375.7	393.0	432.2	351.1	345.5	345.4
16 Savings	192.4	197.7	205.5	208.5	209.1	210.9	209.5	201.3	211.9	214.3	220.6
17 Time	498.2	492.4	484.2	490.9	498.5	506.2	523.7	553.8	565.7	572.3	570.7
18 Borrowings	152.6	151.0	157.0	158.5	163.7	161.7	157.3	156.4	156.4	163.2	163.7
19 Other liabilities	77.9	75.9	74.0	75.4	75.6	74.7	78.1	79.0	76.7	80.3	80.7
20 Residual (assets less liabilities)	108.5	109.8	109.0	111.0	112.3	112.7	116.1	114.2	119.3	117.5	120.0
MEMO.											
21 U.S. Treasury note balances included in borrowing	5.2	13.3	7.6	8.7	15.7	11.5	4.4	10.2	9.5	8.5	10.2
22 Number of banks	14,639	14,646	14,658	14,666	14,678	14,760	14,692	14,693	14,689	14,696	14,701
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and investments, excluding interbank	1,154.9	1,160.9			1,195.2			1,262.3			
24 Loans, excluding interbank	856.9	860.2			882.5			932.5			
25 Commercial and industrial	298.7	297.6			308.1			330.6			
26 Other	558.3	562.5			574.4			601.9			
27 U.S. Treasury securities	96.7	98.3			105.6			113.7			
28 Other securities	201.3	202.5			207.2			216.3			
29 Cash assets, total	190.9	172.2			179.8			218.6			
30 Currency and coin	17.7	17.3			17.8			20.7			
31 Reserves with Federal Reserve Banks	38.7	30.3			31.7			28.2			
32 Balances with depository institutions	64.0	65.0	n.a.	n.a.	67.8	n.a.	n.a.	84.9	n.a.	n.a.	n.a.
33 Cash items in process of collection	70.5	59.7			62.5			84.7			
34 Other assets[2]	186.6	191.0			204.1			221.7			
35 Total assets/total liabilities and capital	**1,532.4**	**1,524.2**			**1,579.2**			**1,702.7**			
36 Deposits	1,101.1	1,091.9			1,124.5			1,239.9			
37 Demand	388.1	379.0			390.9			453.6			
38 Savings	192.7	198.1			209.5			201.6			
39 Time	520.3	514.8			524.1			584.7			
40 Borrowings	194.7	197.6			211.0			211.5			
41 Other liabilities	125.8	123.3			129.8			135.5			
42 Residual (assets less liabilities)	110.9	111.4			113.9			115.8			
MEMO:											
43 U.S. Treasury note balances included in borrowing	5.2	13.3			15.7			10.2			
44 Number of banks	15,016	15,019			15,069			15,108			

1. Domestically chartered commercial banks include all commercial banks in the United States except branches of foreign banks; included are member and nonmember banks, stock savings banks, and nondeposit trust companies.
2. Other assets include loans to U.S. commercial banks.
3. Commercial banking institutions include domestically chartered commercial banks, branches and agencies of foreign banks, Edge Act and Agreement corporations, and New York State foreign investment corporations.

NOTE. Figures are partly estimated. They include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Data for domestically chartered commercial banks are for the last Wednesday of the month; data for other banking institutions are for last Wednesday except at end of quarter, when they are for the last day of the month.

1.26 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	1981								
	Jan 28	Feb 4	Feb. 11	Feb 18	Feb 25p	Mar 4p	Mar 11p	Mar. 18p	Mar 25p
1 Cash items in process of collection	49,625	53,357	49,107	62,715	50,670	57,373	53,554	55,444	52,064
2 Demand deposits due from banks in the United States	20,344	19,378	19,609	22,433	19,921	20,717	19,906	21,752	19,620
3 All other cash and due from depository institutions	31,036	31,582	33,981	33,562	35,153	30,543	30,774	33,986	35,225
4 Total loans and securities	**553,248**	**557,235**	**550,895**	**556,847**	**553,710**	**558,629**	**553,421**	**555,505**	**551,056**
Securities									
5 U S Treasury securities	39,769	41,122	40,209	40,572	40,816	42,629	41,986	41,233	39,577
6 Trading account	6,331	7,504	6,477	6,723	7,089	8,557	7,843	7,429	6,017
7 Investment account, by maturity	33,438	33,618	33,732	33,849	33,726	34,072	34,143	33,804	33,561
8 One year or less	9,178	9,342	9,442	9,192	9,207	9,051	9,254	9,178	9,083
9 Over one through five years	20,790	20,812	20,836	21,149	20,958	21,359	21,236	21,012	20,846
10 Over five years	3,469	3,463	3,453	3,508	3,561	3,662	3,654	3,614	3,631
11 Other securities	77,579	78,255	77,173	76,992	77,386	78,043	77,462	77,417	77,360
12 Trading account	2,524	3,561	2,608	2,412	2,811	3,389	2,860	2,882	2,735
13 Investment account	75,056	74,694	74,565	74,579	74,575	74,654	74,601	74,535	74,626
14 U S government agencies	16,124	16,143	16,125	16,165	16,111	16,167	16,109	16,072	16,104
15 States and political subdivision, by maturity	56,075	55,776	55,643	55,616	55,673	55,690	55,731	55,670	55,711
16 One year or less	7,248	7,213	7,059	7,050	7,091	7,130	7,208	7,160	7,229
17 Over one year	48,828	48,563	48,585	48,566	48,582	48,560	48,522	48,510	48,482
18 Other bonds, corporate stocks and securities	2,857	2,776	2,796	2,798	2,790	2,797	2,761	2,793	2,810
Loans									
19 Federal funds sold[1]	26,785	27,663	26,273	29,636	28,341	28,608	28,646	30,050	27,672
20 To commercial banks	18,175	19,661	18,506	21,857	20,498	20,613	21,181	21,589	19,996
21 To nonbank brokers and dealers in securities	6,366	5,873	6,098	6,120	5,924	6,224	5,643	6,487	5,947
22 To others	2,244	2,129	1,669	1,659	1,920	1,771	1,822	1,973	1,729
23 Other loans, gross	421,614	422,688	419,779	422,239	419,746	421,962	418,000	419,520	419,104
24 Commercial and industrial	171,297	171,826	170,038	170,221	169,410	169,932	168,915	169,584	169,684
25 Bankers acceptances and commercial paper	4,188	4,212	3,564	4,170	3,682	3,865	3,658	3,544	3,668
26 All other	167,109	167,614	166,474	166,052	165,729	166,067	165,257	166,040	166,016
27 U S addressees	159,709	160,447	159,291	158,912	158,695	159,070	158,297	158,974	158,876
28 Non-U S addressees	7,400	7,167	7,183	7,139	7,033	6,997	6,960	7,066	7,141
29 Real estate	112,891	113,125	113,314	113,543	113,625	113,748	113,927	114,146	114,230
30 To individuals for personal expenditures	71,928	71,640	71,346	71,299	71,150	71,048	70,867	70,808	70,793
To financial institutions									
31 Commercial banks in the United States	4,219	3,897	4,349	4,629	4,380	4,537	4,418	4,579	4,381
32 Banks in foreign countries	9,034	9,053	8,612	9,216	8,411	8,637	8,554	8,396	8,529
33 Sales finance, personal finance companies, etc	9,972	9,922	9,835	9,881	9,764	9,675	9,414	9,530	9,588
34 Other financial institutions	15,295	15,377	15,249	15,316	15,125	15,176	14,956	14,927	14,996
35 To nonbank brokers and dealers in securities	5,562	5,603	5,226	5,349	5,926	6,385	5,341	5,972	5,123
36 To others for purchasing and carrying securities[2]	2,198	2,207	2,222	2,272	2,270	2,247	2,269	2,257	2,252
37 To finance agricultural	5,416	5,425	5,383	5,378	5,423	5,432	5,426	5,431	5,401
38 All other	13,803	14,614	14,205	15,134	14,263	15,145	13,912	13,891	14,125
39 LESS: Unearned income	6,751	6,647	6,666	6,692	6,661	6,589	6,626	6,656	6,681
40 Loan loss reserve	5,749	5,846	5,874	5,899	5,918	6,024	6,046	6,059	5,977
41 Other loans, net	409,115	410,195	407,240	409,647	407,168	409,349	405,327	406,805	406,446
42 Lease financing receivables	9,624	9,930	9,956	9,962	9,986	10,025	10,033	10,032	10,040
43 All other assets	82,030	83,738	87,446	82,869	85,057	88,167	89,840	85,392	87,652
44 Total assets	**745,907**	**755,220**	**750,994**	**768,387**	**754,496**	**765,455**	**757,529**	**762,111**	**755,657**
Deposits									
45 Demand deposits	185,508	191,950	188,847	201,931	183,212	195,701	191,191	191,809	182,968
46 Mutual savings banks	574	733	623	747	566	645	658	595	549
47 Individuals, partnerships, and corporations	127,887	130,274	127,997	137,776	123,744	132,045	131,054	129,468	125,203
48 States and political subdivisions	4,846	5,282	4,698	4,755	4,709	4,708	4,173	4,748	4,479
49 U.S government	1,677	3,506	1,979	1,651	1,579	3,266	2,109	3,122	1,662
50 Commercial banks in the United States	34,041	34,459	34,976	37,774	35,230	38,359	36,361	37,389	34,794
51 Banks in foreign countries	8,047	7,177	9,901	9,436	8,433	7,150	8,245	7,620	7,841
52 Foreign governments and official institutions	1,457	1,783	1,546	2,292	1,591	1,930	1,614	1,632	1,287
53 Certified and officers' checks	6,979	8,736	7,126	7,499	7,360	7,597	6,978	7,234	7,151
54 Time and savings deposits	321,064	321,696	320,339	320,293	321,010	319,484	320,514	322,278	321,054
55 Savings	74,540	75,685	75,552	75,871	75,080	76,702	76,718	77,001	77,415
56 Individuals and nonprofit organizations	70,414	71,540	71,401	71,649	70,991	72,654	72,709	73,039	73,394
57 Partnerships and corporations operated for profit	3,473	3,454	3,461	3,488	3,416	3,396	3,418	3,366	3,431
58 Domestic governmental units	631	671	670	715	655	635	573	576	572
59 All other	21	20	19	19	18	17	18	21	19
60 Time	246,524	246,011	244,788	244,422	245,930	242,782	243,796	245,277	243,639
61 Individuals, partnerships, and corporations	210,707	210,394	209,275	208,896	209,945	207,722	208,737	210,207	208,647
62 States and political subdivisions	20,720	20,567	20,755	20,789	21,216	20,692	20,641	20,394	20,286
63 U.S. government	309	298	298	310	306	299	296	276	282
64 Commercial banks in the United States	8,448	8,416	8,085	8,010	8,108	8,014	8,058	8,182	8,119
65 Foreign governments, official institutions, and banks	6,340	6,336	6,375	6,418	6,355	6,055	6,064	6,218	6,305
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	467	119	375	202	4,412	1,276	92	1,482	2,504
67 Treasury tax-and-loan notes	6,007	1,939	1,821	2,008	5,896	2,457	1,718	6,989	7,716
68 All other liabilities for borrowed money[3]	121,155	126,758	126,689	130,217	124,587	131,759	129,673	125,640	125,185
69 Other liabilities and subordinated notes and debentures	61,226	61,794	62,005	62,995	64,656	63,594	63,237	62,880	65,151
70 Total liabilities	**695,427**	**704,257**	**700,076**	**717,645**	**703,773**	**714,271**	**706,425**	**711,080**	**704,579**
71 Residual (total assets minus total liabilities)[4]	50,480	50,963	50,917	50,742	50,724	51,184	51,103	51,031	51,078

1 Includes securities purchased under agreements to resell.
2 Other than financial institutions and brokers and dealers
3. Includes federal funds purchased and securities sold under agreements to repurchase, for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1 13

4 This is not a measure of equity capital for use in capital adequacy analysis or for other analytic uses.

1.27 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	1981								
	Jan 28	Feb 4	Feb 11	Feb 18	Feb 25p	Mar 4p	Mar 11p	Mar 18p	Mar 25p
1 Cash items in process of collection	47,152	50,478	46,611	59,087	48,066	54,281	50,697	52,741	49,358
2 Demand deposits due from banks in the United States	19,680	18,579	18,868	21,565	19,370	19,971	19,223	21,028	19,002
3 All other cash and due from depository institutions	28,796	29,565	31,681	31,318	32,658	28,620	28,704	31,770	32,847
4 Total loans and securities	**516,563**	**520,140**	**514,146**	**519,900**	**517,068**	**521,375**	**516,001**	**518,109**	**514,143**
Securities									
5 U S Treasury securities	36,973	38,281	37,318	37,575	37,871	39,636	38,984	38,160	36,393
6 Trading account	6,258	7,452	6,410	6,671	7,034	8,473	7,787	7,348	5,922
7 Investment account, by maturity	30,715	30,829	30,908	30,904	30,838	31,163	31,197	30,812	30,471
8 One year or less	8,524	8,627	8,714	8,456	8,485	8,306	8,523	8,461	8,385
9 Over one through five years	19,097	19,112	19,110	19,310	19,155	19,554	19,384	19,108	18,829
10 Over five years	3,094	3,091	3,084	3,138	3,198	3,302	3,290	3,243	3,257
11 Other securities	71,037	71,735	70,691	70,518	70,937	71,579	70,983	70,956	70,902
12 Trading account	2,435	3,503	2,554	2,365	2,761	3,326	2,792	2,821	2,668
13 Investment account	68,602	68,232	68,137	68,153	68,176	68,252	68,192	68,134	68,234
14 U S. government agencies	14,822	14,831	14,852	14,894	14,864	14,907	14,851	14,821	14,881
15 States and political subdivision, by maturity	51,096	50,798	50,659	50,632	50,691	50,717	50,748	50,690	50,714
16 One year or less	6,442	6,416	6,272	6,264	6,316	6,323	6,396	6,338	6,398
17 Over one year	44,654	44,382	44,387	44,368	44,374	44,395	44,352	44,351	44,316
18 Other bonds, corporate stocks and securities	2,684	2,603	2,625	2,627	2,621	2,628	2,592	2,623	2,639
Loans									
19 Federal funds sold[1]	24,058	24,497	23,312	26,554	25,461	25,249	25,062	26,586	24,812
20 To commercial banks	15,998	17,104	16,096	19,298	18,138	17,750	18,126	18,599	17,630
21 To nonbank brokers and dealers in securities	5,839	5,284	5,566	5,633	5,435	5,748	5,134	6,032	5,479
22 To others	2,221	2,108	1,650	1,623	1,889	1,751	1,801	1,956	1,703
23 *Other loans, gross*	396,021	397,146	394,388	396,868	394 405	396,548	392,666	394,141	393,718
24 Commercial and industrial	162,587	163,151	161,424	161,619	160,779	161,262	160,233	160,851	160,943
25 Bankers acceptances and commercial paper	4,006	4,046	3,394	3,999	3,506	3,683	3,489	3,377	3,485
26 All other	158,581	159,106	158,030	157,620	157,273	157,579	156,744	157,474	157,458
27 U S addressees	151,254	152,004	150,920	150,554	150,312	150,658	149,860	150,485	150,391
28 Non-U.S. addressees	7,327	7,102	7,110	7,066	6,960	6,921	6,884	6,989	7,067
29 Real estate	106,457	106,720	106,893	107,103	107,182	107,318	107,486	107,688	107,777
30 To individuals for personal expenditures	63,352	63,106	62,834	62,808	62,705	62,606	62,471	62,409	62,387
To financial institutions									
31 Commercial banks in the United States	4,101	3,785	4,214	4,524	4,266	4,417	4,309	4,476	4,272
32 Banks in foreign countries	8,962	8,926	8,544	9,110	8,327	8,569	8,489	8,316	8,464
33 Sales finance, personal finance companies, etc	9,814	9,767	9 689	9,743	9,622	9,536	9,273	9,386	9,445
34 Other financial institutions	14,924	15,009	14,892	14,965	14,775	14,805	14,601	14,573	14,646
35 To nonbank brokers and dealers in securities	5,469	5,508	5,137	5,255	5,848	6,309	5,251	5,888	5,045
36 To others for purchasing and carrying securities[2]	1,964	1,977	1,991	2,047	2,049	2,030	2,046	2,038	2,033
37 To finance agricultural production	5,273	5,284	5,244	5,239	5,283	5,294	5,285	5,290	5,264
38 All other	13,117	13,912	13,525	14,455	13,568	14,403	13,222	13,226	13,442
39 LESS Unearned income	6,115	6,015	6,032	6,059	6,030	5,963	5,997	6,026	6,052
40 Loan loss reserve	5,411	5,504	5,531	5,556	5,575	5,674	5,696	5,709	5,631
41 Other loans, net	384,495	385,627	382,824	385,253	382,799	384,911	380,972	382,406	382,035
42 Lease financing receivables	9,352	9,656	9,681	9,687	9,711	9,749	9,757	9,756	9,766
43 All other assets	79,784	81,398	85,166	80,538	82,587	85,598	87,398	82,907	85,158
44 Total assets	**701,328**	**709,816**	**706,153**	**722,096**	**709,460**	**719,594**	**711,780**	**716,312**	**710,273**
Deposits									
45 Demand deposits	174,186	179,821	177,225	189,415	172,112	183,751	179,510	180,118	171,825
46 Mutual savings banks	551	700	599	716	544	616	632	572	529
47 Individuals, partnerships, and corporations	119,048	121,014	118,876	128,026	115,082	122,894	121,827	120,532	116,459
48 States and political subdivisions	4,227	4,612	4,067	4,204	4,091	4,194	3,708	3,976	3,908
49 U S government	1,477	3,214	1,799	1,474	1,412	2,963	1,834	2,844	1,486
50 Commercial banks in the United States	32,764	33,002	33,691	36,168	33,919	36,808	35,023	36,059	33,504
51 Banks in foreign countries	7,954	7,105	9,830	9,367	8,368	7,081	8,180	7,558	7,774
52 Foreign governments and official institutions	1,454	1,782	1,545	2,253	1,590	1,887	1,612	1,622	1,285
53 Certified and officers' checks	6,709	8,392	6,817	7,207	7,106	7,308	6,695	6,956	6,880
54 Time and savings deposits	299,829	300,229	298,889	298,835	299,364	297,736	298,783	300,437	299,334
55 Savings	68,873	69,945	69,820	70,108	69,365	70,820	70,847	71,105	71,491
56 Individuals and nonprofit organizations	65,086	66,124	65,997	66,274	65,595	67,100	67,154	67,459	67,786
57 Partnerships and corporations operated for profit	3,200	3,190	3,193	3,219	3,148	3,130	3,156	3,101	3,161
58 Domestic governmental units	565	611	610	656	603	573	518	524	526
59 All other	21	20	19	19	18	17	18	21	19
60 Time	230,957	230,284	229,069	228,727	229,999	226,916	227,937	229,332	227,843
61 Individuals, partnerships, and corporations	197,423	197,003	195,827	195,517	196,416	194,191	195,192	196,644	195,189
62 States and political subdivisions	18,782	18,569	18,827	18,812	19,178	18,716	18,682	18,394	18,314
63 U S. government	294	283	283	294	290	283	280	257	263
64 Commercial banks in the United States	8,118	8,093	7,757	7,686	7,759	7,672	7,718	7,819	7,771
65 Foreign governments, official institutions, and banks	6,340	6,336	6,375	6,418	6,355	6,055	6,064	6,218	6,305
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	368	72	375	97	4,272	1,244	92	1,364	2,407
67 Treasury tax-and-loan notes	5,541	1,759	1,710	1,821	5,520	2,285	1,614	6,545	7,222
68 All other liabilities for borrowed money[3]	114,398	119,898	119,792	122,960	117,608	124,585	122,198	118,745	118,041
69 Other liabilities and subordinated notes and debentures	59,832	60,340	60,547	61,513	63,177	62,122	61,783	61,381	63,706
70 Total liabilities	**654,153**	**662,118**	**658,538**	**674,642**	**662,054**	**671,723**	**663,980**	**668,590**	**662,534**
71 Residual (total assets minus total liabilities)[4]	47,175	47,698	47,616	47,453	47,407	47,871	47,800	47,721	47,740

1. Includes securities purchased under agreements to resell
2 Other than financial institutions and brokers and dealers
3 Includes federal funds purchased and securities sold under agreement to repurchase; for information on these liabilities at banks with assets of $1 billion or more on Dec. 31, 1977, see table 1 13
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 IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1981								
	Jan. 28	Feb. 4	Feb 11	Feb 18	Feb. 25p	Mar 4p	Mar 11p	Mar. 18p	Mar. 25p
1 Cash items in process of collection	18,644	18,772	17,906	19,549	18,827	20,929	20,711	21,220	20,624
2 Demand deposits due from banks in the United States	14,527	12,841	13,247	15,089	14,232	14,156	14,577	15,771	14,037
3 All other cash and due from depository institutions	7,178	7,712	8,378	10,642	8,419	6,970	8,860	8,240	7,800
4 Total loans and securities[1]	**123,296**	**124,325**	**121,931**	**125,738**	**123,490**	**123,903**	**121,570**	**124,784**	**124,270**
Securities									
5 U S Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	7,985	8,004	7,975	8,266	8,120	8,517	8,345	8,000	7,864
8 One year or less	1,614	1,666	1,653	1,612	1,598	1,590	1,590	1,427	1,470
9 Over one through five years	5,834	5,809	5,807	6,085	5,952	6,268	6,070	5,947	5,759
10 Over five years	537	529	515	570	570	658	685	626	635
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	13,675	13,617	13,525	13,532	13,561	13,629	13,589	13,564	13,510
14 U.S government agencies	2,296	2,307	2,302	2,302	2,331	2,353	2,345	2,329	2,320
15 States and political subdivision, by maturity	10,757	10,685	10,612	10,613	10,627	10,671	10,646	10,617	10,552
16 One year or less	1,554	1,482	1,387	1,378	1,380	1,400	1,409	1,400	1,347
17 Over one year	9,203	9,202	9,225	9,234	9,247	9,271	9,237	9,217	9,205
18 Other bonds, corporate stocks and securities	622	626	611	618	602	606	598	617	638
Loans									
19 Federal funds sold[3]	7,254	6,979	6,112	8,738	7,823	6,672	6,228	9,332	9,410
20 To commercial banks	3,836	3,536	2,517	5,267	4,569	3,030	3,217	5,312	6,048
21 To nonbank brokers and dealers in securities	2,545	2,640	2,917	2,956	2,664	3,065	2,393	3,428	2,843
22 To others	872	802	678	515	590	577	618	591	519
23 Other loans, gross	97,385	98,709	97,327	98,230	97,030	98,124	96,494	97,002	96,549
24 Commercial and industrial	50,614	50,845	49,785	49,857	49,378	49,550	49,419	49,674	49,666
25 Bankers acceptances and commercial paper	1,056	1,155	680	1,037	886	932	989	862	1,018
26 All other	49,558	49,690	49,105	48,820	48,491	48,617	48,430	48,812	48,648
27 U S addressees	46,944	47,077	46,496	46,231	45,951	46,105	45,961	46,339	46,178
28 Non-U S addressees	2,614	2,613	2,609	2,588	2,540	2,512	2,469	2,472	2,470
29 Real estate	14,941	15,115	15,154	15,180	15,237	15,288	15,274	15,345	15,368
30 To individuals for personal expenditures	9,396	9,389	9,390	9,422	9,388	9,406	9,453	9,481	9,518
31 To financial institutions Commercial banks in the United States	1,280	1,163	1,359	1,643	1,430	1,451	1,386	1,484	1,345
32 Banks in foreign countries	4,326	4,387	4,160	4,592	4,051	4,008	4,314	4,203	4,370
33 Sales finance, personal finance companies, etc	4,181	4,300	4,273	4,232	4,162	4,142	4,050	4,066	4,050
34 Other financial institutions	4,454	4,541	4,434	4,432	4,380	4,452	4,298	4,278	4,391
35 To nonbank brokers and dealers in securities	3,024	3,207	3,068	3,075	3,563	4,126	3,099	3,646	3,003
36 To others for purchasing and carrying securities[4]	472	489	489	507	504	487	498	500	492
37 To finance agricultural production	422	439	436	439	432	437	440	443	427
38 All other	4,274	4,832	4,778	4,851	4,504	4,776	4,263	3,881	3,921
39 LESS: Unearned income	1,198	1,146	1,153	1,163	1,170	1,147	1,182	1,197	1,213
40 Loan loss reserve	1,804	1,839	1,856	1,866	1,874	1,892	1,903	1,917	1,850
41 Other loans, net	94,382	95,724	94,318	95,201	93,986	95,084	93,408	93,888	93,486
42 Lease financing receivables	1,973	2,271	2,259	2,259	2,261	2,252	2,259	2,261	2,261
43 All other assets[5]	34,615	37,144	39,498	35,403	36,713	38,782	40,299	35,792	35,423
44 Total assets	**200,234**	**203,064**	**203,219**	**208,680**	**203,942**	**206,991**	**208,277**	**208,068**	**204,415**
Deposits									
45 Demand deposits	64,199	64,125	64,920	67,386	64,502	67,443	67,983	67,646	64,180
46 Mutual savings banks	285	362	331	381	292	297	323	288	272
47 Individuals, partnerships, and corporations	32,274	31,660	30,646	33,776	30,715	32,383	33,387	32,786	31,255
48 States and political subdivisions	525	492	424	431	425	461	363	390	425
49 U.S. government	352	831	426	306	240	799	496	872	435
50 Commercial banks in the United States	20,231	19,328	20,641	20,029	21,529	23,017	22,426	23,061	21,619
51 Banks in foreign countries	6,184	5,517	8,028	7,561	6,583	5,376	6,471	5,874	6,055
52 Foreign governments and official institutions	1,160	1,501	1,277	1,925	1,329	1,617	1,348	1,106	993
53 Certified and officers' checks	3,186	4,432	3,146	2,976	3,389	3,494	3,169	3,268	3,125
54 Time and savings deposits	58,096	58,201	57,318	56,444	55,707	55,976	56,230	56,970	57,081
55 Savings	9,150	9,239	9,217	9,231	9,147	9,243	9,227	9,239	9,270
56 Individuals and nonprofit organizations	8,746	8,823	8,787	8,797	8,721	8,833	8,832	8,851	8,887
57 Partnerships and corporations operated for profit	289	290	289	287	288	285	285	274	275
58 Domestic governmental units	111	122	136	144	135	122	107	108	105
59 All other	4	4	5	3	3	3	3	5	3
60 Time	48,946	48,961	48,101	47,213	46,560	46,732	47,003	47,731	47,811
61 Individuals, partnerships, and corporations	42,395	42,402	41,492	40,503	39,631	39,785	40,015	40,727	40,650
62 States and political subdivisions	1,508	1,559	1,674	1,725	1,770	1,770	1,721	1,689	1,684
63 U S government	24	32	37	38	36	36	48	44	44
64 Commercial banks in the United States	2,347	2,304	2,196	2,213	2,258	2,386	2,440	2,434	2,520
65 Foreign governments, official institutions, and banks	2,672	2,664	2,702	2,734	2,865	2,755	2,779	2,837	2,912
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks		...	150		2,730	...	...	1,103	780
67 Treasury tax-and-loan notes	1	2	583	354	1,500	581	550	2,032	2,201
68 All other liabilities for borrowed money[6]	38,223	40,516	40,394	43,974	38,151	42,433	43,512	40,088	38,766
69 Other liabilities and subordinated notes and debentures	24,175	24,342	24,002	24,727	25,637	24,533	24,090	24,349	25,623
70 Total liabilities	**184,695**	**187,187**	**187,367**	**192,884**	**188,227**	**190,966**	**192,365**	**192,188**	**188,632**
71 Residual (total assets minus total liabilities)[4]	15,539	15,877	15,852	15,796	15,716	16,025	15,912	15,880	15,784

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 federal funds purchased and 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

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account	1981								
	Jan 28	Feb 4	Feb 11	Feb. 18	Feb 25p	Mar 4p	Mar 11p	Mar. 18p	Mar 25p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	543,354	546,170	540,579	542,952	541,411	546,093	540,495	542,053	539,337
2 Total loans (gross) adjusted[1]	426,005	426,794	423,197	425,389	423,210	425,420	421,047	423,402	422,399
3 Demand deposits adjusted[2]	100,166	100,628	102,785	99,791	95,733	96,702	99,167	95,854	94,447
4 Time deposits in accounts of $100,000 or more	162,414	161,311	160,058	159,546	160,011	157,039	157,408	158,716	157,529
5 Negotiable CDs	117,698	116,453	114,752	114,292	114,208	111,804	112,208	113,452	112,612
6 Other time deposits	44,717	44,858	45,306	45,254	45,804	45,235	45,200	45,264	44,917
7 Loans sold outright to affiliates[3]	2,760	2,785	2,793	2,883	2,760	2,740	2,783	2,788	2,746
8 Commercial and industrial	1,850	1,878	1,884	1,977	1,846	1,835	1,864	1,888	1,855
9 Other	910	906	909	906	913	905	919	900	891
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	507,990	510,769	505,399	507,694	506,270	510,846	505,260	506,769	503,924
11 Total loans (gross) adjusted[1]	399,980	400,753	397,390	399,600	397,462	399,631	395,292	397,653	396,628
12 Demand deposits adjusted[2]	92,792	93,127	95,124	92,686	88,715	89,699	91,956	88,473	87,476
13 Time deposits in accounts of $100,000 or more	153,504	152,239	151,028	150,534	150,836	147,929	148,356	149,598	148,536
14 Negotiable CDs	111,477	110,113	108,473	108,004	107,803	105,435	105,900	107,116	106,362
15 Other time deposits	42,026	42,125	42,555	42,530	43,033	42,495	42,456	42,482	42,173
16 Loans sold outright to affiliates[3]	2,725	2,748	2,756	2,849	2,724	2,705	2,746	2,750	2,710
17 Commercial and industrial	1,825	1,850	1,856	1,948	1,818	1,807	1,834	1,857	1,827
18 Other	900	898	901	900	905	897	912	893	883
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	121,183	122,610	121,063	121,857	120,534	122,461	120,053	121,101	119,939
20 Total loans (gross) adjusted[1]	99,522	100,988	99,563	100,058	98,854	100,315	98,119	99,537	98,566
21 Demand deposits adjusted[2]	24,972	25,194	25,946	27,502	23,906	22,699	24,350	22,493	21,502
22 Time deposits in accounts of $100,000 or more	38,826	38,753	37,925	37,044	36,172	36,296	36,466	37,119	37,301
23 Negotiable CDs	29,595	29,235	28,229	27,493	26,680	26,714	26,952	27,581	27,888
24 Other time deposits	9,232	9,518	9,696	9,552	9,492	9,582	9,514	9,538	9,413

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.

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

Millions of dollars

Industry classification	Outstanding					Net change during					Adjustment bank[1]
	1980		1981			1980	1981	1981			
	Nov 26	Dec 31 r	Jan 28	Feb 25	Mar p	Q4 r	Q1 p	Jan r	Feb	Mar p	
1 Durable goods manufacturing	24,088	24,676	24,383 r	24,472	24,640	1,165	-39	-295	88	168	2
2 Nondurable goods manufacturing	20,804	20,506	19,359	18,937	19,401	972	-1,103	-1,145	-422	464	-1
3 Food, liquor, and tobacco	4,921	5,391	4,915	4,529	4,580	1,040	-807	-473	-386	52	-3
4 Textiles, apparel, and leather	4,906	4,150	4,096	4,364	4,351	-1,054	200	-54	268	-13	
5 Petroleum refining	3,129	3,635	3,185	2,929	2,982	949	-654	-450	-256	53	
6 Chemicals and rubber	4,158	3,917	3,782	3,673	3,838	184	-80	-135	-109	165	.....
7 Other nondurable goods	3,690	3,412	3,381	3,442	3,650	-147	237	-32	61	208	2
8 Mining (including crude petroleum and natural gas)	15,338	16,427	16,251	15,935	15,750	2,470	-678	-176	-316	-185	.
9 Trade	27,050	26,239	25,552	25,245	25,620	1,290	-619	-687	-307	375	
10 Commodity dealers	2,402	2,563	2,116	1,874	1,950	444	-613	-447	-242	76	......
11 Other wholesale	12,182	12,293	12,057	11,707	11,878	707	-415	-235	-350	171	.
12 Retail	12,467	11,384	11,378	11,663	11,792	138	409	-5	285	129	......
13 Transportation, communication, and other public utilities	20,099	21,304	20,741	20 270	19,971	2,081	-1,332	-561	-472	-299	-2
14 Transportation	8,019	8,374	8,254	8,139	8,106	639	-266	-118	-114	-34	-2
15 Communication	3,161	3,319	3,184	3,097	3,160	326	-160	-136	-87	62	
16 Other public utilities	8,919	9,611	9,303	9,033	8,705	1,116	-906	-308	-270	-328	
17 Construction	5,992	5,994	5,950	6,109	6,225	-36	233	-42	159	116	-2
18 Services	22,160	22,857	23,242 r	23,528	23,603	1,546	746	385	286	75	....
19 All other[2]	16,146	16,554	15,775 r	15,817	15,181	1,152	-1,714	-1,120	42	-636	341
20 **Total domestic loans**	**151,678**	**154,557**	**151,254 r**	**150,312**	**150,391**	**10,640**	**-4,505**	**-3,642**	**-942**	**78**	**339**
21 MEMO Term loans (original maturity more than 1 year) included in domestic loans	78,956	81,768	81,794	80,147	79,298	5,232	-2,467	29	-1,647	-849	-3

1 Adjustment bank amounts represent accumulated adjustments originally made to offset the cumulative effects of mergers These adjustment amounts should be added to outstanding data for any date in the year to establish comparability with any date in the subsequent year Changes shown have been adjusted for these amounts.

2 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 Partly estimated historical data are available from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551

1.31 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations[1]

Billions of dollars, estimated daily-average balances

Type of holder	1975 Dec	1976 Dec	1977 Dec	1978 Dec	1979[2] Sept.	1979[2] Dec	1980 Mar	1980 June	1980 Sept	1980 Dec
	Commercial banks									
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**294.6**	**292.4**	**302.2**	**288.4**	**288.6**	**302.0**	**316.8**
2 Financial business	20.1	22.3	25.0	27.8	26.7	27.1	28.4	27.7	29.6	29.8
3 Nonfinancial business	125.1	130.2	142.9	152.7	148.8	157.7	144.9	145.3	151.9	162.3
4 Consumer	78.0	82.6	91.0	97.4	99.2	99.2	97.6	97.9	101.8	104.0
5 Foreign	2.4	2.7	2.5	2.7	2.8	3.1	3.1	3.3	3.2	3.3
6 Other	11.3	12.4	12.9	14.1	14.9	15.1	14.4	14.4	15.5	17.4
	Weekly reporting banks									
	1975 Dec	1976 Dec	1977 Dec	1978 Dec	1979[3] Sept	1979[3] Dec	1980 Mar.	1980 June	1980 Sept	1980 Dec
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**147.0**	**132.7**	**139.3**	**133.6**	**133.9**	**140.6**	**147.4**
8 Financial business	15.6	17.5	18.5	19.8	19.7	20.1	20.1	20.2	21.2	21.6
9 Nonfinancial business	69.9	69.7	76.3	79.0	69.1	74.1	69.1	69.2	72.4	77.7
10 Consumer	29.9	31.7	34.6	38.2	33.7	34.3	34.2	33.9	36.0	36.3
11 Foreign	2.3	2.6	2.4	2.5	2.8	3.0	3.0	3.1	3.1	3.1
12 Other	6.6	7.1	7.4	7.5	7.4	7.8	7.2	7.5	7.9	8.7

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

2. Beginning with the March 1979 survey, the demand deposit ownership survey sample was reduced to 232 banks from 349 banks, and the estimation procedure was modified slightly. To aid in comparing estimates based on the old and new reporting sample, the following estimates in billions of dollars for December 1978 have been constructed using the new smaller sample; financial business, 27.0, nonfinancial business, 146.9, consumer, 98.3, foreign, 2.8, and other, 15.1.

3. After the end of 1978 the large weekly reporting bank panel was changed to 170 large commercial banks, each of which had total assets in domestic offices exceeding $750 million as of Dec. 31, 1977. See "Announcements," p. 408 in the May 1978 BULLETIN. Beginning in March 1979, demand deposit ownership estimates for these large banks are constructed quarterly on the basis of 97 sample banks and are not comparable with earlier data. The following estimates in billions of dollars for December 1978 have been constructed for the new large-bank panel; financial business, 18.2, nonfinancial business, 67.2, consumer, 32.8, foreign, 2.5, other, 6.8.

1.32 COMMERCIAL PAPER AND BANKERS DOLLAR ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1977 Dec	1978 Dec.	1979[1] Dec	1980 Dec	1980 Aug.	1980 Sept	1980 Oct	1980 Nov	1980 Dec.	1981 Jan	1981 Feb
	Commercial paper (seasonally adjusted)										
1 **All issuers**	**65,051**r	**83,438**r	**112,809**r	**125,148**r	**122,969**r	**123,706**r	**123,009**r	**124,606**r	**125,148**r	**127,612**r	**129,333**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796r	12,181r	17,377r	19,631r	19,228r	19,477r	19,062r	19,591r	19,631r	19,886r	20,859
3 Bank-related	2,132	3,521	2,874	3,561	3,313	3,370	3,442	3,436	3,561	3,670	3,743
Directly placed paper[4]											
4 Total	40,574r	51,647r	64,748r	67,888r	64,780r	65,618r	66,612r	67,340r	67,888r	67,912r	67,963
5 Bank-related	7,102	12,314	17,598	22,382	19,909	19,692	21,146	21,939	22,382r	22,570	22,331
6 Nonfinancial companies[5]	15,681r	19,610r	30,684r	37,629r	38,961r	38,611r	37,335r	37,675r	37,629r	39,814r	40,511
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**54,486**	**55,774**	**56,610**	**55,226**	**54,744**	**54,465**	**58,084**
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	9,644	10,275	11,317	10,236	10,564	9,371	9,911
9 Own bills	8,915	7,653	8,327	8,963	8,544	9,004	9,808	8,837	8,963	7,951	8,770
10 Bills bought	1,519	927	1,538	1,601	1,100	1,270	1,509	1,399	1,601	1,420	1,141
Federal Reserve Banks											
11 Own account	954	1	704	776	277	499	566	523	776	0	0
12 Foreign correspondents	362	664	1,382	1,791	1,841	1,820	1,915	1,852	1,791	1,771	1,399
13 Others	13,700	24,456	33,370	41,614	42,724	43,179	42,813	42,616	41,614	43,323	46,779
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	11,861	11,731	12,254	11,774	11,776	11,903	12,976
15 Exports from United States	5,863	7,586	9,640	12,712	12,582	12,991	13,445	13,670	12,712	12,816	12,979
16 All other	13,209	17,540	25,411	30,257	30,043	31,052	30,911	29,782	30,257	29,746	32,129

1. A change in reporting instructions results in offsetting shifts in the dealer-placed and directly placed financial company paper in October 1979.

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

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

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

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

1.33 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
1980—Nov 6	15 50	1981—Jan 2	20 50	1980—Jan	15 25	1980—Sept	12 23
17	16 25	9	20 00	Feb	15 63	Oct	13 79
21	17 00	Feb 3	19 50	Mar	18 31	Nov	16.06
26	17.75	23	19 00	Apr.	19 77	Dec	20 35
Dec 2	18 50	Mar 10	18 00	May	16 57		
5	19.00	17	17 50	June	12 63	1981—Jan.	20 16
10	20 00			July	11 48	Feb	19 43
16	21 00			Aug	11 12	Mar	18.05
19	21 50						

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, February 2–7, 1981

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)	16,985,777	817,631	521,319	918,372	2,501,018	751,196	11,476,241
2 Number of loans	158,959	111,775	15,982	14,711	13,165	1,192	2,135
3 Weighted-average maturity (months)	1 9	3.3	3 7	4 2	3 6	3 8	1 1
4 Weighted-average interest rate (percent per annum)	19 91	19 59	19 53	19 77	20 18	20 87	19 83
5 Interquartile range[1]	19 12–21 25	17 23–21 94	18 00–21 84	18 77–22.13	19 28–22 51	20 00–21 94	19 18–20 32
Percentage of amount of loans							
6 With floating rate	38 7	31 0	29 4	42 9	55 6	77 6	33.1
7 Made under commitment	43 0	23 9	22 1	37 6	39 7	65 8	44.9
8 With no stated maturity	18 1	10.2	11 7	24 6	18 0	36.9	17 2
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	2,106,841		238,914		297 407	161,491	1,409,030
10 Number of loans	19,309		17,320		1,355	245	389
11 Weighted-average maturity (months)	47 8		33 4		61.8	40.1	48 2
12 Weighted-average interest rate (percent per annum)	19 26		19.06		19.31	20.48	19 14
13 Interquartile range[1]	17 92–21.00		17 00–21 00		16 25–21.00	20.00–21 86	18 28–20 75
Percentage of amount of loans							
14 With floating rate	73 8		39 4		88 1	85.0	75 4
15 Made under commitment	76 9		33.5		49 7	77 7	89.9
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	584,021	55,418	124,270	68,475	133,859	201,999	
17 Number of loans	12,681	7,442	3,324	1,107	648	160	
18 Weighted-average maturity (months)	10 4	6 3	9 9	6 7	11 4	12.4	
19 Weighted-average interest rate (percent per annum)	19.40	18 76	17 40	17 92	20.20	20 77	
20 Interquartile range[1]	16.00–22 19	16.64–21 50	13 65–22 04	13 28–21 94	20.00–22 50	20 50–22.19	
Percentage of amount of loans							
21 With floating rate	63.9	36.0	31.2	42.1	70 5	94 8	
22 Secured by real estate	89.1	91.9	87.9	94.3	79 7	93.6	
23 Made under commitment	74 5	57 7	84 4	77 0	73 8	72 7	
24 With no stated maturity	10 7	28 6	3 8	6 2	14 0	9.5	
Type of construction							
25 1- to 4-family	40 3	77 4	54 2	63 7	25 4	23.4	
26 Multifamily	15 1	4.7	2.1	9 3	15 0	27.9	
27 Nonresidential	44.7	18.0	43.7	27 0	59 6	48 7	

LOANS TO FARMERS	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
28 Amount of loans (thousands of dollars)	1,083,356	147,558	166,464	200,977	153,148	204,451	210,756
29 Number of loans	60,769	39,249	11,339	5,871	2,456	1,457	398
30 Weighted-average maturity (months)	6 2	6 4	6 2	5 9	6.8	4.8	7.5
31 Weighted-average interest rate (percent per annum)	17.92	17.36	17 71	17.52	17.85	17.92	18.94
32 Interquartile range[1]	16 21–19.25	16 10–18 27	16 21–18 81	16 10–18 50	16 46–19.25	16 61–18.81	15 69–20.84
By purpose of loan							
33 Feeder livestock	17.79	17.54	17.87	18.14	17.37	16.81	18.55
34 Other livestock	17.45	16.34	18.06	17.20	17.85	(2)	(2)
35 Other current operating expenses	17.91	17.42	17.72	17.36	17.53	18.01	18.95
36 Farm machinery and equipment	17.37	17.52	17.16	17.58	17 66	(2)	(2)
37 Other	18.31	17.63	17.85	17 22	18 84	18.06	20.52

1. Interest rate range that covers the middle 50 percent of the total dollar amount of loans made.
2. Fewer than 10 sample loans.

NOTE. For more detail, see the Board's E.2(111) statistical release.

1.35 INTEREST RATES Money and Capital Markets

Averages, percent per annum; weekly and monthly figures are averages of business day data unless otherwise noted

Instrument	1978	1979	1980	1980	1981			1981, week ending				
				Dec	Jan.	Feb	Mar	Feb 27	Mar 6	Mar. 13	Mar. 20	Mar 27
MONEY MARKET RATES												
1 Federal funds[1,2]	7.93	11.19	13 36	18.90	19 08	15 93	14 70	14.96	15.73	15 53	14 13	13.48
Commercial paper[3,4]												
2 1-month	7 76	10.86	12 76	18.95	17.73	15.81	14 15	14.72	15.48	14 59	13.23	13.39
3 3-month	7 94	10 97	12.66	18 07	16 58	15.49	13.94	14 68	15.23	14 42	13.06	13.24
4 6-month	7 99	10.91	12.29	16 49	15.10	14.87	13.59	14 45	14 82	13.99	12.76	13.02
Finance paper, directly placed[3,4]												
5 1-month	7 73	10 78	12.44	17 87	16 97	15.52	13.78	14 29	15.08	14.49	12.71	12.81
6 3-month	7.80	10.47	11 49	15 00	14.49	14 45	13.08	13.80	14.03	13.67	12 56	12.29
7 6-month	7.78	10.25	11 28	14 78	14.09	14 05	12 89	13.60	13.78	13.43	12 42	12.17
Bankers acceptances[4,5]												
8 3-month	8 11	11.04	12 78	17 96	16.62	15 54	13 88	14.83	15.17	14.25	13 02	13.38
9 6-month	n.a.	n.a.	n a	n a	14.88	14 89	13 49	14 55	14 77	13.83	12 62	13 04
Certificates of deposit, secondary market[6]												
10 1-month	7 88	11 03	12.91	19 24	17.99	16.11	14.33	14 96	15 58	14.90	13.46	13.58
11 3-month	8 22	11 22	13.07	18 65	17.19	16.14	14 43	15 31	15 74	14.92	13.53	13.82
12 6-month	8 61	11.44	12 99	17 10	15.92	16.00	14 48	15.59	15 84	14.91	13.52	13.97
13 Eurodollar deposits, 3-month[2]	8.78	11 96	14 00	19.47	18 07	17.18	15.36	16.59	16.74	16.31	14.94	14.31
U S Treasury bills[4]												
Secondary market[7]												
14 3-month	7 19	10.07	11.43	15 49	15.02	14.79	13 36	14 19	14 44	13.79	12.63	12 91
15 6-month	7.58	10 06	11.37	14.64	14 08	14 05	12.81	13.76	14.00	13 10	11.92	12.51
16 1-year	7 74	9 75	10.89	13.23	12 62	12.99	12.28	12 89	13 07	12 46	11.69	12 09
Auction average[8]												
17 3-month	7 221	10.041	11.506	15.661	14.724	14.905	13.478	14 103	14.463	13.996	12.758	12.695
18 6-month	7 572	10.017	11 374	14 770	13.883	14 134	12 983	13.611	14.133	13.427	12 096	12.274
19 1-year	7 678	9.817	10 748	13 261	12.554	12 801	11 481	12 801	...	...	.	11 481
CAPITAL MARKET RATES												
U S. Treasury notes and bonds[9]												
Constant maturities[10]												
20 1-year	8 34	10 67	12 05	14.88	14 08	14.57	13.71	14 50	14 69	13.92	12.96	13.51
21 2-year	8.34	10 12	11 77	14.08	13 26	13 92	13.57	14 02	14 16	13.70	12 99	13.54
22 2-½-year[11]		...		.	...	.		14.00	...	13.55	.	13 55
23 3-year	8 29	9 71	11 55	13.65	13 01	13.65	13.51	13 80	13 95	13 55	13 06	13.57
24 5-year	8.32	9.52	11 48	13.25	12.77	13 41	13.41	13 63	13.76	13 33	12 98	13.55
25 7-year	8 36	9.48	11.43	13 00	12.66	13.28	13.24	13 45	13.56	13.14	12 83	13 42
26 10-year	8.41	9 44	11.46	12.84	12.57	13.19	13.12	13 32	13.43	13 04	12.71	13.27
27 20-year	8.48	9.33	11 39	12 49	12 29	12 98	12 94	13 10	13.21	12 87	12 54	13 11
28 30-year	8 49	9.29	11.30	12 40	12 14	12.80	12.69	12 89	12.99	12.62	12.29	12.83
Composite[12]												
29 Over 10 years (long-term)	7 89	8.74	10 81	11 89	11 65	12 23	12 15	12 32	12 42	12.07	11 77	12 29
State and local notes and bonds												
Moody's series[13]												
30 Aaa	5 52	5 92	7 85	9.44	8 98	9 46	9 50	9 65	9 80	9 80	9.20	9.20
31 Baa	6.27	6 73	9 01	10 64	9.90	10 15	10.40	10 20	10 40	10 40	10 40	10.40
32 *Bond Buyer* series[14]	6 03	6 52	8 59	10 11	9 66	10.10	10 16	10 27	10 40	10 34	9.81	10 09
Corporate bonds												
Seasoned issues[15]												
33 All industries	9 07	10.12	12 75	14 04	13 80	14.22	14 26	14 30	14.44	14 27	14 08	14 25
34 Aaa	8 73	9.63	11.94	13 21	12.81	13.35	13 33	13 45	13.61	13.31	13.06	13.32
35 Aa	8 92	9 94	12 50	13.78	13 52	13.89	13.90	14.00	14 15	13.92	13.70	13 85
36 A	9.12	10 20	12 89	14.03	13 83	14.27	14.47	14 35	14 51	14 45	14.34	14.54
37 Baa	9 45	10 69	13 67	15 14	15 03	15 37	15.34	15.39	15 49	15 40	15.20	15.27
Aaa utility bonds[16]												
38 New issue	8 96	10 03	12 74	14 51	14.12	14 90	14 71	14 90	14.55	14.42	.	15.07
39 Recently offered issues	8 97	10 02	12 70	14 38	14 17	14.58	14 41	14 85	14.53	14 18	13 98	14 71
MEMO. Dividend/price ratio[17]												
40 Preferred stocks	8.25	9.07	10 57	11 94	11 64	11.83	11.81	11.78	11 86	11.85	11.75	11 78
41 Common stocks	5.28	5 46	5 25	4.74	4 76	5.00	4 88	5 02	4.94	4 99	4 84	4.75

1 Weekly and monthly figures are averages of all calendar days, where the rate for a weekend or holiday is taken to be the rate prevailing on the preceding business day. The daily rate is the average of the rates on a given day weighted by the volume of transactions at these rates

2 Weekly figures are statement week averages —that is, averages for the week ending Wednesday

3 Beginning November 1977, unweighted average of offering rates quoted by at least five dealers (in the case of commercial paper), or finance companies (in the case of finance paper). Previously, most representative rate quoted by those dealers and finance companies Before November 1979, maturities for data shown are 30–59 days, 90–119 days, and 120–179 days for commercial paper; and 30-59 days, 90–119 days, *and 150–179 days for finance paper*

4 Yields are quoted on a bank-discount basis, rather than an investment yield basis (which would give a higher figure)

5. Dealer closing offered rates for top-rated banks. Most representative rate (which may be, but need not be, the average of the rates quoted by the dealers)

6 Unweighted average of offered rates quoted by at least five dealers early in the day.

7 Unweighted average of closing bid rates quoted by at least five dealers.

8. Rates are recorded in the week in which bills are issued

9. Yields (not compounded) are based on closing bid prices quoted by at least five dealers.

10. Yields adjusted to constant maturities by the U.S. Treasury That is, yields are read from a yield curve at fixed maturities. Based on only recently issued, actively traded securities

11. Each monthly figure is an average of only five business days near the end of the month. The rate for each month was used to determine the maximum interest rate payable in the following month on small saver certificates, until June 2, 1980 Each weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. Beginning June 2, *the biweekly rate is used to determine the maximum interest rate payable in the* following two-week period on small saver certificates (See table 1.16.)

12. Unweighted averages for all outstanding notes and bonds neither due nor callable in less than 10 years, including several very low yielding "flower" bonds.

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

14. General obligations only, with 20 years to maturity, issued by 20 state and local governmental units of mixed quality. Based on figures for Thursday.

15 Daily figures from Moody's Investors Service Based on yields to maturity on selected long-term bonds.

16. Compilation of the Federal Reserve 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

17 Standard and Poor's corporate series. Preferred stock ratio based on a sample of ten issues four public utilities, four industrials, one financial, and one transportation. Common stock ratios on the 500 stocks in the price index

1.36 STOCK MARKET Selected Statistics

Indicator	1978	1979	1980	1980 Sept	1980 Oct	1980 Nov	1980 Dec.	1981 Jan	1981 Feb	1981 Mar
	Prices and trading (averages of daily figures)									
Common stock prices										
1 New York Stock Exchange (Dec 31, 1965 = 50)	53.76	55.67	68.06	73.12	75.17	78.15	76.69	76.24	73.52	76.46
2 Industrial	58.30	61.82	78.64	84.92	88.00	92.32	90.37	89.23	85.74	89.39
3 Transportation	43.25	45.20	60.52	65.89	70.76	77.22	75.74	74.43	72.76	77.09
4 Utility	39.23	36.46	37.35	38.77	38.44	38.35	37.84	38.53	37.59	37.78
5 Finance	56.74	58.65	64.28	69.33	68.29	67.21	67.46	70.04	68.48	72.82
6 Standard & Poor's Corporation (1941–43 = 10)[1]	96.11	98.34	118.71	126.49	130.22	135.65	133.48	132.97	128.40	133.19
7 American Stock Exchange (Aug. 31, 1973 = 100)	144.56	186.56	300.94	337.01	350.08	349.97	347.56	344.21	338.28	347.07
Volume of trading (thousands of shares)										
8 New York Stock Exchange	28,591	32,233	44,867	50,397	44,860	54,895	46,620	45,500	42,963	53,387
9 American Stock Exchange	3,622	4,182	6,377	7,880	7,087	7,852	6,410	6,024	4,816	5,682
	Customer financing (end-of-period balances, in millions of dollars)									
10 **Regulated margin credit at brokers/dealers[2]**	**11,035**	**11,619**	**14,721**	**12,731**	**13,293**	**14,363**	**14,721**	**14,242**	**14,171**	n.a.
11 Margin stock[3]	10,830	11,450	14,500	12,520	13,080	14,140	14,500	14,020	13,950	n.a.
12 Convertible bonds	205	167	219	208	211	220	219	221	220	n.a.
13 Subscription issues	1	2	2	3	2	3	2	1	1	n.a.
Free credit balances at brokers[4]										
14 Margin-account	835	1,105	2,105	1,850	1,950	2,120	2,105	2,065	2,225	n.a.
15 Cash-account	2,510	4,060	6,070	5,680	5,500	5,590	6,070	5,655	5,700	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	33.0	16.0	14.0	13.0	13.0	13.0	14.0	20.0	20.0	n.a.
18 40–49	28.0	29.0	30.0	28.0	29.0	18.0	30.0	30.0	31.0	n.a.
19 50–59	18.0	27.0	25.0	26.0	25.0	31.0	25.0	22.0	21.0	n.a.
20 60–69	10.0	14.0	14.0	15.0	15.0	18.0	14.0	13.0	13.0	n.a.
21 70–79	6.0	8.0	9.0	10.0	10.0	11.0	9.0	8.0	8.0	n.a.
22 80 or more	5.0	7.0	8.0	8.0	8.0	9.0	8.0	7.0	7.0	n.a.
	Special miscellaneous-account balances at brokers (end of period)									
23 **Total balances (millions of dollars)[6]**	**13,092**	**16,150**	**21,690**	**19,283**	**19,929**	**21,600**	**21,690**	**21,686**	**21,861**	n.a.
Distribution by equity status (percent)										
24 Net credit status	41.3	44.2	47.8	49.0	46.8	46.5	47.8	47.0	48.6	n.a.
Debt status, equity of										
25 60 percent or more	45.1	47.0	44.4	43.4	46.2	46.8	44.4	43.9	43.1	n.a.
26 Less than 60 percent	13.6	8.8	7.7	7.6	7.0	6.7	7.7	9.1	8.3	n.a.

	Margin requirements (percent of market value and effective date)[7]					
	Mar 11, 1968	June 8, 1968	May 6, 1970	Dec 6, 1971	Nov. 24, 1972	Jan 3, 1974
27 Margin stocks	70	80	65	55	65	50
28 Convertible bonds	50	60	50	50	50	50
29 Short sales	70	80	65	55	65	50

1. Effective July 1976, includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.
2. Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended is end-of-month data for member firms of the New York Stock Exchange.
In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.
3. A distribution of this total by equity class is shown on lines 17–22.
4. Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.
5. Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.
6. Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.
7. Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the difference between the market value (100 percent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

1.37 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1978	1979	1980 May	1980 June	1980 July	1980 Aug	1980 Sept	1980 Oct.	1980 Nov.	1980 Dec	1981 Jan	1981 Feb p
	Savings and loan associations											
1 **Assets**	**523,542**	**578,962**	**592,931**	**594,397**	**596,620**	**603,295**	**609,320**	**617,773**	**623,939**	**629,829**	**631,228**	**634,346**
2 Mortgages	432,808	475,688	479,956	481,042	482,839	487,036	491,895	496,495	499,973	502,812	504,068	505,245
3 Cash and investment securities[1]	44,884	46,341	52,466	52,408	52,165	53,336	53,435	56,146	57,302	57,572	57,460	58,447
4 Other	45,850	56,933	60,509	60,947	61,616	62,923	63,990	65,132	66,664	69,445	69,700	70,654
5 **Liabilities and net worth**	**523,542**	**578,962**	**592,931**	**594,397**	**596,620**	**603,295**	**609,320**	**617,773**	**623,939**	**629,829**	**631,228**	**634,346**
6 Savings capital	430,953	470,004	481,411	486,680	488,896	497,403	496,991	500,861	503,365	510,959	512,946	515,166
7 Borrowed money	42,907	55,232	55,199	54,796	41,239	55,396	58,418	60,727	62,067	64,491	62,938	62,306
8 FHLBB	31,990	40,441	41,529	40,613	39,882	41,005	42,547	44,325	45,505	47,045	46,629	46,388
9 Other	10,917	14,791	13,670	14,183	13,579	14,391	15,871	16,402	16,562	17,446	16,309	15,918
10 Loans in process	10,721	9,582	7,185	7,031	7,112	7,540	8,243	8,654	8,853	8,783	8,120	7,821
11 Other	9,904	11,506	16,141	12,966	14,364	16,190	12,776	14,502	16,433	12,227	14,104	16,070
12 Net worth[2]	29,057	32,638	32,995	32,924	32,787	32,766	32,892	33,029	33,221	33,319	33,120	32,983
13 MEMO: Mortgage loan commitments outstanding[3]	18,911	16,007	13,931	15,368	18,020	20,278	20,311	19,077	17,979	16,102	15,972	16,176
	Mutual savings banks[4]											
14 **Assets**	**158,174**	**163,405**	**166,340**	**166,982**	**167,959**	**168,752**	**169,409**	**170,432**	**171,126**	**171,594**	**172,001**	
Loans												
15 Mortgage	95,157	98,908	99,163	99,176	99,301	99,289	99,306	99,523	99,677	99,891	99,900	
16 Other	7,195	9,253	10,543	11,148	11,390	11,122	11,415	11,382	11,477	11,770	12,222	
Securities												
17 U.S. government[5]	4,959	7,658	7,527	7,483	7,796	8,079	8,434	8,622	8,715	8,891	8,957	
18 State and local government	3,333	2,930	2,727	2,706	2,702	2,709	2,728	2,754	2,736	2,379	2,367	
19 Corporate and other[6]	39,732	37,086	38,246	38,276	38,863	39,327	39,609	39,720	39,888	39,349	39,328	
20 Cash	3,665	3,156	3,588	3,561	3,260	3,456	3,153	3,592	3,717	4,330	4,135	n.a.
21 Other assets	4,131	4,412	4,547	4,631	4,648	4,770	4,764	4,839	4,916	4,983	5,091	
22 **Liabilities**	**158,174**	**163,405**	**166,340**	**166,982**	**167,959**	**168,752**	**169,409**	**170,432**	**171,126**	**171,594**	**172,001**	
23 Deposits	142,701	146,006	146,637	148,606	149,580	150,187	151,765	151,998	152,133	153,555	153,225	
24 Regular[7]	141,170	144,070	144,646	146,416	147,408	148,018	149,395	149,797	150,109	151,450	151,111	
25 Ordinary savings	71,816	61,123	54,669	56,388	57,737	58,191	58,658	57,651	56,256	53,955	52,707	
26 Time and other	69,354	82,947	89,977	90,028	89,671	89,827	90,736	92,146	93,853	97,494	98,404	
27 Other	1,531	1,936	1,990	2,190	2,172	2,169	2,370	2,200	2,042	2,105	2,114	
28 Other liabilities	4,565	5,873	8,161	6,898	6,964	7,211	6,299	7,117	7,644	6,665	7,455	
29 General reserve accounts	10,907	11,525	11,542	11,478	11,416	11,353	11,344	11,317	11,349	11,374	11,321	
30 MEMO: Mortgage loan commitments outstanding[8]	4,400	3,182	1,883	1,898	1,939	1,849	1,883	1,817	1,682	1,476	1,316	
	Life insurance companies											
31 **Assets**	**389,924**	**432,282**	**447,020**	**450,858**	**455,759**	**459,362**	**464,483**	**468,057**	**473,529**	**476,190**	**463,150**	
Securities												
32 Government	20,009	0,338	20,529	20,395	20,736	20,833	20,853	20,942	21,204	21,453	21,891	
33 United States[9]	4,822	4,888	5,107	4,990	5,325	5,386	5,361	5,390	5,568	5,753	6,016	
34 State and local	6,402	6,428	6,352	6,349	6,361	6,421	6,474	6,484	6,568	6,682	6,831	
35 Foreign[10]	8,785	9,022	9,070	9,056	9,050	9,026	9,018	9,068	9,068	9,018	9,044	
36 Business	198,105	222,332	223,556	224,874	228,645	230,477	233,652	236,115	239,150	238,048	240,630	n.a.
37 Bonds	162,587	178,371	183,356	184,329	186,385	187,839	189,586	191,229	191,753	191,090	194,889	
38 Stocks	35,518	39,757	40,200	40,545	42,260	42,638	44,066	44,886	47,397	46,958	45,741	
39 Mortgages	106,167	118,421	124,563	125,455	126,461	127,357	128,089	128,977	129,878	131,145	131,710	
40 Real estate	11,764	13,007	13,981	14,085	14,164	14,184	14,460	14,702	15,183	15,247	15,235	
41 Policy loans	30,146	34,825	38,890	39,354	39,649	39,925	40,258	40,548	40,878	41,411	42,032	
42 Other assets	23,733	27,563	25,501	26,695	26,104	26,586	27,171	26,765	27,236	28,836	26,983	
	Credit unions											
43 **Total assets/liabilities and capital**	**62,348**	**65,854**	**66,103**	**68,102**	**68,429**	**69,553**	**70,515**	**70,702**	**71,335**	**71,709**	**70,754**	**71,446**
44 Federal	34,760	35,934	36,341	37,555	37,573	38,168	39,219	39,155	39,428	39,801	39,142	39,636
45 State	27,588	29,920	29,762	30,547	30,856	31,385	31,296	31,547	31,907	31,908	31,612	31,810
46 Loans outstanding	50,269	53,125	49,469	48,172	47,829	47,884	47,211	47,221	47,299	47,774	47,309	47,451
47 Federal	27,687	28,698	26,550	25,773	25,435	25,401	25,381	25,288	25,273	25,627	25,272	25,376
48 State	22,582	24,426	22,919	22,399	22,394	22,483	21,830	21,933	22,026	22,147	22,037	22,075
49 Savings	53,517	56,232	57,197	59,310	60,574	61,403	63,728	63,957	64,304	64,399	63,874	64,357
50 Federal (shares)	29,802	35,530	31,403	32,764	33,472	33,964	35,961	36,030	36,183	36,348	35,915	36,236
51 State (shares and deposits)	23,715	25,702	25,794	26,546	27,102	27,439	27,767	27,927	28,121	28,051	27,959	28,121

For notes see bottom of page A28

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year					
				1979	1980		1980	1981	
				H2	H1	H2	Dec	Jan	Feb
U.S. budget									
1 Receipts[1]	401,997	465,940	520,050	233,952	270,864	262,152	48,903	52,214	38,394
2 Outlays[1,2]	450,804	493,635	579,613	263,004	289,905	310,972	56,202	59,099	53,969
3 Surplus, or deficit(−)	−48,807	−27,694	−59,563	−29,052	−19,041	−48,821	−7,299	−6,884	−15,575
4 Trust funds	12,693	18,335	8,791	9,679	4,383	−2,551	5,661	−3,434	1,243
5 Federal funds[3]	−61,532	−46,069	−67,752	−38,773	−23,418	−46,306	−12,960	−3,451	−16,819
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−10,661	−13,261	−14,549	−5,909	−7,735	−7,552	−1,033	−960	−1,340
7 Other[4]	302	793	303	765	−522	376	463	−494	−148
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−59,166	−40,162	−73,808	−34,197	−27,298	−55,998	−7,869	−8,339	−17,063
Source or financing									
9 Borrowing from the public	59,106	33,641	70,515	31,320	24,435	54,764	13,667	6,772	13,916
10 Cash and monetary assets (decrease, or increase (−))[5]	−3,023	−408	−355	3,059	−3,482	−6,730	−10,485	2,252	3,909
11 Other[6]	3,083	6,929	3,648	−182	6,345	7,964	4,686	−685	762
MEMO:									
12 Treasury operating balance (level, end of period)	22,444	24,176	20,990	15,924	14,092	12,305	12,305	13,917	10,106
13 Federal Reserve Banks	16,647	6,489	4,102	4,075	3,199	3,062	3,062	3,038	2,284
14 Tax and loan accounts	5,797	17,687	16,888	11,849	10,893	9,243	9,243	10,879	7,822

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976
2. Effective Oct. 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
3. Half-year figures are calculated as a residual (total surplus/deficit less trust fund surplus/deficit).
4. Includes Postal Service Fund; Rural Electrification and Telephone Revolving Fund; and Rural Telephone Bank.
5. Includes U.S. Treasury operating cash accounts; special drawing rights, gold tranche drawing rights, loans to International Monetary Fund; and other cash and monetary assets.
6 Includes accrued interest payable to the public, allocations of special drawing rights, deposit funds; miscellaneous liability (including checks outstanding) and asset accounts, seignorage, increment on gold; net gain/loss for U S currency valuation adjustment, net gain/loss for IMF valuation adjustment, and profit on the sale of gold

SOURCE "Monthly Treasury Statement of Receipts and Outlays of the U S Government," *Treasury Bulletin,* and the *Budget of the United States Government, Fiscal Year 1981*

NOTES TO TABLE 1.37

1. Holdings of stock of the Federal Home Loan Banks are included in "other assets "
2. Includes net undistributed income, which is accrued by most, but not all, associations
3. Excludes figures for loans in process, which are shown as a liability.
4. The NAMSB reports that, effective April 1979, balance sheet data are not strictly comparable with previous months. Beginning April 1979, data are reported on a net-of-valuation-reserves basis Prior to that date, data were reported on a gross-of-valuation-reserves basis
5 Beginning April 1979, includes obligations of U S government agencies. Before that date, this item was included in "Corporate and other."
6. Includes securities of foreign governments and international organizations and, prior to April 1979, nonguaranteed issues of U S government agencies.
7. Excludes checking, club, and school accounts
8 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the state of New York.
9 Direct and guaranteed obligations. Excludes federal agency issues not guaranteed, which are shown in the table under "Business" securities
10 Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development

NOTE. *Savings and loan associations*: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States

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

Credit unions Estimates by the National Credit Union Administration for a group of federal and state-chartered credit unions that account for about 30 percent of credit union assets Figures are preliminary and revised annually to incorporate recent benchmark data

1.39 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1978	Fiscal year 1979	Fiscal year 1980	Calendar year 1979 H2	1980 H1	1980 H2	1980 Dec	1981 Jan	1981 Feb
RECEIPTS									
1 **All sources**[1]	**401,997**	**465,955**	**520,050**	**233,952**	**270,864**	**262,152**	**48,903**	**52,214**	**38,394**
2 Individual income taxes, net	180,988	217,841	244,069	115,488	119,988	131,962	23,725	30,964	15,348
3 Withheld	165,215	195,295	223,763	105,764	110,394	120,924	22,844	20,896	19,076
4 Presidential Election Campaign Fund	39	36	39	3	34	4	0	1	4
5 Nonwithheld	47,804	56,215	63,746	12,355	49,707	14,592	1,150	10,121	1,134
6 Refunds[1]	32,070	33,705	43,479	2,634	40,147	3,559	269	54	4,867
Corporation income taxes									
7 Gross receipts	65,380	71,448	72,380	29,169	43,434	28,579	10,155	2,826	1,816
8 Refunds	5,428	5,771	7,780	3,306	4,064	4,518	768	667	1,252
9 Social insurance taxes and contributions, net	123,410	141,591	160,747	71,031	86,597	77,262	11,078	14,363	17,211
10 Payroll employment taxes and contributions[2]	99,626	115,041	133,042	60,562	69,077	66,831	10,268	12,533	14,562
11 Self-employment taxes and contributions[3]	4,267	5,034	5,723	417	5,535	188	0	426	495
12 Unemployment insurance	13,850	15,387	15,336	6,899	8,690	6,742	224	773	1,563
13 Other net receipts[4]	5,668	6,130	6,646	3,149	3,294	3,502	586	631	591
14 Excise taxes	18,376	18,745	24,329	9,675	11,383	15,332	2,391	2,523	3,273
15 Customs deposits	6,573	7,439	7,174	3,741	3,443	3,717	632	635	558
16 Estate and gift taxes	5,285	5,411	6,389	2,900	3,091	3,499	517	535	489
17 Miscellaneous receipts[5]	7,413	9,252	12,741	5,254	6,993	6,318	1,174	1,035	951
OUTLAYS									
18 **All types**[1,6]	**450,804**	**493,635**	**579,613**	**263,004**	**289,905**	**310,972**	**56,202**	**59,099**	**53,969**
19 National defense	105,186	117,681	135,856	62,002	69,132	72,457	12,605	12,682	12,841
20 International affairs	5,922	6,091	10,733	4,617	4,602	5,430	1,249	396	1,005
21 General science, space, and technology	4,742	5,041	5,722	3,299	3,150	3,205	618	440	531
22 Energy	5,861	6,856	6,313	3,281	3,126	3,997	845	915	826
23 Natural resources and environment	10,925	12,091	13,812	7,350	6,668	7,722	1,325	1,134	1,016
24 Agriculture	7,731	6,238	4,762	1,709	3,193	1,892	1,355	2,984	352
25 Commerce and housing credit	3,324	2,565	7,782	3,002	3,878	3,163	1,051	988	−204
26 Transportation	15,445	17,459	21,120	10,298	9,582	11,547	1,870	3,810	1,468
27 *Community and regional development*	11,039	9,482	10,068	4,855	5,302	5,370	872	867	620
28 Education, training, employment, social services	26,463	29,685	30,767	14,579	16,686	15,221	2,461	3,029	2,862
29 Health	43,676	49,614	58,165	26,492	29,299	31,263	5,716	5,510	5,414
30 Income security[1,6]	146,180	160,159	193,100	85,967	94,605	107,912	18,944	19,299	18,795
31 Veterans benefits and services	18,974	19,928	21,183	10,113	9,758	11,731	3,032	1,923	1,955
32 Administration of justice	3,802	4,153	4,570	2,174	2,291	2,299	382	383	389
33 General government	3,737	4,153	4,505	2,103	2,422	2,432	464	356	425
34 General-purpose fiscal assistance	9,601	8,372	8,584	4,286	3,940	4,191	26	1,293	113
35 Interest[7]	43,966	52,556	64,504	29,045	32,658	35,909	10,805	3,822	6,400
36 Undistributed offsetting receipts[7,8]	−15,772	−18,489	−21,933	−12,164	−10,387	14,769	−7,400	−732	−838

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.
2. Old-age, disability, and hospital insurance, and railroad retirement accounts.
3. Old-age, disability, and hospital insurance.
4. Supplementary medical insurance premiums, federal employee retirement contributions, and Civil Service retirement and disability fund.
5. Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.
6. Effective Oct 1, 1980, the Pension Benefit Guaranty Corporation was reclassified from an off-budget agency to an on-budget agency in the Department of Labor.
7. Effective September 1976, "Interest" and "Undistributed offsetting receipts" reflect the accounting conversion from an accrual basis to a cash basis for the interest on special issues for U.S. government accounts.
8. Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. government contributions for employee retirement.

SOURCE. "Monthly Treasury Statement of Receipts and Outlays of the U.S. Government" and the *Budget of the U.S. Government, Fiscal Year 1981*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1978	1979				1980			
	Dec 31	Mar 31	June 30	Sept 30	Dec 31	Mar 31	June 30	Sept 30	Dec. 31
1 **Federal debt outstanding**	**797.7**	**804.6**	**812.2**	**833.8**	**852.2**	**870.4**	**884.4**	**914.3**	**936.7**
2 Public debt securities	789 2	796 8	804 9	826 5	845.1	863 5	877 6	907.7	930.2
3 Held by public	619 2	630.5	626.4	638 8	658 0	677 1	682 7	710.0	737.7
4 Held by agencies	170 0	166.3	178.5	187 7	187 1	186.3	194 9	197.7	192.5
5 Agency securities	8 5	7 8	7.3	7 2	7 1	7 0	6 8	6 6	6.5
6 Held by public	7 0	6.3	5 9	5 8	5 6	5 5	5 3	5.1	5.0
7 Held by agencies	1 5	1 5	1.5	1.5	1 5	1.5	1 5	1.5	1.5
8 **Debt subject to statutory limit**	**790.3**	**797.9**	**806.0**	**827.6**	**846.2**	**864.5**	**878.7**	**908.7**	**931.2**
9 Public debt securities	788.6	796 2	804 3	825 9	844.5	862 8	877.0	907 1	929 6
10 Other debt[1]	1.7	1 7	1 7	1.7	1 7	1 7	1 7	1.6	1 6
11 MEMO Statutory debt limit	798 0	798.0	830 0	830.0	879 0	879 0	925.0	925 0	935 1

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

NOTE. Data from *Treasury Bulletin* (U S Treasury Department)

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

Billions of dollars, end of period

Type and holder	1976	1977	1978	1979	1980		1981		
					Nov	Dec.	Jan	Feb.	Mar
1 **Total gross public debt**	**653.5**	**718.9**	**789.2r**	**845.1r**	**913.8**	**930.2**	**934.1**	**950.5**	**964.5**
By type									
2 Interest-bearing debt	652 5	715 2	782 4	844 0	909.4	928 9	929.8	946 5	963.2
3 Marketable	421 3	459 9	487 5	530 7	605 4	623 2	628 5	642.9	661 1
4 Bills	164 0	161.1	161 7	172 6	208 7	216 1	220 4	229.0	235 3
5 Notes	216 7	251.8	265 8	283.4	311 1	321 6	321 2	324.5	336 5
6 Bonds	40 6	47.0	60.0	74 7	85 5	85 4	86 9	89.4	89.3
7 Nonmarketable[1]	231 2	255 3	294 8	313 2	304 0	305 7	301 3	303.5	302 1
8 Convertible bonds[2]	2 3	2 2	2 2	2 2	...		...	...	...
9 State and local government series	4.5	13 9	24 3	24 6	24.0	23 8	23.7	23.6	23.5
10 Foreign issues[3]	22 3	22.2	29 6	28.8	24 5	24.0	23 8	24.0	24 2
11 Government	20 8	21 0	28 0	23 6	18.1	17 6	17.4r	17 5	17.7
12 Public	1 5	1 2	1 6	5 3	6.4	6 4	6 4	6 4	6.4
13 Savings bonds and notes	72 3	77.0	80.9	79.9	72 8	72.5	71.4	70 7	70.3
14 Government account series[4]	129 7	139.8	157 5	177 5	182 4	185.1	182 2	185.0	183 8
15 Non-interest-bearing debt	1 1	3 7	6 8	1 2	4.4	1 3	4.2	4 0	1.3
By holder[5]									
16 U S government agencies and trust funds	147.1	154 8	170.0	187 1	189.7	192.5	189 5	n.a.	n a
17 Federal Reserve Banks	97 0	102 8	109.6r	117 5	120 4	121.3	116.7	n.a.	n a
18 Private investors	409 5	461 3	508.6	540 5	603 2	616.4	627 4	n.a.	n a
19 Commercial banks	103 8	101.4	93.1r	91.5r	101 8	104 7	108.1	n.a.	n a
20 Mutual savings banks	5 9	5 9	5 0	4 7r	5 6	5 8	5.8	n.a.	n a
21 Insurance companies	12 7	15 1r	14 9	14.8r	15.4	15.2	15.3	n.a.	n a
22 Other companies	27.7	22 7	21 2r	25 0r	24.8	24.6	22 8	n.a.	n a
23 State and local governments	41 6	55.2r	64 4r	67.4r	74.6	74 7	73.0	n.a.	n a
Individuals									
24 Savings bonds	72.0	76 7	80.7	79 9	72 5	72.2r	71.4	n.a.	n a
25 Other securities	28 8	28 6	30 3r	36 2r	52.1	56 7	62.8	n.a.	n a
26 Foreign and international[6]	78 1	109.6	137.8	123.8	132.6	134 3	133.9	n.a.	n a
27 Other miscellaneous investors[7]	38.9	46 1r	58.2r	97 4r	123 4	127 9	134.3	n.a.	n a

1. Includes (not shown separately). Securities issued to the Rural Electrification Administration, depository 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 (line 5).

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

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

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

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

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

Par value; millions of dollars, end of period

Type of holder	1978	1979	1980 Dec	1981 Jan	1978	1979	1980 Dec	1981 Jan
	All maturities				1 to 5 years			
1 **All holders**	**487,546**	**530,731**	**623,186**	**628,482**	**162,886**	**164,198**	**197,409**	**192,893**
2 U S government agencies and trust funds	12,695	11,047	9,564	9,527	3,310	2,555	1,990	1,990
3 Federal Reserve Banks	109,616	117,458	121,328	116,708	31,283	28,469	35,835	34,043
4 Private investors	365,235	402,226	492,294	502,248	128,293	133,173	159,585	156,860
5 Commercial banks	68,890	69,076	77,868	80,451	38,390	38,346	44,482	43,436
6 Mutual savings banks	3,499	3,204	3,917	3,950	1,918	1,668	1,925	1,904
7 Insurance companies	11,635	11,496	11,930	11,992	4,664	4,518	4,504	4,445
8 Nonfinancial corporations	8,272	8,433	7,758	6,954	3,635	2,844	2,213	2,203
9 Savings and loan associations	3,835	3,209	4,225	3,837	2,255	1,763	2,289	2,380
10 State and local governments	18,815	15,735	21,058	20,500	3,997	3,487	4,595	4,553
11 All others	250,288	291,072	365,539	374,563	73,433	80,546	99,577	97,941
	Total, within 1 year				5 to 10 years			
12 **All holders**	**228,516**	**255,252**	**297,385**	**303,043**	**50,400**	**50,440**	**56,037**	**58,727**
13 U S government agencies and trust funds	1,488	1,629	830	792	1,989	871	1,404	1,404
14 Federal Reserve Banks	52,801	63,219	56,858	54,308	14,809	12,977	13,458	13,354
15 Private investors	174,227	190,403	239,697	247,943	33,601	36,592	41,175	43,969
16 Commercial banks	20,608	20,171	25,197	28,049	7,490	8,086	5,793	6,367
17 Mutual savings banks	817	836	1,246	1,283	496	459	455	466
18 Insurance companies	1,838	2,016	1,940	1,977	2,899	2,815	3,037	3,090
19 Nonfinancial corporations	4,048	4,933	4,281	3,476	369	308	357	392
20 Savings and loan associations	1,414	1,301	1,646	1,236	89	69	216	159
21 State and local governments	8,194	5,607	7,750	7,248	1,588	1,540	2,030	2,047
22 All others	137,309	155,539	197,636	204,674	20,671	23,314	29,287	31,448
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**161,747**	**172,644**	**216,104**	**220,423**	**19,800**	**27,588**	**36,854**	**36,817**
24 U.S. government agencies and trust funds	2	0	1	*	3,876	4,520	3,686	3,686
25 Federal Reserve Banks	42,397	45,337	43,971	41,558	2,088	3,272	5,919	5,891
26 Private investors	119,348	127,306	172,132	178,864	13,836	19,796	27,250	27,241
27 Commercial banks	5,707	5,938	9,856	11,868	956	993	1,071	1,115
28 Mutual savings banks	150	262	394	410	143	127	181	181
29 Insurance companies	753	473	672	685	1,460	1,305	1,718	1,758
30 Nonfinancial corporations	12	2,793	2,363	1,717	86	218	431	440
31 Savings and loan associations	262	219	818	403	60	58	52	42
32 State and local governments	5,524	3,100	5,413	4,932	1,420	1,762	3,597	3,629
33 All others	105,161	114,522	152,616	158,848	9,711	15,332	20,200	20,075
	Other, within 1 year				Over 20 years			
34 **All holders**	**66,769**	**82,608**	**81,281**	**82,620**	**25,944**	**33,254**	**35,500**	**37,002**
35 U S government agencies and trust funds	1,487	1,629	829	791	1,031	1,472	1,656	1,656
36 Federal Reserve Banks	10,404	17,882	12,888	12,750	8,635	9,520	9,258	10,767
37 Private investors	54,879	63,097	67,565	69,079	15,278	22,262	24 587	26,235
38 Commercial banks	14,901	14,233	15,341	16,181	1,446	1,470	1 325	1,484
39 Mutual savings banks	667	574	852	873	126	113	110	116
40 Insurance companies	1,084	1,543	1,268	1,291	774	842	730	722
41 Nonfinancial corporations	2,256	2,140	1,918	1,759	135	130	476	443
42 Savings and loan associations	1,152	1,081	828	833	17	19	21	21
43 State and local governments	2,670	2,508	2,337	2,316	3,616	3,339	3,086	3,023
44 All others	32,149	41,017	45,020	45,826	9,164	16,340	18,838	20,425

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, 1981. (1) 5,350 commercial banks, 460 mutual savings banks, and 723 insurance companies, each about 80 percent, (2) 411 nonfinancial corporations and 478 savings and loan associations, each about 50 percent, and (3) 490 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

1.43 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1977	1978	1979	1980		1981	1980, week ending Wednesday					
				Nov	Dec	Jan	Nov 19	Nov 26	Dec 3	Dec 10	Dec 17	Dec 24
1 **U.S. government securities**	**10,838**	**10,285**	**13,183**	**21,716**	**21,576**		**22,277**	**20,769**	**19,061**	**19,794**	**21,449**	**23,656**
By maturity												
2 Bills	6,746	6,173	7,915	13,768	13,840		14,3434	13,520	13,014	12,124	13,559	13,781
3 Other within 1 year	237	392	454	442	464		636	432	372	397	577	347
4 1–5 years	2,320	1,889	2,417	3,699	3,461		3,494	3,942	3,186	2,257	3,492	5,409
5 5–10 years	1,148	965	1,121	1,640	1,806		1,594	943	850	2,840	1,706	1,800
6 Over 10 years	388	867	1,276	2,167	2,005	n.a.	2,211	1,933	1,639	2,175	2,115	2,320
By type of customer												
7 U.S. government securities dealers	1,268	1,135	1,448	1,745	1,807		1,687	2,096	1,525	1,172	1,712	2,098
8 U.S. government securities brokers	3,709	3,838	5,170	9,536	8,382		9,773	8,872	8,387	8,835	8,851	9,060
9 Commercial banks	2,294	1,804	1,904	2,366	2,661		2,547	2,007	2,166	2,496	2,613	3,129
10 All others[1]	3,567	3,508	4,660	8,069	8,726		8,271	7,795	6,984	7,290	8,273	9,369
11 **Federal agency securities**	**1,729**	**1,894**	**2,723**	**3,074**	**2,789**		**3,656**	**2,751**	**2,462**	**2,667**	**3,058**	**3,281**

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

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

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

Item	1977	1978	1979	1980		1981	1980, week ending Wednesday					
				Nov	Dec.	Jan	Oct 22	Oct 29	Nov 5	Nov 12	Nov 19	Nov 26
	Positions[1]											
1 **U.S. government securities**	**5,172**	**2,656**	**3,223**	**3,279**	**4,042**		**2,517**	**3,299**	**2,719**	**4,212**	**4,055**	**1,910**
2 Bills	4,772	2,452	3,813	3,132	4,081		2,569	2,566	2,852	3,210	3,874	2,310
3 Other within 1 year	99	260	−325	−792	−1,394		−995	−712	−563	−646	−844	−924
4 1–5 years	60	−92	−455	−1213	−43	n.a.	229	970	261	712	−195	−791
5 5–10 years	92	40	160	13	104		187	−342	−435	6	74	50
6 Over 10 years	149	4	30	1,075	1,294		902	818	603	932	1,146	1,267
7 **Federal agency securities**	**693**	**606**	**1,471**	**357**	**643**		**1,188**	**1,066**	**700**	**576**	**78**	**314**
	Financing[2]											
Reverse repurchase agreements[3]												
8 Overnight and continuing				8,916	12,074	11,762	7,009	7,106	8,221	9,292	9,768	8,381
9 Term agreements				28,266	34,249	25,750	23,610	24,203	25,054	26,979	29,050	31,980
Repurchase agreements[4]	n.a.	n.a.	n.a.									
10 Overnight and continuing				23,191	25,303	31,613	22,376	22,080	23,967	22,702	26,210	19,884
11 Term agreements				25,397	29,426	22,289	20,791	20,408	20,761	24,477	24,536	31,815

1 Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. *The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes* Securities owned, and hence dealer positions, do not include securities purchased under agreement to resell

2 Figures cover financing involving U S government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper

3 Includes all reverse agreements, including those that have been arranged to make delivery on sales and those for which the securities obtained have been used as collateral on borrowings

4 *Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements*

NOTE Data for positions are averages of daily figures, based on the number of trading days in the period. Data for financing are based only on Wednesday figures

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt outstanding

Millions of dollars, end of period

Agency	1976	1977	1978	1980 Aug	1980 Sept.	1980 Oct	1980 Nov.	1980 Dec	1981 Jan
1 **Federal and federally sponsored agencies[1]**	**103,848**	**112,472**	**137,063**	**179,545**	**182,713**	**188,076**	**188,743**	**193,229**	**195,056**
2 Federal agencies	22,419	22,760	23,488	26,930	27,618	27,797	27,941	28,606	28,769
3 Defense Department[2]	1,113	983	968	651	641	636	631	610	600
4 Export-Import Bank[3,4]	8,574	8,671	8,711	10,232	10,728	10,715	10,696	11,250	11,239
5 Federal Housing Administration[5]	575	581	588	508	495	490	486	477	476
6 Government National Mortgage Association participation certificates[6]	4,120	3,743	3,141	2,842	2,842	2,842	2,842	2 817	2,817
7 Postal Service[7]	2,998	2,431	2,364	1,770	1,770	1,770	1,770	1 770	1,770
8 Tennessee Valley Authority	4,935	6,015	7,460	10,445	10,660	10,835	11,010	11,190	11,375
9 United States Railway Association[7]	104	336	356	482	482	509	506	492	492
10 Federally sponsored agencies[1]	81,429	89,712	113,575	152,615	155,095	160,279	160,802	164,623	166,287
11 Federal Home Loan Banks	16,811	18,345	27,563	35,690	36,710	38,819	39,380	41,258	41,819
12 Federal Home Loan Mortgage Corporation	1,690	1,686	2,262	2,634	2,537	2,537	2,537	2,536	2,518
13 Federal National Mortgage Association	30,565	31,890	41,080	52,001	52,382	53,889	53,643	55,185	54,605
14 Federal Land Banks	17,127	19,118	20,360	12,765	12,765	12,365	12,365	12,365	11,507
15 Federal Intermediate Credit Banks	10,494	11,174	11,469	1,821	1,821	1,821	1,821	1,821	1,388
16 Banks for Cooperatives	4,330	4,434	4,843	584	584	584	584	584	584
17 Farm Credit Banks[1]	.	2,548	5,081	44,824	45,950	47,888	48,021	48,153	50,645
18 Student Loan Marketing Association[8]	410	515	915	2,295	2,345	2,375	2,450	2,720	3,220
19 Other	2	2	2	1	1	1	1	1	1
MEMO.									
20 **Federal Financing Bank debt[7,9]**	**28,711**	**38,580**	**51,298**	**80,024**	**82,559**	**83,903**	**85,440**	**87,460**	**88,420**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	5,208	5,834	6,898	9,558	10,067	10,067	10,067	10,654	10,654
22 Postal Service[7]	2,748	2,181	2,114	1,520	1,520	1,520	1,520	1,520	1,520
23 Student Loan Marketing Association[8]	410	515	915	2,295	2,345	2,375	2,450	2,720	3,220
24 Tennessee Valley Authority	3,110	4,190	5,635	8,720	8,935	9,110	9,285	9,465	9,650
25 United States Railway Association[7]	104	336	356	482	482	509	506	492	492
Other Lending[10]									
26 Farmers Home Administration	10,750	16,095	23,825	37,403	37,961	38,466	39,431	39,431	39,271
27 Rural Electrification Administration	1,415	2,647	4,604	8,233	8,425	8,646	8,760	9,196	9,471
28 Other	4,966	6,782	6,951	11,813	12,824	13,210	13,421	13,982	14,142

1. In September 1977 the Farm Credit Banks issued their first consolidated bonds, and in January 1979 they began issuing these bonds on a regular basis to replace the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives Line 17 represents those consolidated bonds outstanding, as well as any discount notes that have been issued Lines 1 and 10 reflect the addition of this item.
2. Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
3. Includes participation certificates reclassified as debt beginning Oct 1, 1976
4 Off-budget Aug 17, 1974, through Sept 30, 1976, on-budget thereafter
5. Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
6. Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development, Small Business Administration, and the Veterans Administration.
7 Off-budget
8 Unlike other federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare
9. The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other federal agencies Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting
10 Includes FFB purchases of agency assets and guaranteed loans, the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980	1980 Aug r	Sept r	Oct r	Nov r	Dec	1981 Jan.
1 **All issues, new and refunding**[1]	**48,607**	**43,490**	**48,462**	**3,957**	**4,532**	**4,496**	**2,928**	**3,859**	**2,587**
Type of issue									
2 General obligation	17,854	12,109	14,100	849	1,363	1,056	734	558	710
3 Revenue	30,658	31,256	34,267	3,097	3,160	3,419	2,183	3,297	1,865
4 Housing Assistance Administration[2]									. .
5 U.S. government loans	95	125	95	11	9	21	11	4	12
Type of issuer									
6 State	6,632	4,314	5,304	303	643	195	323	127	478
7 Special district and statutory authority	24,156	23,434	26,972	2,282	2,792	2,863	1,638	2,332	1,383
8 Municipalities, counties, townships, school districts	17,718	15,617	16,090	1,361	1,088	1,416	955	1,395	714
9 **Issues for new capital, total**	**37,629**	**41,505**	**46,736**	**3,929**	**3,894**	**4,472**	**2,715**	**3,760**	**2,573**
Use of proceeds									
10 Education	5,003	5,130	4,572	274	433	470	211	198	323
11 Transportation	3,460	2,441	2,621	99	425	282	256	53	146
12 Utilities and conservation	9,026	8,594	8,149	1,186	737	903	369	408	625
13 Social welfare	10,494	15,968	19,958	1,485	1,385	1,403	1,076	2,465	770
14 Industrial aid	3,526	3,836	3,974	393	375	595	412	295	316
15 Other purposes	6,120	5,536	7,462	492	539	819	391	341	393

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.

1.47 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980	1980 July	Aug	Sept	Oct	Nov	Dec	1981 Jan.
1 **All issues**[1]	**47,230**	**51,533r**	**72,886**	**8,026r**	**5,437r**	**5,025r**	**5,728**	**3,827**	**5,376**	**5,573**
2 **Bonds**	**36,872**	**40,208r**	**52,523**	**6,652r**	**4,213r**	**2,916r**	**3,275**	**2,055**	**2,528**	**3,373**
Type of offering										
3 Public	19,815	25,814	41,545	5,354	3,843	2,421	2,756	1,405	1,719	2,928
4 Private placement	17,057	14,394r	10,978	1,298r	370r	495r	519	650	809	445
Industry group										
5 Manufacturing	9,572	9,678r	15,217	2,867r	1,545r	553r	614	88	470	1,635
6 Commercial and miscellaneous	5,246	3,948r	6,463	999	206r	390r	312	432	302	231
7 Transportation	2,007	3,119r	3,217	334r	346r	409r	236	86	110	353
8 Public utility	7,092	8,153r	9,504	351r	971	569r	754	565	277	800
9 Communication	3,373	4,219	6,658	787	580	517	791	163	584	48
10 Real estate and financial	9,586	11,094r	11,464	1,314r	565r	477	568	722	784	306
11 **Stocks**	**10,358**	**11,325**	**20,363**	**1,374**	**1,224**	**2,109**	**2,453**	**1,772**	**2,848**	**2,200**
Type										
12 Preferred	2,832	3,574	3,624	360	101	392	535	256	241	369
13 Common	7,526	7,751	16,739	1,014r	1,123	1,717	1,918	1,516	2,607	1,831
Industry group										
14 Manufacturing	1,241	1,679	4,831	165r	293	502	848	418	839	614
15 Commercial and miscellaneous	1,816	2,623	5,166	390	238	569	321	509	904	603
16 Transportation	263	255	472		32	54	117	53	18	124
17 Public utility	5,140	5,171	6,230	714	463	633	526	227	669	562
18 Communication	264	303	567		46	6	67	113	65	14
19 Real estate and financial	1,631	12,931	3,095	104	152	345	574	452	348	284

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.

1.48 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1979	1980	1980						1981	
			July	Aug	Sept	Oct	Nov	Dec	Jan	Feb.
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	7,495	15,266	1,890	1,507	1,405	1,523	1,289	1,242	1,676r	1,347
2 Redemptions of own shares[3]	8,393	12,012	863	1,019	1,228	1,362	1,086	1,720	1,193	960
3 Net sales	−898	3,254	1,027	488	177	161	203	−478	483r	387
4 Assets[4]	49,277	58,400	54,406	54,941	55,779	56,156	60,329	58,400	56,160	56,370
5 Cash position[5]	4,983	5,321	5,629	5,619	5,481	5,460	5,467	5,321	4,636	4,882
6 Other	44,294	53,079	48,777	49,322	50,298	50,696	54,862	53,079	51,524	51,488

1 Excluding money market funds

2. Includes reinvestment of investment income dividends Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group

3 Excludes share redemption resulting from conversions from one fund to another in the same group.

4 Market value at end of period, less current liabilities

5 Also includes all U S government securities and other short-term debt securities

NOTE Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission Data reflect newly formed companies after their initial offering of securities

1.49 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1978	1979	1980	1979			1980			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 **Profits before tax**	**223.3**	**255.4**	**245.5**	**250.9**	**262.0**	**255.4**	**277.1**	**217.9**	**237.6**	**249.2**
2 Profits tax liability	83.0	87.6	82.3	86.4	88.4	87.2	94.2	71.5	78.5	85.1
3 Profits after tax	140.3	167.7	163.1	164.5	173.6	168.2	182.9	146.4	159.1	164.1
4 Dividends	44.6r	50.2r	56.0	49.8r	50.2r	51.6r	53.9r	55.7r	56.7r	57.7
5 Undistributed profits	95.7r	117.6r	107.1	114.7r	123.4r	116.6r	129.0r	90.7r	102.4r	106.4
6 Capital consumption allowances	122.9	139.5	158.3	137.2	142.6	146.4	151.7	155.4	160.5	165.4
7 Net cash flow	218.6r	257.1r	265.4	251.9r	266.0r	263.0r	280.7r	246.1r	267.9r	271.8

SOURCE *Survey of Current Business* (U S Department of Commerce).

1.50 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1975	1976	1977	1978	1979			1980		
					Q2	Q3	Q4	Q1	Q2	Q3
1 **Current assets**	**759.0**	**826.8**	**902.1**	**1,030.0**	**1,108.2**	**1,169.5**	**1,200.9**	**1,235.2**	**1,233.8**	**1,255.8**
2 Cash	82.1	88.2	95.8	104.5	100.1	103.7	116.1	110.2	111.5	113.2
3 U.S. government securities	19.0	23.4	17.6	16.3	18.6	15.8	15.6	15.1	13.8	16.3
4 Notes and accounts receivable	272.1	292.8	324.7	383.8	421.1	453.0	456.8	471.2	464.2	479.2
5 Inventories	315.9	342.4	374.8	426.9	465.2	489.4	501.7	519.5	525.7	525.1
6 Other	69.9	80.1	89.2	98.5	103.2	107.7	110.8	119.3	118.7	122.0
7 **Current liabilities**	**451.6**	**494.7**	**549.4**	**665.5**	**724.7**	**777.8**	**809.1**	**838.3**	**828.1**	**852.1**
8 Notes and accounts payable	264.2	281.9	313.2	373.7	406.4	438.8	456.3	467.9	463.1	477.3
9 Other	187.4	212.8	236.2	291.7	318.3	339.0	352.8	370.4	364.9	374.8
10 **Net working capital**	**307.4**	**332.2**	**352.7**	**364.6**	**383.5**	**391.7**	**391.8**	**397.0**	**405.7**	**403.7**
11 MEMO: Current ratio [1]	1.681	1.672	1.642	1.548	1.529	1.504	1.484	1.474	1.490	1.474

1. Ratio of total current assets to total current liabilities.

NOTE. For a description of this series, see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

All data in this table reflect the most current benchmarks. Complete data are available upon request from the Flow of Funds Section, Division of Research and Statistics.

SOURCE. Federal Trade Commission.

1.51 TOTAL NONFARM BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1979	1980	1981[2]	1979	1980				1981	
				Q4	Q1	Q2	Q3	Q4	Q1[2]	Q2[2]
1 **Total nonfarm business**	**270.46**	**295.63**	**325.72**	**284.30**	**291.89**	**294.36**	**296.23**	**299.58**	**310.10**	**317.29**
Manufacturing										
2 Durable goods industries	51.07	58.91	66.47	55.03	58.28	59.38	58.19	59.77	61.67	63.84
3 Nondurable goods industries	47.61	56.90	63.38	51.55	53.49	56.32	58.21	58.86	59.51	62.84
Nonmanufacturing										
4 Mining	11.38	13.51	15.87	11.86	11.89	12.81	13.86	15.28	15.36	15.57
Transportation										
5 Railroad	4.03	4.25	4.40	4.24	4.46	4.06	3.98	4.54	3.87	4.46
6 Air	4.01	4.01	4.11	4.55	3.90	4.27	4.06	3.77	4.07	3.32
7 Other	4.31	3.82	4.36	4.41	4.11	3.76	4.18	3.39	4.06	4.05
Public utilities										
8 Electric	27.65	28.12	30.24	27.16	28.98	27.91	28.14	27.54	28.90	29.26
9 Gas and other	6.31	7.32	8.03	6.92	7.28	7.12	7.44	7.41	7.99	8.39
10 Trade and services	79.26	81.79	86.93	82.69	82.17	81.07	81.19	82.91	84.33	84.17
11 Communication and other[1]	34.83	36.99	41.93	35.90	37.34	37.66	36.97	36.11	40.34	41.39

1. "Other" consists of construction; social services and membership organizations; and forestry, fisheries, and agricultural services.

2. Anticipated by business.

SOURCE. *Survey of Current Business* (U.S. Dept. of Commerce).

1.52 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1974	1975	1976	1977	1978	1979	1980			
							Q1	Q2	Q3	Q4
ASSETS										
Accounts receivable, gross										
1 Consumer	36.1	36.0	38.6	44.0	52.6	65.7	67.7	70.2	71.7	73.6
2 Business	37.2	39.3	44.7	55.2	63.3	70.3	70.6	70.3	66.9	72.3
3 Total	73.3	75.3	83.4	99.2	116.0	136.0	138.4	140.4	138.6	145.9
4 LESS: Reserves for unearned income and losses	9.0	9.4	10.5	12.7	15.6	20.0	20.4	21.4	22.3	23.3
5 Accounts receivable, net	64.2	65.9	72.9	86.5	100.4	116.0	118.0	119.0	116.3	122.6
6 Cash and bank deposits	3.0	2.9	2.6	2.6	3.5					
7 Securities	.4	1.0	1.1	.9	1.3	24.9[1]	23.7	26.1	28.3	27.5
8 All other	12.0	11.8	12.6	14.3	17.3					
9 **Total assets**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**141.7**	**145.1**	**144.7**	**150.1**
LIABILITIES										
10 Bank loans	9.7	8.0	6.3	5.9	6.5	8.5	9.7	10.1	10.1	13.2
11 Commercial paper	20.7	22.2	23.7	29.6	34.5	43.3	40.8	40.7	40.5	43.4
Debt										
12 Short-term, n.e.c.	4.9	4.5	5.4	6.2	8.1	8.2	7.4	7.9	7.7	7.5
13 Long-term n.e.c.	26.5	27.6	32.3	36.0	43.6	46.7	48.9	50.5	52.0	52.4
14 Other	5.5	6.8	8.1	11.5	12.6	14.2	15.7	16.0	14.6	14.3
15 Capital, surplus, and undivided profits	12.4	12.5	13.4	15.1	17.2	19.9	19.2	19.9	19.8	19.4
16 **Total liabilities and capital**	**79.6**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**141.7**	**145.1**	**144.7**	**150.1**

1 Beginning Q1 1979, asset items on lines 6, 7, and 8 are combined.

NOTE. Components may not add to totals due to rounding.

1.53 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Jan. 31, 1981[1]	Changes in accounts receivable			Extensions			Repayments		
		1980		1981	1980		1981	1980		1981
		Nov	Dec	Jan	Nov	Dec	Jan	Nov	Dec	Jan
1 **Total**	**72,289**	**410**	**1,982**	**702**	**15,681**	**18,308**	**16,811**	**15,271**	**16,326**	**16,109**
2 Retail automotive (commercial vehicles)	12,248	169	151	126	908	923	921	1,077	1,074	1,047
3 Wholesale automotive	11,782	299	434	310	5,455	5,564	5,554	5,156	5,130	5,864
4 Retail paper on business, industrial and farm equipment	23,615	149	876	458	1,612	1,562	1,564	1,463	686	1,106
5 Loans on commercial accounts receivable and factored commercial accounts receivable	7,626	261	1,195	519	5,455	7,827	6,362	5,716	6,632	5,843
6 All other business credit	17,018	392	372	161	2,251	2,432	2,410	1,859	2,804	2,249

1 Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item	1978	1979	1980	1980 Sept	1980 Oct.	1980 Nov	1980 Dec.	1981 Jan	1981 Feb	1981 Mar
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	62.6	74.4	83.5	83.7	84.0	77.1	90.1r	87.0r	90.3	90.6
2 Amount of loan (thousands of dollars)	45.9	53.3	59.3	58.7	61.3	56.1	63.0	63.0r	65.6	64.4
3 Loan/price ratio (percent)	75.3	73.9	73.3	72.2	75.0	75.2	72.9	75.6	75.6	74.0
4 Maturity (years)	28.0	28.5	28.2	27.6	28.2	27.6	28.2	29.1r	29.0	28.7
5 Fees and charges (percent of loan amount)[2]	1.39	1.66	2.10	2.10	2.16	2.15	2.40	2.40r	2.59	2.64
6 Contract rate (percent per annum)	9.30	10.48	12.25	11.95	12.20	12.62	12.80	12.80r	13.02	13.48
Yield (percent per annum)										
7 FHLBB series[3]	9.54	10.77	12.65	12.35	12.60	13.04	13.28r	13.26r	13.54	14.02
8 HUD series[4]	9.68	11.15	13.95	13.70	14.10	14.70	15.05	14.95	15.10	n.a.
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	9.70	10.87	13.42	14.26	14.38	14.47	14.08	14.23	14.79	n.a.
10 GNMA securities[6]	8.98	10.22	12.55	12.84	12.91	13.55	13.62	13.50	14.13	14.22
FNMA auctions[7]										
11 Government-underwritten loans	9.77	11.17	14.11	14.77	14.94	15.53	15.21	14.87r	15.24	15.67
12 Conventional loans	10.01	11.77	14.43	14.45	14.70	15.30	15.54	14.95	15.05	15.33
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	43,311	51,091	57,327c	55,632	56,188	56,619	57,327	57,390	57,434	
14 FHA-insured	21,243c	24,489c	38,969[8]c	37,558c	38,040c	38,381c	38,969c	38,955c	38,972c	
15 VA-guaranteed	10,544	10,496								
16 Conventional	11,524	16,106	18,358	18,074	18,148	18,238c	18,358	18,435	18,462	
Mortgage transactions (during period)										
17 Purchases	12,303	10,805	8,100	500	771	579	855	185	161	
18 Sales	9	0	0	0	0	0	0	0	0	
Mortgage commitments[9]										
19 Contracted (during period)	18,959	10,179	8,044	1,070	514	472	403	241	244	
20 Outstanding (end of period)	9,185	6,409	3,278	4,789	4,399	3,963	3,278	3,063	2,683	
Auction of 4-month commitments to buy										
Government-underwritten loans										
21 Offered	12,978	8,860	8,605	907.0	427.8	252.0	242.1	210.7	154.2	
22 Accepted	6,747.2	3,921	4,002	538.0	257.7	135.6	110.8	93.0	87.7	n.a.
Conventional loans										
23 Offered	9,933.0	4,495	3,639	347.7	107.6	81.6	84.8	32.0	108.6	
24 Accepted	5,111	2,344	1,749	209.8	93.9	68.8	54.1	30.3	79.1	
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[10]										
25 Total	3,064	4,035	5,067	4,543	4,727	4,843	5,067	5,039	n.a.	
26 FHA/VA	1,243	1,102	1,033	1,050	1,044	1,038	1,033	1,029	n.a.	
27 Conventional	1,165	1,957	2,830	3,492	3,629	3,715	2,830	2,825	n.a.	
Mortgage transactions (during period)										
28 Purchases	6,525	5,717	3,722	521	398	231	285	152	n.a.	
29 Sales	6,211	4,544	2,526	275	187	94	48	168	n.a.	
Mortgage commitments[11]										
30 Contracted (during period)	7,451	5,542	3,859	218	222	180	126	203	n.a.	
31 Outstanding (end of period)	1,410	797	447	934	726	653	447	487	n.a.	

1. Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation
2. Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan
3. Average effective interest rates on loans closed, assuming prepayment at the end of 10 years
4. Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points, from Department of Housing and Urban Development
5. Average gross yields on 30-year, minimum-downpayment Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.
6. Average net yields to investors on Government National Mortgage Association guaranteed, mortgage-backed, fully modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month
7. Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month
8. Beginning March 1980, FHA-insured and VA-guaranteed mortgage holdings in lines 14 and 15 are combined
9. 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
10. Includes participation as well as whole loans
11. Includes conventional and government-underwritten loans

1.55 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1978	1979	1980	1979	1980			
				Q4	Q1	Q2	Q3	Q4
1 **All holders**	**1,168,486**	**1,324,856**	**1,449,633**	**1,333,550**	**1,355,402**	**1,378,414**	**1,412,515**	**1,449,633**
2 1- to 4-family	764,246	875,874	956,475	872,068	894,980	908,119	931,232	956,475
3 Multifamily	121,285	129,261	137,859	130,713	130,800	132,430	134,856	137,859
4 Commercial	211,749	237,205	258,799	238,412	242,709	246,861	252,783	258,799
5 Farm	71,206	82,516	96,500	92,357	86,913	91,004	93,644	96,500
6 Major financial institutions	848,177	938,676	998,025	939,487	951,402	958,892	977,454	998,025
7 Commercial banks[1]	214,045	245,187	264,602	245,998	250,702	253,103	258,003	264,602
8 1- to 4-family	129,167	149,460	160,746	145,975	152,553	153,753	156,737	160,746
9 Multifamily	10,266	11,180	12,304	12,546	11,557	11,764	11,997	12,304
10 Commercial	66,115	75,957	82,688	77,096	77,993	79,110	80,626	82,688
11 Farm	8,497	8,590	8,864	10,381	8,599	8,476	8,643	8,864
12 Mutual savings banks	95,157	98,908	99,827	98,908	99,151	99,150	99,306	99,827
13 1- to 4-family	62,252	64,706	65,307	64,706	64,865	64,864	64,966	65,307
14 Multifamily	16,529	17,180	17,340	17,180	17,223	17,223	17,249	17,340
15 Commercial	16,319	16,963	17,120	16,963	17,004	17,004	17,031	17,120
16 Farm	57	59	60	59	59	59	60	60
17 Savings and loan associations	432,808	475,797	502,718	475,797	479,078	481,184	492,068	502,718
18 1- to 4-family	356,114	394,436	417,759	394,436	398,114	398,864	408,908	417,759
19 Multifamily	36,053	37,588	39,011	37,588	37,224	37,340	38,185	39,011
20 Commercial	40,641	43,773	45,948	43,773	43,740	43,980	44,975	45,948
21 Life insurance companies	106,167	118,784	130,878	118,784	122,471	125,455	128,077	130,878
22 1- to 4-family	14,436	16,193	18,420	16,193	16,850	17,796	17,996	18,420
23 Multifamily	19,000	19,274	19,813	19,274	19,590	19,284	19,357	19,813
24 Commercial	62,232	71,137	79,843	71,137	73,618	75,693	77,995	79,843
25 Farm	10,499	12,180	12,802	12,180	12,413	12,682	12,729	12,802
26 Federal and related agencies	81,853	97,293	114,325	97,293	101,133	108,742	110,695	114,325
27 Government National Mortgage Association	3,509	3,852	4,453	3,852	3,919	4,466	4,389	4,453
28 1- to 4-family	877	763	709	763	749	736	719	709
29 Multifamily	2,632	3,089	3,744	3,089	3,170	3,730	3,670	3,744
30 Farmers Home Administration	926	1,274	3,725	1,274	2,845	3,375	3,525	3,725
31 1- to 4-family	288	417	1,033	417	1,139	1,383	978	1,033
32 Multifamily	320	71	818	71	408	636	774	818
33 Commercial	101	174	391	174	409	402	370	391
34 Farm	217	612	1,483	612	889	954	1,403	1,483
35 Federal Housing and Veterans Administration	5,419	5,764	5,824	5,764	5,833	5,894	5,769	5,824
36 1- to 4-family	1,641	1,863	1,879	1,863	1,908	1,953	1,826	1,879
37 Multifamily	3,778	3,901	3,945	3,901	3,925	3,941	3,943	3,945
38 Federal National Mortgage Association	43,311	51,091	57,327	51,091	53,990	55,419	55,632	57,327
39 1- to 4-family	37,579	5,488	51,775	45,488	48,394	49,837	50,071	51,775
40 Multifamily	5,732	5,603	5,552	5,603	5,596	5,582	5,561	5,552
41 Federal Land Banks	25,624	31,277	38,131	31,277	33,311	35,574	36,837	38,131
42 1- to 4-family	927	1,552	2,099	1,552	1,708	1,893	1,985	2,099
43 Farm	24,697	29,725	36,032	29,725	31,603	33,681	34,852	36,032
44 Federal Home Loan Mortgage Corporation	3,064	4,035	4,865	4,035	4,235	4,014	4,543	4,865
45 1- to 4-family	2,407	3,059	3,710	3,059	3,210	3,037	3,459	3,710
46 Multifamily	657	976	1,155	976	1,025	977	1,084	1,155
47 Mortgage pools or trusts[2]	88,633	119,278	142,498	119,278	124,632	129,647	136,583	142,498
48 Government National Mortgage Association	54,347	76,401	93,874	76,401	80,843	84,282	89,452	93,874
49 1- to 4-family	52,732	74,546	91,602	74,546	78,872	82,208	87,276	91,602
50 Multifamily	1,615	1,855	2,272	1,855	1,971	2,074	2,176	2,272
51 Federal Home Loan Mortgage Corporation	11,892	15,180	16,952	15,180	15,454	16,120	16,659	16,952
52 1- to 4-family	9,657	12,149	13,397	12,149	12,359	12,886	13,318	13,397
53 Multifamily	2,235	3,031	3,555	3,031	3,095	3,234	3,341	3,555
54 Farmers Home Administration	22,394	27,697	31,672	27,697	28,335	29,245	30,472	31,672
55 1- to 4-family	13,400	14,884	16,865	14,884	14,926	15,224	16,226	16,865
56 Multifamily	1,116	2,163	2,323	2,163	2,159	2,159	2,235	2,323
57 Commercial	3,560	4,328	5,258	4,328	4,495	4,763	5,059	5,258
58 Farm	4,318	6,322	7,226	6,322	6,755	7,099	6,952	7,226
59 Individual and others[3]	149,823	169,609	194,785	177,492	175,235	181,133	187,783	194,785
60 1- to 4-family	82,769	96,358	111,174	96,037	99,333	102,685	106,767	111,174
61 Multifamily	21,352	23,350	26,027	23,436	23,857	24,486	25,284	26,027
62 Commercial	22,781	24,873	27,551	24,941	25,450	25,909	26,727	27,551
63 Farm	22,921	25,028	30,033	33,078	26,595	28,053	29,005	30,033

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 governmental sources, with some quarters estimated in part by the Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Department of Commerce Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations when required, are estimated mainly by the Federal Reserve Multifamily debt refers to loans on structures of five or more units

1.56 CONSUMER INSTALLMENT CREDIT[1] Total Outstanding, and Net Change

Millions of dollars

Holder, and type of credit	1977	1978	1979	1980 Aug	1980 Sept	1980 Oct	1980 Nov	1980 Dec	1981 Jan	1981 Feb
	Amounts outstanding (end of period)									
1 **Total**	**230,564**	**273,645**	**312,024**	**305,763**	**306,926**	**307,222**	**308,051**	**313,435**	**310,554**	**309,188**
By major holder										
2 Commercial banks	112,373	136,016	154,177	146,548	146,362	145,895	145,147	145,765	143,749	142,030
3 Finance companies	44,868	54,298	68,318	74,433	74,823	74,985	75,690	76,756	77,131	78,090
4 Credit unions	37,605	44,334	46,517	43,347	43,562	43,518	43,606	44,041	43,601	43,776
5 Retailers[2]	23,490	25,987	28,119	24,918	25,301	25,703	26,469	29,410	28,300	27,329
6 Savings and loans	7,089	7,097	8,424	9,141	9,266	9,611	9,687	9,911	10,023	10,173
7 Gasoline companies	2,963	3,220	3,729	4,710	4,872	4,736	4,662	4,717	4,929	4,958
8 Mutual savings banks	2,176	2,693	2,740	2,666	2,740	2,774	2,790	2,835	2,821	2,832
By major type of credit										
9 Automobile	82,911	101,647	116,362	116,868	116,781	116,657	116,517	116,327	115,262	115,677
10 Commercial banks	49,577	60,510	67,367	63,177	62,734	62,350	61,848	61,025	59,608	59,061
11 Indirect paper	27,379	33,850	38,338	36,047	35,768	35,572	35,284	34,857	33,947	33,667
12 Direct loans	22,198	26,660	29,029	27,130	26,966	26,778	26,564	26,168	25,661	25,394
13 Credit unions	18,099	21,200	22,244	20,728	20,831	20,810	20,852	21,060	20,850	20,933
14 Finance companies	15,235	19,937	26,751	32,963	33,216	33,497	33,817	34,242	34,804	35,683
15 Revolving	39,274	48,309	56,937	53,771	54,406	54,598	55,304	59,862	58,985	57,566
16 Commercial banks	18,374	24,341	29,862	28,305	28,403	28,331	28,360	30,001	29,952	29,412
17 Retailers	17,937	20,748	23,346	20,756	21,131	21,531	22,282	25,144	24,104	23,196
18 Gasoline companies	2,963	3,220	3,729	4,710	4,872	4,736	4,662	4,717	4,929	4,958
19 Mobile home	14,945	15,235	16,838	17,068	17,113	17,276	17,293	17,327	17,244	17,189
20 Commercial banks	9,124	9,545	10,647	10,564	10,538	10,502	10,452	10,376	10,271	10,174
21 Finance companies	3,077	3,152	3,390	3,566	3,601	3,657	3,702	3,745	3,741	3,740
22 Savings and loans	2,342	2,067	2,307	2,477	2,511	2,654	2,675	2,737	2,768	2,809
23 Credit unions	402	471	494	461	463	463	464	469	464	466
24 Other	93,434	108,454	121,887	118,056	118,626	118,691	118,937	119,919	119,063	118,756
25 Commercial banks	35,298	41,620	46,301	44,502	44,687	44,712	44,487	44,363	43,918	43,383
26 Finance companies	26,556	31,209	38,177	37,904	38,006	37,831	38,171	38,769	38,586	38,667
27 Credit unions	19,104	22,663	23,779	22,158	22,268	22,245	22,290	22,512	22,287	22,377
28 Retailers	5,553	5,239	4,773	4,162	4,170	4,172	4,187	4,266	4,196	4,133
29 Savings and loans	4,747	5,030	6,117	6,664	6,755	6,957	7,012	7,174	7,255	7,364
30 Mutual savings banks	2,176	2,693	2,740	2,666	2,740	2,774	2,790	2,835	2,821	2,832
	Net change (during period)[3]									
31 **Total**	**35,462**	**43,079**	**38,381**	**489**	**1,055**	**702**	**839**	**1,619**	**869**	**1,996**
By major holder										
32 Commercial banks	18,645	23,641	18,161	-682	-265	-336	-120	-276	-1,357	-544
33 Finance companies	5,949	9,430	14,020	387	613	454	594	860	1,113	1,530
34 Credit unions	6,436	6,729	2,185	465	36	63	218	378	288	444
35 Retailers[2]	2,654	2,497	2,132	160	456	134	52	316	409	103
36 Savings and loans	1,309	7	1,327	5	93	246	-14	190	232	254
37 Gasoline companies	132	257	509	136	90	98	72	83	106	209
38 Mutual savings banks	337	518	47	18	32	43	37	68	78	0
By major type of credit										
39 Automobile	15,204	18,736	14,715	355	84	201	245	302	-63	979
40 Commercial banks	9,956	10,933	6,857	-344	-362	-348	-138	-491	-1,253	-346
41 Indirect paper	5,307	6,471	4,488	-286	-282	-170	-44	-181	-839	-229
42 Direct loans	4,649	4,462	2,369	-58	-80	-178	-94	-310	-414	-117
43 Credit unions	2,861	3,101	1,044	215	10	18	101	174	206	211
44 Finance companies	2,387	4,702	6,814	484	436	531	282	619	984	1,114
45 Revolving	6,248	9,035	8,628	281	478	273	265	616	557	441
46 Commercial banks	4,015	5,967	5,521	-24	-81	-19	121	211	59	166
47 Retailers	2,101	2,811	2,598	169	469	194	72	322	392	66
48 Gasoline companies	132	257	509	136	90	98	72	83	106	209
49 Mobile home	371	286	1,603	33	43	141	24	66	-24	-47
50 Commercial banks	387	419	1,102	-8	-22	-21	-33	-34	-85	-102
51 Finance companies	-187	74	238	14	30	42	44	48	15	18
52 Savings and loans	101	-276	240	21	35	120	11	47	46	31
53 Credit unions	70	69	23	6	0	0	2	5	0	6
54 Other	13,639	15,022	13,435	-180	450	87	305	635	399	623
55 Commercial banks	4,287	6,322	4,681	-306	200	52	-70	38	-78	-262
56 Finance companies	3,749	4,654	6,968	-111	147	-119	268	193	114	398
57 Credit unions	3,505	3,559	1,118	244	26	45	115	199	82	227
58 Retailers	553	-314	-466	-9	-13	-60	-20	-6	17	37
59 Savings and loans	1,208	283	1,087	-16	58	126	-25	143	186	223
60 Mutual savings banks	337	518	47	18	32	43	37	68	78	0

1 The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repayment) in two or more installments.

2 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other credit); figures for all months are seasonally adjusted.

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1977	1978	1979	1980					1981	
				Aug	Sept.	Oct	Nov	Dec	Jan	Feb
	Extensions									
1 **Total**	**257,600**	**297,668**	**324,777**	**26,176**	**27,064**	**27,365**	**25,991**	**27,149**	**27,059**	**28,706**
By major holder										
2 Commercial banks	117,896	142,433	154,733	11,107	11,671	11,977	11,432	11,484	10,397	11,648
3 Finance companies	41,989	50,505	61,518	5,155	5,355	5,323	4,852	5,185	5,904	6,193
4 Credit unions	34,028	38,111	34,926	3,085	2,752	2,872	2,795	3,035	2,994	3,167
5 Retailers[1]	42,183	44,571	47,676	4,263	4,596	4,291	4,250	4,497	4,673	4,500
6 Savings and loans	4,978	3,724	5,901	454	539	695	444	658	715	751
7 Gasoline companies	14,617	16,017	18,005	1,941	1,965	2,009	2,024	2,061	2,130	2,284
8 Mutual savings banks	1,909	2,307	2,018	171	186	198	194	229	246	163
By major type of credit										
9 Automobile	75,641	87,981	93,901	7,400	7,518	7,544	7,117	7,234	7,237	8,333
10 Commercial banks	46,363	52,969	53,554	3,606	3,713	3,791	3,552	3,271	2,598	3,560
11 Indirect paper	25,149	29,342	29,623	1,866	2,035	2,135	1,962	1,857	1,230	1,944
12 Direct loans	21,214	23,627	23,931	1,740	1,678	1,656	1,590	1,414	1,368	1,616
13 Credit unions	16,616	18,539	17,397	1,570	1,455	1,457	1,402	1,538	1,592	1,613
14 Finance companies	12,662	16,473	22,950	2,224	2,350	2,296	2,163	2,425	3,047	3,160
15 Revolving	87,596	105,125	120,174	10,700	11,143	11,124	10,953	11,614	11,483	11,867
16 Commercial banks	38,256	51,333	61,048	4,989	5,067	5,264	5,155	5,554	5,185	5,602
17 Retailers	34,723	37,775	41,121	3,770	4,111	3,851	3,774	3,999	4,168	3,981
18 Gasoline companies	14,617	16,017	18,005	1,941	1,965	2,009	2,024	2,061	2,130	2,284
19 Mobile home	5,712	5,412	6,471	415	442	513	424	479	383	409
20 Commercial banks	3,466	3,697	4,542	263	250	257	243	254	171	185
21 Finance companies	644	886	797	56	84	89	93	89	81	88
22 Savings and loans	1,406	609	948	78	95	159	74	119	119	118
23 Credit unions	196	220	184	18	13	8	14	17	12	18
24 Other	88,651	99,150	104,231	7,661	7,961	8,184	7,497	7,822	7,956	8,097
25 Commercial banks	29,811	34,434	35,589	2,249	2,641	2,665	2,482	2,405	2,443	2,301
26 Finance companies	28,683	33,146	37,771	2,875	2,921	2,938	2,596	2,671	2,776	2,945
27 Credit unions	17,216	19,352	17,345	1,497	1,284	1,407	1,379	1,480	1,390	1,536
28 Retailers	7,460	6,796	6,555	493	485	440	476	498	505	519
29 Savings and loans	3,572	3,115	4,953	376	444	536	370	539	596	633
30 Mutual savings banks	1,909	2,307	2,018	171	186	198	194	229	246	163
	Liquidations									
31 **Total**	**222,138**	**254,589**	**286,396**	**25,687**	**26,009**	**26,663**	**25,152**	**25,530**	**26,190**	**26,710**
By major holder										
32 Commercial banks	99,251	118,792	136,572	11,789	11,936	12,313	11,552	11,760	11,754	12,192
33 Finance companies	36,040	41,075	47,498	4,768	4,742	4,869	4,258	4,325	4,791	4,663
34 Credit unions	27,592	31,382	32,741	2,620	2,716	2,809	2,577	2,657	2,706	2,723
35 Retailers[1]	39,529	42,074	45,544	4,103	4,140	4,157	4,198	4,181	4,264	4,397
36 Savings and loans	3,669	3,717	4,574	449	446	449	458	468	483	497
37 Gasoline companies	14,485	15,760	17,496	1,805	1,875	1,911	1,952	1,978	2,024	2,075
38 Mutual savings banks	1,572	1,789	1,971	153	154	155	157	161	168	163
By major type of credit										
39 Automobile	60,437	69,245	79,186	7,045	7,434	7,343	6,872	6,932	7,300	7,354
40 Commercial banks	36,407	42,036	46,697	3,950	4,075	4,139	3,690	3,762	3,851	3,906
41 Indirect paper	19,842	22,871	25,135	2,152	2,317	2,305	2,006	2,038	2,069	2,173
42 Direct loans	16,565	19,165	21,562	1,798	1,758	1,834	1,684	1,724	1,782	1,733
43 Credit unions	13,755	15,438	16,353	1,355	1,445	1,439	1,301	1,364	1,386	1,402
44 Finance companies	10,275	11,771	16,136	1,740	1,914	1,765	1,881	1,806	2,063	2,046
45 Revolving	81,348	96,090	111,546	10,419	10,665	10,851	10,688	10,998	10,926	11,426
46 Commercial banks	34,241	45,366	55,527	5,013	5,148	5,283	5,034	5,343	5,126	5,436
47 Retailers	32,622	34,964	38,523	3,601	3,642	3,657	3,702	3,677	3,776	3,915
48 Gasoline companies	14,485	15,760	17,496	1,805	1,875	1,911	1,952	1,978	2,024	2,075
49 Mobile home	5,341	5,126	4,868	382	399	372	400	413	407	456
50 Commercial banks	3,079	3,278	3,440	271	272	278	276	288	256	287
51 Finance companies	831	812	559	42	54	47	49	41	66	70
52 Savings and loans	1,305	885	708	57	60	39	63	72	73	87
53 Credit unions	126	151	161	12	13	8	12	12	12	12
54 Other	75,012	84,128	90,796	7,841	7,511	8,097	7,192	7,187	7,557	7,474
55 Commercial banks	25,524	28,112	30,908	2,555	2,441	2,613	2,552	2,367	2,521	2,563
56 Finance companies	24,934	28,492	30,803	2,986	2,774	3,057	2,328	2,478	2,662	2,547
57 Credit unions	13,711	15,793	16,227	1,253	1,258	1,362	1,264	1,281	1,308	1,309
58 Retailers	6,907	7,110	7,021	502	498	500	496	504	488	482
59 Savings and loans	2,364	2,832	3,866	392	386	410	395	396	410	410
60 Mutual savings banks	1,572	1,789	1,971	153	154	155	157	161	168	163

1 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies

1.58 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-yearly data are at seasonally adjusted annual rates.

Transaction category, sector	1975	1976	1977	1978	1979	1980	1978 H1	1978 H2	1979 H1	1979 H2	1980 H1	1980 H2
	Nonfinancial sectors											
1 **Total funds raised**	**210.8**	**271.9**	**338.5**	**400.4**	**394.9**	**363.3**	**384.8**	**416.0**	**380.5**	**408.2**	**321.1**	**405.6**
2 Excluding equities	200.7	261.0	335.3	398.3	390.6	349.8	387.4	409.2	377.7	402.3	313.0	386.5
By sector and instrument												
3 U.S. government	85.4	69.0	56.8	53.7	37.4	79.2	61.4	46.0	28.6	46.1	64.5	93.8
4 Treasury securities	85.8	69.1	57.6	55.1	38.8	79.8	62.3	47.9	30.9	46.6	65.2	94.4
5 Agency issues and mortgages	-.4	.1	.9	-1.4	-1.4	-.6	-.9	1.9	-2.3	-.5	-.6	-.6
6 All other nonfinancial sectors	125.4	202.8	281.7	346.7	357.6	284.1	323.4	370.0	351.9	362.1	256.5	311.7
7 Corporate equities	10.1	10.8	3.1	2.1	4.3	13.6	2.6	6.8	2.8	5.9	8.0	19.1
8 Debt instruments	115.3	192.0	278.6	344.6	353.2	270.6	326.0	363.2	349.1	356.2	248.5	292.7
9 Private domestic nonfinancial sectors	112.1	182.0	267.8	314.4	336.4	254.2	302.8	326.1	338.6	333.0	227.0	281.5
10 Corporate equities	9.9	10.5	2.7	2.6	3.5	11.4	1.8	7.0	2.8	4.1	6.0	16.8
11 Debt instruments	102.2	171.5	265.1	311.8	333.0	242.8	304.6	319.1	335.8	328.9	221.0	264.7
12 Debt capital instruments	98.4	123.5	175.6	196.6	199.9	175.6	188.3	205.0	198.8	201.1	169.1	182.1
13 State and local obligations	16.1	15.7	23.7	28.3	18.9	22.2	27.8	28.7	16.0	21.8	18.0	26.4
14 Corporate bonds	27.2	22.8	21.0	20.1	21.2	27.6	20.6	19.6	22.4	19.9	33.4	21.9
Mortgages												
15 Home	39.5	63.6	96.3	104.6	109.1	81.5	100.1	109.1	109.8	108.5	73.6	89.3
16 Multifamily residential	*	1.8	7.4	10.2	8.9	8.7	9.3	11.2	8.1	9.7	6.5	11.0
17 Commercial	11.0	13.4	18.4	23.3	25.7	21.6	21.2	25.4	26.0	25.4	22.1	21.1
18 Farm	4.6	6.1	8.8	10.2	16.2	14.0	9.3	11.1	16.6	15.9	15.5	12.4
19 Other debt instruments	3.8	48.0	89.5	115.2	133.0	67.2	116.3	114.1	137.0	127.8	51.9	82.5
20 Consumer credit	9.7	25.6	40.6	50.6	44.2	3.1	50.1	51.0	48.3	39.0	6.4	12.5
21 Bank loans n.e.c.	12.3	4.0	27.0	37.3	50.6	37.9	43.1	31.4	48.2	52.9	9.6	66.1
22 Open market paper	-2.6	4.0	2.9	5.2	10.9	5.8	5.3	5.1	12.0	9.7	29.7	-18.1
23 Other	9.0	14.4	19.0	22.2	27.3	20.4	17.8	26.5	28.4	26.2	18.9	22.0
24 By borrowing sector	112.1	182.0	267.8	314.4	336.4	254.2	302.8	326.1	338.6	333.0	227.0	281.5
25 State and local governments	13.7	15.2	20.4	23.6	15.5	20.7	21.0	26.1	13.0	18.0	16.2	25.3
26 Households	49.7	90.5	139.9	162.6	164.9	100.8	156.1	169.1	167.6	161.2	89.8	111.9
27 Farm	8.8	10.9	14.7	18.1	25.8	19.0	15.3	20.8	23.5	28.1	21.1	16.9
28 Nonfarm noncorporate	2.0	4.7	12.9	15.4	15.9	12.5	16.4	14.4	15.5	15.9	9.0	16.0
29 Corporate	37.9	60.7	79.9	94.8	114.3	101.1	93.9	95.7	118.9	109.7	90.9	111.3
30 Foreign	13.3	20.8	13.9	32.3	21.2	29.9	20.6	43.9	13.3	29.1	29.5	30.3
31 Corporate equities	.2	.3	.4	.5	.9	2.2	.8	-.2	*	1.7	2.1	2.3
32 Debt instruments	13.2	20.5	13.5	32.8	20.3	27.7	21.4	44.1	13.3	27.3	27.5	28.0
33 Bonds	6.2	8.6	5.1	4.0	3.9	.8	5.0	3.0	3.0	4.7	2.0	.4
34 Bank loans n.e.c.	3.9	6.8	3.1	18.3	2.3	11.8	9.3	27.3	1.0	3.5	4.4	1.9
35 Open market paper	.3	1.9	2.4	6.6	11.2	10.1	3.6	9.6	6.1	16.3	15.7	4.5
36 U.S. government loans	2.8	3.3	3.0	3.9	3.0	5.0	3.6	4.2	3.1	2.8	5.4	4.6
	Financial sectors											
37 **Total funds raised**	**12.7**	**24.1**	**54.0**	**81.4**	**88.5**	**70.8**	**80.7**	**82.1**	**86.3**	**90.7**	**54.0**	**87.6**
By instrument												
38 U.S. government related	13.5	18.6	26.3	41.4	52.4	47.5	38.5	44.3	45.8	59.0	45.8	49.2
39 Sponsored credit agency securities	2.3	3.3	7.0	23.1	24.3	24.3	21.9	24.3	21.5	27.0	25.1	23.5
40 Mortgage pool securities	10.3	15.7	20.5	18.3	28.1	23.2	16.6	20.1	24.2	32.0	20.7	25.7
41 Loans from U.S. government	.9	.4	-1.2	-	-	-	-	-	-	-	-	-
42 Private financial sectors	.8	5.5	27.7	40.0	36.1	23.3	42.2	37.8	40.5	31.7	8.1	38.4
43 Corporate equities	.6	1.0	.9	1.7	2.3	3.4	2.2	1.1	2.0	2.5	3.1	3.8
44 Debt instruments	-1.4	4.4	26.9	38.3	33.8	19.8	40.0	36.7	38.4	29.2	5.1	34.6
45 Corporate bonds	2.9	5.8	10.1	7.5	7.8	7.2	8.5	6.4	8.7	7.0	10.3	4.0
46 Mortgages	2.3	2.1	3.1	.9	-1.2	-.9	2.1	-.3	-.5	1.9	-6.8	5.0
47 Bank loans n.e.c.	3.7	3.7	.3	2.8	-.4	1.0	2.5	3.1	-.7	.2	1.1	1.0
48 Open market paper and repurchase agreements	1.1	2.2	9.6	14.6	18.4	5.4	13.5	15.7	23.0	13.8	3.6	14.4
49 Loans from Federal Home Loan Banks	4.0	2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
By sector												
50 Sponsored credit agencies	3.2	2.9	5.8	23.1	24.3	24.3	21.9	24.3	21.5	27.0	25.1	23.5
51 Mortgage pools	10.3	15.7	20.5	18.3	28.1	23.2	16.6	20.1	24.2	32.0	20.7	25.7
52 Private financial sectors	.8	5.5	27.7	40.0	36.1	23.3	42.2	37.8	40.5	31.7	8.1	38.4
53 Commercial banks	1.2	2.3	1.1	1.3	1.6	.6	1.5	1.1	1.3	1.8	.8	.3
54 Bank affiliates	.3	.8	1.3	6.7	4.5	5.6	5.8	7.6	6.2	2.9	4.5	6.6
55 Savings and loan associations	-2.3	.1	9.9	14.3	11.4	6.4	16.4	12.2	9.9	12.9	4.7	17.6
56 Other insurance companies	1.0	.9	.9	1.1	1.0	.8	1.0	1.1	1.0	.9	.8	.7
57 Finance companies	.5	6.4	17.6	18.6	18.9	8.8	18.9	18.2	23.5	14.3	6.8	10.8
58 REITs	-1.4	2.4	-2.2	1.0	-.4	-.9	1.0	-1.0	-.6	.1	-1.4	-.3
59 Open-end investment companies	-.1	-1.0	.9	-1.0	-1.0	2.0	-.5	1.5	-1.0	-.9	1.4	2.7
	All sectors											
60 **Total funds raised, by instrument**	**223.6**	**295.9**	**392.5**	**481.8**	**483.4**	**434.1**	**465.5**	**498.1**	**466.7**	**498.9**	**375.0**	**493.2**
61 Investment company shares	-.1	-1.0	.9	-1.0	-1.0	2.0	-.5	1.5	-1.0	-.9	1.4	2.7
62 Other corporate equities	10.8	12.9	4.9	4.7	7.6	15.0	.1	9.4	5.8	9.3	9.8	20.2
63 Debt instruments	212.9	284.1	388.5	478.1	476.8	417.1	465.9	490.2	461.9	490.5	363.9	470.4
64 U.S. government securities	98.2	88.1	84.3	95.2	89.9	126.8	100.0	90.4	74.5	105.2	110.5	143.2
65 State and local obligations	16.1	15.7	23.7	28.3	18.9	22.2	27.8	28.7	16.0	21.8	18.0	26.4
66 Corporate and foreign bonds	36.4	37.2	36.1	31.6	32.9	35.6	34.2	29.1	34.1	31.5	45.7	25.5
67 Mortgages	57.2	87.0	133.9	149.1	158.6	124.8	141.9	156.3	159.8	157.4	110.8	138.8
68 Consumer credit	9.7	25.6	40.6	50.6	44.2	3.1	50.1	51.0	48.3	39.0	-6.4	12.5
69 Bank loans n.e.c.	12.2	7.0	29.8	58.4	52.5	50.7	54.9	61.8	48.6	56.2	15.0	86.4
70 Open market paper and RPs	-1.2	8.1	15.0	26.4	40.5	21.4	22.4	30.4	41.1	39.8	41.9	.9
71 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

1.59 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-yearly data are at seasonally adjusted annual rates

Transaction category, or sector	1975	1976	1977	1978	1979	1980	1978		1979		1980	
							H1	H2	H1	H2	H1	H2
1 **Total funds advanced in credit markets to nonfinancial sectors**	**200.7**	**261.0**	**335.3**	**398.3**	**390.6**	**349.8**	**387.4**	**409.2**	**377.7**	**402.3**	**313.0**	**386.5**
By public agencies and foreign												
2 Total net advances	44.6	54.3	85.1	109.7	80.1	95.8	102.8	116.6	47.6	112.5	101.7	89.9
3 U.S. government securities	22.5	26.8	40.2	43.9	2.0	22.3	43.7	44.0	22.1	26.2	24.9	19.7
4 Residential mortgages	16.2	12.8	20.4	26.5	36.1	32.0	22.2	30.7	32.6	39.6	33.5	30.4
5 FHLB advances to savings and loans	4.0	2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
6 Other loans and securities	9.8	16.6	20.2	26.9	32.8	34.5	23.7	30.1	29.2	36.3	39.3	29.6
Total advanced, by sector												
7 U.S. government	15.1	8.9	11.8	20.4	22.5	26.0	19.4	21.4	23.8	21.3	29.6	22.5
8 Sponsored credit agencies	14.8	20.3	26.8	44.6	57.5	48.6	39.4	49.8	49.9	65.2	43.6	53.6
9 Monetary authorities	8.5	9.8	7.1	7.0	7.7	4.5	13.4	.5	.9	14.5	14.6	5.6
10 Foreign	6.1	15.2	39.4	37.7	7.7	16.7	30.6	44.9	27.0	11.7	13.9	19.5
11 Agency borrowing not included in line 1	13.5	18.6	26.3	41.4	52.4	47.5	38.5	44.3	45.8	59.0	45.8	49.2
Private domestic funds advanced												
12 Total net advances	169.7	225.4	276.5	330.0	362.9	301.5	323.2	336.9	375.9	348.8	257.1	345.8
13 U.S. government securities	75.7	61.3	44.1	51.3	87.9	104.6	56.3	46.4	96.6	79.1	85.6	123.5
14 State and local obligations	16.1	15.7	23.7	28.3	18.9	22.2	27.8	28.7	16.0	21.8	18.0	26.4
15 Corporate and foreign bonds	32.8	30.5	22.5	22.5	25.6	25.5	24.1	20.9	26.9	24.3	32.4	18.7
16 Residential mortgages	23.2	52.6	83.3	88.2	81.8	58.1	87.1	89.5	85.1	78.5	46.5	69.8
17 Other mortgages and loans	17.9	63.3	107.3	152.2	157.9	98.2	141.1	163.3	159.1	155.6	78.6	117.7
18 LESS: Federal Home Loan Bank advances	4.0	2.0	4.3	12.5	9.2	7.1	13.2	11.8	7.8	10.5	4.1	10.2
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	122.5	190.1	257.0	296.9	292.5	265.6	301.7	292.0	307.5	277.4	229.6	301.8
20 Commercial banking	29.4	59.6	87.6	128.7	121.1	103.5	132.5	125.0	124.6	117.6	57.2	149.9
21 Savings institutions	53.5	70.8	82.0	75.9	56.3	57.6	75.8	75.9	57.7	54.9	31.4	83.8
22 Insurance and pension funds	40.6	49.9	67.9	73.5	70.4	76.4	76.9	70.2	75.4	65.5	84.6	68.2
23 Other finance	-1.0	9.8	19.6	18.7	44.7	28.1	16.6	20.9	49.8	39.6	56.3	.1
24 Sources of funds	122.5	190.1	257.0	296.9	292.5	265.6	301.7	292.0	307.5	277.4	229.6	301.8
25 *Private domestic deposits*	92.0	124.6	141.2	142.5	136.7	163.9	138.3	146.7	121.7	151.6	147.7	180.1
26 Credit market borrowing	-1.4	4.4	26.9	38.3	33.8	19.8	40.0	36.7	38.4	29.2	5.1	34.6
27 Other sources	32.0	61.0	89.0	116.0	122.0	81.9	123.5	108.6	147.3	96.6	76.8	87.1
28 Foreign funds	-8.7	4.6	1.2	6.3	26.3	20.0	5.7	6.9	49.4	3.2	18.1	21.8
29 Treasury balances	1.7	.1	4.3	6.8	.4	2.0	1.9	11.6	5.1	4.3	2.5	-1.5
30 Insurance and pension reserves	29.7	34.5	49.4	62.7	49.0	58.5	66.2	59.2	53.9	44.0	59.6	57.4
31 Other, net	12.7	31.2	34.1	40.3	46.3	45.4	49.6	31.0	38.9	53.7	37.9	53.1
Private domestic nonfinancial investors												
32 Direct lending in credit markets	45.8	39.7	46.3	71.5	104.2	55.7	61.4	81.6	106.8	100.5	32.6	78.7
33 U.S. government securities	24.1	16.1	23.0	33.2	57.8	30.7	32.1	34.4	64.1	51.5	13.2	48.2
34 State and local obligations	8.4	3.8	2.6	4.5	2.5	1.8	7.0	2.0	-2.3	2.7	2.9	.8
35 Corporate and foreign bonds	8.4	5.8	3.3	1.4	11.1	5.4	3.7	1.0	7.8	14.2	8.3	2.4
36 Commercial paper	-1.3	1.9	9.5	16.3	10.7	2.4	8.2	24.4	12.5	9.0	-6.2	1.3
37 Other	6.2	12.0	14.5	18.8	27.1	23.9	17.8	19.8	24.7	28.5	20.2	27.6
38 Deposits and currency	98.1	131.9	149.5	151.8	144.7	173.5	148.7	154.8	131.1	158.1	156.7	190.1
39 Security RPs	.2	2.3	2.2	7.5	6.6	4.7	9.8	5.1	18.5	5.3	5.3	4.0
40 Money market fund shares	1.3	*	.2	6.9	34.4	29.2	6.1	7.7	30.2	38.6	61.9	3.4
41 Time and savings accounts	84.0	113.5	121.0	115.2	84.7	131.8	110.7	119.8	71.4	97.9	91.9	171.7
42 Large at commercial banks	15.8	13.2	23.0	45.9	.4	12.7	33.9	57.9	25.3	26.0	12.0	37.4
43 Other at commercial banks	40.3	57.6	29.0	8.2	39.3	62.9	18.4	1.9	41.3	37.3	60.6	65.2
44 At savings institutions	59.4	69.1	69.0	61.1	45.1	56.2	58.5	63.8	55.4	34.7	43.4	69.1
45 Money	12.6	16.1	26.1	22.2	18.9	7.8	22.1	22.3	10.9	26.8	2.4	17.9
46 Demand deposits	6.4	8.8	17.8	12.9	11.0	1.8	11.6	14.2	1.6	20.3	11.4	7.8
47 Currency	6.2	7.3	8.3	9.3	7.9	9.6	10.5	8.1	9.3	6.5	9.0	10.1
48 **Total of credit market instruments, deposits and currency**	**143.9**	**171.6**	**195.8**	**223.3**	**248.9**	**229.1**	**210.1**	**236.4**	**237.9**	**258.7**	**189.3**	**268.8**
49 Public support rate (in percent)	22.2	20.8	25.4	27.5	20.5	27.4	26.5	28.5	12.6	28.0	32.5	23.3
50 Private financial intermediation (in percent)	72.2	84.3	93.0	90.0	80.6	88.1	93.4	86.7	81.8	79.5	89.3	87.3
51 Total foreign funds	2.6	10.6	40.5	44.0	18.6	3.3	36.3	51.8	22.4	14.9	-4.2	2.3
MEMO: Corporate equities not included above												
52 **Total net issues**	**10.7**	**11.9**	**4.0**	**3.7**	**6.6**	**17.0**	**-.4**	**7.9**	**4.8**	**8.4**	**11.1**	**22.8**
53 Mutual fund shares	-.1	1.0	-.9	1.0	1.0	2.0	.5	1.5	1.0	.9	1.4	2.7
54 Other equities	10.8	12.9	4.9	4.7	7.6	15.0	.1	9.4	5.8	9.3	9.8	20.2
55 Acquisitions by financial institutions	9.6	12.3	7.4	7.6	15.7	18.7	.4	14.7	12.5	18.9	16.7	20.7
56 Other net purchases	1.1	.4	3.4	3.8	-9.1	-1.7	.8	6.8	7.7	-10.5	-5.6	2.1

NOTES BY LINE NUMBER

1. Line 2 of p. A42.
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, 40, 41, and 46.
17. Includes farm and commercial mortgages.
25. Sum of lines 39, 40, 41, and 46.
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.
47. Mainly an offset to line 9.
48. Lines 32 plus 38, or line 12 less line 27 plus 45.
49. Line 2/line 1.
50. Line 19/line 12.
51. Sum of lines 10 and 28.
52, 54. 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	1978	1979	1980	1980 July	Aug.	Sept.	Oct	Nov	Dec	1981 Jan	Feb	Mar
1 **Industrial production**[1]	**146.1**	**152.5**	**147.1**	**140.4**	**141.8**	**144.1**	**146.9**	**149.4**	**151.0 r**	**151.7**	**151.1**	**151.7**
Market groupings												
2 Products, total	144.8	150.0	146.8 r	142.8	143.8	145.3	147.2	148.7	149.9 r	150.2	149.6	150.3
3 Final, total	135.9	147.2	145.4	142.4	142.8	143.9	145.8	147.5	148.3 r	148.2	147.8	148.8
4 Consumer goods	149.1	150.8	145.5	142.0	142.7	144.3	146.6	148.0	147.7	147.2	146.9	147.7
5 Equipment	132.8	142.2	145.1	142.9	142.9	143.2	144.8	146.7	149.1 r	149.5	149.1	150.2
6 Intermediate	154.1	160.5	151.9	144.5	147.6	150.6	152.4	153.5	156.1	157.8	156.1	156.2
7 Materials	148.3	156.4	147.7 r	136.5	138.6	142.4	146.4	150.5	152.6 r	153.9	153.4	153.7
Industry groupings												
8 Manufacturing	146.8	153.6	146.6	139.1	140.6	143.4	146.4	149.1	150.6	151.1	150.4	151.0
Capacity utilization (percent)[1,2]												
9 Manufacturing	84.4	85.7	79.0	74.9	75.5	76.7	78.2	79.4	79.9	80.0	79.4	79.5
10 Industrial materials industries	85.6	87.4	79.8	73.7	74.6	76.4	78.4	80.4	81.3 r	81.8	81.3	81.3
11 Construction contracts (1972 = 100)[3]	174.1	185.6	161.8	148.0	192.0	163.0	167.0	210.0	193.0	185.0	177.0	183.0
12 Nonagricultural employment, total[4]	131.8	136.6	137.8	136.6	137.0	137.4	137.9	138.2	138.5	139.0	139.3	139.3
13 Goods-producing, total	109.8	113.7	110.9	108.0	108.6	109.3	110.0	110.7	111.1	111.7	111.5	111.5
14 Manufacturing, total	105.4	108.3	104.7	102.0	102.5	103.1	103.7	104.3	104.4	104.6	104.8	104.7
15 Manufacturing, production-worker	103.0	105.4	99.8	96.2	97.0	97.7	100.7	99.1	99.2	99.4	99.5	99.6
16 Service-producing	143.8	149.2	152.5	152.3	152.6	152.7	153.1	153.3	153.5	154.0	154.5	154.5
17 Personal income, total	273.3	308.5	342.9	343.0	345.9	350.1	354.7	358.3	361.4	364.9	367.3	n.a.
18 Wages and salary disbursements	258.8	289.5	314.7	310.6	314.4	317.8	323.6	328.0	330.5	335.3	337.0	n.a.
19 Manufacturing	223.1	248.6	261.5	254.3	258.5	262.9	267.6	273.1	275.8	280.0	281.8	n.a.
20 Disposable personal income[5]	268.7	301.5	334.5	.	338.0			348.4 r				..
21 Retail sales[6]	253.8	281.6	300.0	299.1	300.0 r	306.0	308.0	313.8	315.8	326.6	331.9	332.2
Prices[7]												
22 Consumer	195.4	217.4	246.8	247.8	249.4	251.7	253.9	256.2	258.4	260.5	263.2	n.a.
23 Producer finished goods	194.6	216.1	246.9	249.3	251.4	251.4	255.4	255.6	256.9	259.8	262.4	265.3

1 The industrial production and capacity utilization series have been revised back to January 1979

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

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

4. Based on data in *Employment and Earnings* (U S Department of Labor) Series covers employees only, excluding personnel in the Armed Forces

5 Based on data in *Survey of Current Business* (U.S. Department of Commerce) Series for disposable income is quarterly

6 Based on Bureau of Census data published in *Survey of Current Business*

7 Data without seasonal adjustment, as published in *Monthly Labor Review* Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U S. Department of Labor

NOTE Basic data (not index numbers) for series mentioned in notes 4, 5, and 6, and indexes for series mentioned in notes 3 and 7 may also be found in the *Survey of Current Business*

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) 1980 Q2	Q3	Q4	1981 Q1	Capacity (percent of 1967 output) 1980 Q2	Q3	Q4	1981 Q1	Utilization rate (percent) 1980 Q2	Q3	Q4	1981 Q1
1 **Manufacturing**	**143.9**	**141.0**	**148.7**	**150.8**	**184.8**	**186.3**	**187.8**	**189.3**	**77.9**	**75.7**	**79.2**	**79.7**
2 Primary processing	145.0	139.6	153.1 r	156.4	190.0	191.5	193.0	194.3	76.3	72.9	79.4 r	80.5
3 Advanced processing	143.3	141.8	146.4	148.0	182.0	183.5	185.0	186.6	78.7	77.3	79.1	79.3
4 **Materials**	**145.1**	**139.2**	**149.8**	**153.7**	**184.3**	**185.8**	**187.2**	**188.7**	**78.7**	**74.9**	**80.0**	**81.5**
5 Durable goods	140.6	131.5	145.1	150.0	188.6	190.0	191.5	192.8	74.6	69.2	75.8	77.8
6 Metal materials	100.6	86.6	109.9	116.6	140.8	140.9	141.0	141.1	71.4	61.5	78.0	82.6
7 Nondurable goods	166.0	161.9	175.5	179.4	202.0	204.3	206.5	208.5	82.2	79.2	85.0	86.0
8 Textile, paper, and chemical	171.9	165.6	182.7 r	186.9	211.0	213.7	216.2	218.5	81.5	77.5	84.5	85.5
9 Textile	116.4	113.4	113.2 r	110.9	139.2	139.6	140.0	140.3	83.7	81.2	80.9 r	79.0
10 Paper	142.1	142.9	148.9 r	149.4	156.0	157.4	158.8	160.0	91.0	90.7	93.8 r	93.4
11 Chemical	208.3	197.9	226.9 r	235.4	264.6	268.7	272.9	276.4	78.7	73.6	83.2 r	85.2
12 Energy materials	130.0	129.6	129.5 r	130.7	151.8	152.6	153.1	154.1	85.6	85.0	84.6 r	84.8

2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1980	1980				1981		
	High	Low	High	Low	Jan	Sept	Oct	Nov	Dec	Jan r	Feb r	Mar
	Capacity utilization rate (percent)											
13 Manufacturing	88.0	69.0	87.2	74.9	83.9	76.7	78.2	79.4	79.9	80.0	79.4	79.5
14 Primary processing	93.8	68.2	90.1	70.9	86.4	75.2	77.6	79.6	80.8r	81.3	80.4	79.8
15 Advanced processing	85.5	69.4	86.2	77.1	82.7	77.7	78.5	79.2	79.6	79.6	79.0	79.3
16 Materials	92.6	69.4	88.8	73.7	86.1	76.4	78.4	80.4	81.3r	81.8	81.3	81.3
17 Durable goods	91.5	63.6	88.4	68.0	83.6	70.4	73.5	76.5	77.3	78.1	77.4	77.9
18 Metal materials	98.3	68.6	96.0	58.4	84.1	63.9	71.5	81.4	81.0	82.3	82.5	83.1
19 Nondurable goods	94.5	67.2	90.9	76.8	90.9	82.7	84.4	84.3	86.3	86.6	85.9	85.6
20 Textile, paper, and chemical	95.1	65.3	91.4	74.5	91.2	81.6	83.8	83.7	85.9	86.0	85.5	85.0
21 Textile	92.6	57.9	90.1	79.5	86.6	82.0	82.1	80.7	79.8r	79.2	78.9	79.0
22 Paper	99.4	72.4	97.6	88.1	96.0	93.9	93.0	94.1	94.2r	93.7	93.5	92.9
23 Chemical	95.5	64.2	91.2	69.6	91.2	78.7	82.1	82.0	85.4r	85.8	85.1	84.7
24 Energy materials	94.6	84.8	88.3	83.1	86.2	84.1	83.1	85.5	85.0r	84.8	85.3	84.4

1 Monthly high 1973, monthly low 1975

2 Preliminary, monthly highs December 1978 through January 1980, monthly lows July 1980 through October 1980

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons, monthly data are seasonally adjusted Exceptions noted

Category	1978	1979	1980	1980				1981		
				Sept	Oct	Nov	Dec	Jan	Feb	Mar
HOUSEHOLD SURVEY DATA										
1 Noninstitutional population[1]	**161,058**	**163,620**	**166,246**	**166,789**	**167,005**	**167,201**	**167,396**	**167,585**	**167,747**	**167,902**
2 Labor force (including Armed Forces)[1]	102,537	104,996	106,821	107,101	107,288	107,404	107,191	107,668	107,802	108,305
3 Civilian labor force	100,420	102,908	104,719	104,980	105,167	105,285	105,067	105,543	105,681	106,177
Employment										
4 Nonagricultural industries[2]	91,031	93,648	93,960	93,781	93,887	93,999	93,888	94,294	94,646	95,136
5 Agriculture	3,342	3,297	3,310	3,399	3,319	3,340	3,394	3,403	3,281	3,276
Unemployment										
6 Number	6,047	5,963	7,448	7,800	7,961	7,946	7,785	7,847	7,754	7,764
7 Rate (percent of civilian labor force)	6.0	5.8	7.1	7.4	7.6	7.5	7.4	7.4	7.3	7.3
8 Not in labor force	58,521	58,623	59,425	59,687	59,717	59,797	60,205	59,917	59,946	59,598
ESTABLISHMENT SURVEY DATA										
9 Nonagricultural payroll employment[3]	**86,697**	**89,886**	**90,652**	**90,384**	**90,710**	**90,961**	**91,125**	**91,481r**	**91,644r**	**91,645**
10 Manufacturing	20,505	21,062	20,365	20,044	20,157	20,282	20,312	20,345r	20,373r	20,369
11 Mining	851	960	1,025	1,028	1,037	1,054	1,072	1,086r	1,094r	1,093
12 Contract construction	4,229	4,483	4,468	4,404	4,442	4,475	4,508	4,610r	4,520r	4,516
13 Transportation and public utilities	4,923	5,141	5,155	5,124	5,147	5,132	5,137	5,142r	5,147	5,153
14 Trade	19,542	20,269	20,571	20,620	20,641	20,660	20,638	20,762r	20,886r	20,915
15 Finance	4,724	4,974	5,162	5,194	5,214	5,225	5,245	5,268r	5,274r	5,279
16 Service	16,252	17,078	17,736	17,861	17,913	17,969	18,068	18,133r	18,189r	18,216
17 Government	15,672	15,920	16,171	16,109	16,159	16,164	16,145	16,135r	16,161r	16,104

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 Department 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 March 1979 benchmark and only seasonally adjusted data are available at this time Based on data from *Employment and Earnings* (U S Department of Labor)

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value[1]

Monthly data are seasonally adjusted.

Grouping	1967 pro-por-tion	1980 Aver-age	1980										1981		
			Mar	Apr	May	June	July	Aug	Sept	Oct.	Nov	Dec	Jan	Feb	Mar
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.1**	**152.1**	**148.3**	**144.0**	**141.5**	**140.4**	**141.8**	**144.1**	**146.9**	**149.4**	**151.0**	**151.7**	**151.1**	**151.7**
2 Products	60.71	146.8	150.0	146.6	143.7	142.5	142.8	143.8	145.3	147.2	148.7	149.9	150.2	149.6	150.3
3 Final products	47.82	145.4	147.7	145.4	143.1	142.3	142.4	142.8	143.9	145.8	147.5	148.3	148.2	147.8	148.8
4 Consumer goods	27.68	145.5	148.6	145.3	142.4	142.1	142.0	142.7	144.3	146.6	148.0	147.7	147.2	146.9	147.7
5 Equipment	20.14	145.1	146.6	145.6	144.0	142.6	142.9	142.9	143.2	144.8	146.7	149.1	149.5	149.1	150.2
6 Intermediate products	12.89	151.9	158.3	150.8	146.2	143.5	144.5	147.6	150.6	152.4	153.5	156.1	157.8	156.1	156.2
7 Materials	39.29	147.7	155.3	151.0	144.3	140.0	136.5	138.6	142.4	146.4	150.5	152.6	153.9	153.4	153.7
Consumer goods															
8 Durable consumer goods	7.89	136.5	144.1	136.3	128.8	128.2	128.3	128.6	132.7	139.6	142.9	141.3	138.5	137.9	141.6
9 Automotive products	2.83	132.7	141.0	126.3	118.5	121.6	129.2	121.5	130.6	141.8	145.3	139.1	127.1	129.1	138.9
10 Autos and utility vehicles	2.03	109.9	122.0	102.3	92.6	97.1	106.4	94.1	105.5	120.2	124.3	115.9	99.8	103.6	117.2
11 Autos	1.90	103.4	114.9	97.1	88.4	95.7	105.2	91.3	98.0	110.7	114.3	105.3	90.0	96.0	108.3
12 Auto parts and allied goods	.80	190.4	189.1	187.2	184.0	183.7	186.9	191.1	194.2	196.8	198.6	198.0	196.6	193.8	194.0
13 Home goods	5.06	138.7	145.8	142.0	134.6	132.0	127.7	132.6	134.0	138.3	141.5	142.6	144.9	142.8	143.1
14 Appliances, A/C, and TV	1.40	117.1	122.1	114.8	102.8	105.6	102.3	114.2	116.3	123.5	128.4	126.8	131.2	124.2	125.7
15 Appliances and TV	1.33	119.5	125.0	117.5	106.0	108.5	103.4	114.2	117.6	125.6	131.0	129.2	132.7	126.7	
16 Carpeting and furniture	1.07	155.0	169.1	165.8	154.2	146.7	136.1	141.1	146.1	150.2	154.9	156.3	156.4	157.0	
17 Miscellaneous home goods	2.59	143.6	149.0	146.8	143.8	140.2	138.1	139.1	138.6	141.5	143.0	145.4	147.5	147.0	146.5
18 Nondurable consumer goods	19.79	149.1	150.3	148.8	147.7	147.6	147.4	148.3	148.9	149.4	150.1	150.2	150.7	150.5	150.2
19 Clothing	4.29	126.8	131.8	128.7	127.9	126.7	122.5	123.6	122.1	125.1	127.3	123.7	124.1		...
20 Consumer staples	15.50	155.3	155.5	154.5	153.2	153.4	154.3	155.1	156.3	156.1	156.4	157.5	158.1	158.1	157.4
21 Consumer foods and tobacco	8.33	147.0	147.3	146.2	146.1	146.2	146.4	146.0	147.0	147.7	148.0	148.9	148.6	148.5	
22 Nonfood staples	7.17	165.0	165.0	164.0	161.5	161.7	163.6	165.7	167.1	165.9	166.2	167.6	169.1	169.2	168.4
23 Consumer chemical products	2.63	208.7	208.9	206.9	203.0	202.6	204.3	209.3	213.0	210.2	210.0	212.5	214.5	215.6	
24 Consumer paper products	1.92	122.9	121.6	120.4	120.2	120.6	121.5	122.0	122.3	124.8	127.3	127.0	127.6	128.5	...
25 Consumer energy products	2.62	151.9	152.7	152.8	150.1	150.9	153.5	153.9	154.0	151.5	150.8	152.3	154.1	152.5	
26 Residential utilities	1.45	171.2	169.6	172.5	169.8	170.1	176.5	178.6	178.3	175.0	171.8	171.2	174.4		
Equipment															
27 Business	12.63	173.3	176.1	174.2	171.9	169.8	170.1	170.3	170.5	172.3	174.5	177.8	178.5	178.0	179.5
28 Industrial	6.77	157.0	159.3	159.3	157.8	155.2	154.8	154.5	154.2	154.4	157.1	160.7	164.1	165.3	167.1
29 Building and mining	1.44	241.3	235.6	239.5	242.2	241.0	244.4	243.6	243.4	244.3	250.1	255.7	267.5	274.0	282.4
30 Manufacturing	3.85	128.5	133.1	131.9	129.5	126.1	126.0	124.4	123.9	123.9	126.4	130.6	131.1	130.6	130.9
31 Power	1.47	149.0	153.2	152.3	149.1	147.1	142.0	145.9	146.1	146.1	146.0	146.1	148.8	149.3	148.5
32 Commercial transit, farm	5.86	192.1	195.5	191.5	188.2	186.7	187.8	188.4	189.4	192.8	194.7	197.6	195.1	192.6	193.8
33 Commercial	3.26	237.5	240.4	235.6	232.0	228.8	229.0	233.6	237.2	242.0	244.0	248.3	247.4	247.7	249.0
34 Transit	1.93	139.4	142.5	143.0	136.3	138.0	140.9	138.4	133.8	135.0	136.6	137.9	131.7	124.7	125.8
35 Farm	.67	123.2	129.7	116.4	124.6	121.6	122.5	112.7	116.8	120.2	121.9	123.1	122.9	120.3	
36 Defense and space	7.51	97.8	97.1	97.6	97.2	96.8	97.2	96.9	97.4	98.5	99.8	100.7	100.8	100.7	101.0
Intermediate products															
37 Construction supplies	6.42	140.7	152.3	139.4	133.0	128.5	128.6	133.1	137.4	140.5	142.8	144.6	147.3	145.0	144.4
38 Business supplies	6.47	162.9	164.3	162.0	159.4	158.4	160.4	161.9	163.6	164.3	164.2	167.5	168.1	167.2	
39 Commercial energy products	1.14	173.6	174.1	174.8	172.0	168.7	172.1	173.7	175.2	174.6	174.0	179.4	179.2	176.0	
Materials															
40 Durable goods materials	20.35	143.1	154.2	148.2	139.8	133.8	129.0	131.3	134.2	140.4	146.6	148.4	150.2	149.3	150.5
41 Durable consumer parts	4.58	109.0	120.3	110.6	100.1	96.0	93.9	98.1	104.2	110.8	115.5	116.3	115.8	113.8	117.5
42 Equipment parts	5.44	187.3	199.2	195.8	190.8	182.5	177.6	176.3	176.0	178.5	184.0	185.8	189.2	188.7	189.6
43 Durable materials n.e.c.	10.34	135.0	145.5	139.8	130.5	125.0	118.9	122.4	125.4	133.4	140.6	142.9	144.8	144.2	144.5
44 Basic metal materials	5.57	104.6	116.6	109.3	100.0	95.9	84.7	89.4	91.7	102.0	114.4	115.0	116.8	117.0	
45 Nondurable goods materials	10.47	170.7	177.0	173.2	165.2	159.6	156.2	159.8	169.7	173.7	174.1	178.8	180.0	179.2	179.0
46 Textile, paper, and chemical materials	7.62	177.0	185.2	180.7	171.5	163.4	158.5	163.2	175.1	180.5	181.0	186.5	187.3	186.8	186.5
47 Textile materials	1.85	116.0	120.7	117.7	117.6	114.0	114.4	111.0	114.7	114.9	113.0	111.8	111.0	110.7	
48 Paper materials	1.62	145.1	144.2	141.2	141.7	143.4	138.4	142.0	148.2	147.3	149.5	150.0	149.6	149.7	...
49 Chemical materials	4.15	216.7	230.1	224.3	207.3	193.3	186.1	194.9	212.6	222.9	223.8	234.1	236.1	235.3	
50 Containers, nondurable	1.70	165.1	167.1	166.8	155.8	157.7	159.0	158.8	167.2	168.6	166.6	169.7	172.9	172.2	...
51 Nondurable materials n.e.c.	1.14	137.3	137.4	133.0	136.4	136.8	136.6	137.9	137.2	135.7	139.1	141.1	142.2	138.8	
52 Energy materials	8.48	130.0	130.9	130.1	129.6	130.4	130.4	130.0	128.4	127.2	130.9	130.5	130.5	131.5	130.2
53 Primary energy	4.65	115.1	115.6	116.4	116.2	117.3	115.6	114.0	114.3	113.7	114.5	115.0	114.0	115.9	
54 Converted fuel materials	3.82	148.2	149.6	146.9	145.8	146.4	148.4	149.4	145.4	143.6	150.9	149.4	150.5	150.4	
Supplementary groups															
55 Home goods and clothing	9.35	133.2	139.4	135.9	131.5	129.5	125.3	128.5	128.5	132.2	135.0	133.9	135.3	133.7	134.3
56 Energy, total	12.23	138.8	139.6	139.1	137.9	138.4	139.2	139.2	138.2	136.8	139.2	139.7	140.1	140.1	138.9
57 Products	3.76	158.5	159.1	159.5	156.7	156.3	159.1	159.9	160.5	158.5	157.9	160.5	161.7	159.6	...
58 Materials	8.48	130.0	130.9	130.1	129.6	130.4	130.4	130.0	128.4	127.2	130.9	130.5	130.5	131.5	130.2

For notes see opposite page

2.13 Continued

Grouping	SIC code	1967 proportion	1980 Avg	1980 Mar	Apr	May	June	July	Aug	Sept	Oct.	Nov	Dec	1981 Jan	Feb	Mar.
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities		12.05	150.4	151.4	150.1	149.6	150.1	150.1	150.5	150.5	150.2	152.8	154.0	155.4	155.8	156.1
2 Mining		6.36	132.9	133.0	133.1	133.4	132.9	130.6	129.6	130.5	132.1	136.0	139.3	141.4	143.3	143.7
3 Utilities		5.69	169.9	172.0	169.1	167.7	169.3	171.8	173.8	172.7	170.4	171.5	170.3	171.0	169.7	169.9
4 Electric	. .	3.88	189.7	192.4	187.9	186.0	188.7	192.4	195.4	193.9	190.3	191.5	190.3	191.2	188.9	189.2
5 Manufacturing		87.95	146.6	152.1	147.9	143.4	140.3	139.2	140.6	143.4	146.4	149.1	150.6	151.1	150.4	151.0
6 Nondurable	.	35.97	161.1	164.7	161.6	158.0	155.3	154.7	156.9	160.3	161.8	163.3	165.0	165.3	165.2	165.0
7 Durable		51.98	136.6	143.4	138.4	133.3	129.9	128.3	129.4	131.7	135.8	139.3	140.6	141.3	140.1	141.3
Mining																
8 Metal	10	.51	109.1	132.7	123.5	120.8	120.0	83.1	71.2	73.1	90.8	107.2	122.2	127.1	127.9	. .
9 Coal	11.12	.69	146.7	137.2	143.4	145.0	150.0	149.8	154.9	148.9	145.7	151.6	155.3	150.5	158.7	148.2
10 Oil and gas extraction	13	4.40	133.8	131.8	132.5	133.9	133.2	134.3	133.6	134.7	135.4	137.4	139.1	141.8	143.4	145.9
11 Stone and earth minerals	14	.75	131.7	136.0	133.1	128.1	123.9	123.7	123.5	128.2	129.0	133.0	137.8	140.1	139.3	
Nondurable manufactures																
12 Foods	20	8.75	149.2	149.3	147.8	149.5	149.0	148.9	148.3	148.6	149.4	150.5	150.7	150.6	151.2	. .
13 Tobacco products	21	.67	119.8	122.2	121.9	116.2	113.9	119.6	117.4	119.1	123.1	125.1	118.8	122.9		
14 Textile mill products	22	2.68	136.8	142.0	139.9	137.1	133.6	132.5	132.6	133.0	133.8	135.0	133.9	133.1	132.8	
15 Apparel products	23	3.31	128.6	136.1	131.3	128.6	127.2	121.5	123.8	126.7	127.5	128.0	125.1	125.5		
16 Paper and products	26	3.21	151.0	152.7	148.2	145.7	146.2	143.6	147.1	152.3	153.0	154.4	156.8	157.0	156.5	155.8
17 Printing and publishing	27	4.72	139.6	139.2	136.5	135.5	135.4	138.6	140.3	140.3	141.5	142.7	144.9	145.5	146.7	146.6
18 Chemicals and products	28	7.74	206.7	213.6	209.1	199.2	191.1	190.3	197.8	206.8	209.1	212.0	218.8	219.4	218.5	.
19 Petroleum products	29	1.79	134.9	140.7	137.4	133.0	131.3	130.5	126.7	130.5	130.1	131.2	137.5	138.0	136.7	134.5
20 Rubber and plastic products	30	2.24	255.8	264.4	261.8	248.1	242.9	242.5	245.9	253.1	259.2	259.6	259.2	258.2	257.4	. .
21 Leather and products	31	.86	70.1	72.8	69.9	70.1	68.5	67.8	67.7	67.2	70.2	71.2	67.8	68.9	69.2	.
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	77.9	76.9	77.5	77.9	77.5	77.1	77.2	77.1	79.1	79.6	79.5	79.3	79.3	79.4
23 Lumber and products	24	1.64	119.3	125.3	105.2	104.5	109.7	112.8	121.7	122.6	122.2	124.9	122.0	125.3	122.0	.
24 Furniture and fixtures	25	1.37	150.0	159.5	157.1	149.5	143.1	138.6	141.1	144.8	147.2	147.2	149.0	149.6	149.9	.
25 Clay, glass, stone products	32	2.74	146.5	156.4	148.8	140.8	134.5	134.2	135.7	141.4	145.2	147.8	151.4	155.3	153.1	
26 Primary metals	33	6.57	101.6	113.7	106.4	96.1	90.4	81.7	86.0	90.1	100.6	113.4	112.1	113.9	113.5	113.7
27 Iron and steel	331.2	4.21	91.7	105.7	97.4	84.4	75.4	68.1	75.3	79.8	93.3	107.4	103.5	108.0	107.4	
28 Fabricated metal products	34	5.93	135.0	145.5	141.4	133.2	126.1	123.8	125.8	129.0	132.8	134.1	137.4	137.6	138.3	139.2
29 Nonelectrical machinery	35	9.15	162.8	166.5	163.2	162.1	158.3	158.5	158.8	159.1	161.1	163.4	167.5	168.9	168.1	169.0
30 Electrical machinery	36	8.05	172.7	179.2	177.0	171.4	166.6	165.0	166.7	167.5	170.0	173.0	174.9	177.6	174.6	175.8
31 Transportation equipment	37	9.27	116.8	123.8	115.1	109.8	110.0	110.7	108.3	112.9	118.8	121.7	120.6	117.1	115.1	119.3
32 Motor vehicles and parts	371	4.50	118.8	130.1	114.7	105.9	106.7	107.9	104.4	113.4	124.2	129.0	126.3	118.8	117.6	127.0
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	114.9	117.8	115.5	113.5	113.1	113.4	111.9	112.3	113.6	114.8	115.2	115.5	112.8	112.1
34 Instruments	38	2.11	171.0	173.5	173.8	171.0	169.2	167.5	167.6	167.4	169.6	169.9	172.1	173.0	172.1	171.9
35 Miscellaneous manufactures	39	1.51	147.8	152.8	151.2	147.3	43.7	144.7	144.2	142.8	145.0	147.5	149.5	151.8	152.5	153.0
		Gross value (billions of 1972 dollars, annual rates)														
MAJOR MARKET																
36 **Products, total**	......	**507.4**	**602.1**	**619.0**	**599.5**	**588.6**	**585.0**	**586.7**	**585.9**	**593.3**	**604.7**	**610.9**	**615.5**	**614.7**	**611.8**	**614.5**
37 Final		390.9[2]	465.4	475.9	464.5	457.3	455.6	456.9	453.0	58.0	467.7	473.0	475.5	472.6	470.9	474.1
38 Consumer goods		277.5[2]	313.5	321.3	312.5	306.3	305.8	307.7	305.1	309.0	316.6	320.0	320.3	317.5	316.5	318.6
39 Equipment	.	113.4[2]	151.9	154.6	152.0	151.0	149.8	149.2	147.9	149.0	151.1	153.0	155.2	155.1	154.4	155.5
40 Intermediate		116.6[2]	136.7	143.1	135.0	131.3	129.4	129.9	132.9	135.3	137.1	137.9	140.0	142.1	140.8	140.4

1. The industrial production series has been revised back to January 1979
2. 1972 dollars

NOTE Published groupings include some series and subtotals not shown separately For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System Washington, D.C.), December 1977

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

Item	1978	1979	1980r	1980 July	1980 Aug	1980 Sept	1980 Oct	1980 Nov	1980 Dec r	1981 Jan. r	1981 Feb
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized	1,801	1,552	1,171	1,236	1,361	1,564	1,333	1,355	1,235	1,228	1,143
2 1-family	1,183	981	704	781	857	914	819	812	743	715	672
3 2-or-more-family	618	570	467	455	504	650	514	543	492	513	471
4 Started	2,020	1,745	1,292	1,277	1,411	1,482	1,519	1,550	1,535	1,615	1,218
5 1-family	1,433	1,194	852	867	971	1,032	1,009	1,019	974	992	779
6 2-or-more-family	587	551	440	410	440	450	510	531	561	623	439
7 Under construction, end of period[1]	1,310	1,140	898	856r	844r	864r	886	905r	918	945	n.a.
8 1-family	765	639	515	477r	474	495r	514r	529r	536	549	n.a.
9 2-or-more-family	546	501	383	379r	370r	369r	372r	376	382	396	n.a.
10 Completed	1,868	1,855	1,501	1,472r	1,429r	1,254r	1,287r	1,274r	1,364	1,219	n.a.
11 1-family	1,369	1,286	956	883r	924r	763r	823r	819r	889	868	n.a.
12 2-or-more-family	499	570	545	589r	505r	491r	464r	455r	475	351	n.a.
13 Mobile homes shipped	276	277	222	207	208	239	236	239	261	233	n.a.
Merchant builder activity in 1-family units											
14 Number sold	818	709	530	625	616	563	549	560r	513	514	487
15 Number for sale, end of period[1]	419	402	341	335	331	335	334	337r	336	333	338
Price (thousands of dollars)[2]											
Median											
16 Units sold	55.8	62.7	64.9	64.4	63.2	68.5	66.1	67.1r	67.4	67.4	67.1
Average											
17 Units sold	62.7	71.9	76.6	76.8	76.5	80.3	77.7	82.2r	82.1	79.8	81.4
EXISTING UNITS (1-family)											
18 Number sold	3,863r	3,701r	2,881	2,920	2,970	3,280	3,120	2,960	2,910	2,580	2,560
Price of units sold (thous. of dollars)[2]											
19 Median	48.7	55.5	62.1	64.1	64.9	64.2	62.7	64.3	63.0	64.5	64.1
20 Average	55.1	64.0	72.7	75.7	76.2	75.5	73.4	74.9	74.0	76.1	75.7
	Value of new construction[3] (millions of dollars)										
CONSTRUCTION											
21 Total put in place	**205,457**	**228,948**	**228,705**	**214,315**	**215,149**	**223,660**	**228,831r**	**235,784r**	**247,403**	**261,942**	**252,468**
22 Private	159,555	179,948	173,578	158,593	162,057	167,882	173,833r	182,182r	189,153	196,422	192,362
23 Residential	93,423	99,029	86,903	74,277	78,632	84,378	89,207r	97,007r	100,216	103,176	101,025
24 Nonresidential, total	66,132	80,919	86,675	84,316	83,425	83,504	84,626r	85,175r	88,937	93,246	91,337
Buildings											
25 Industrial	10,993	14,953	14,021	13,267	13,046	13,102	12,996	13,392	15,079	15,127	14,711
26 Commercial	18,568	24,924	29,344	28,063	27,993	27,425	28,417	28,888	30,392	33,605	32,749
27 Other	6,739	7,427	8,533	8,115	8,095	8,447	8,760	8,799	9,086	9,931	9,469
28 Public utilities and other	29,832	33,615	34,777	34,871	34,291	34,530	34,453r	34,096r	34,380	34,583	34,408
29 Public	45,901	49,001	55,128	55,721	53,092	55,778	54,998r	53,602r	58,250	65,520	60,107
30 Military	1,501	1,641	1,853	2,041	2,315	1,717	2,069r	1,765r	1,705	2,063	1,990
31 Highway	10,713	11,915	13,473	13,758	11,334	13,804	13,550	12,427	13,742	19,882	17,615
32 Conservation and development	4,457	4,586	5,083	5,896	4,353	5,091	4,763	5,109	5,626	6,242	6,188
33 Other	29,230	30,859	34,719	34,026	35,090	35,166	34,616r	34,301r	37,177	37,333	34,314

1. Not at annual rates.
2. Not seasonally adjusted.
3. Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE. Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are those reported to the Census Bureau from 16,000 jurisdictions beginning with 1978.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted

Item	12 months to		3 months (at annual rate) to				1 month to					Index level Feb 1981 (1967 = 100)[1]
	1980 Feb	1981 Feb	1980				1980			1981		
			Mar	June	Sept.	Dec	Oct	Nov	Dec	Jan	Feb	
CONSUMER PRICES[2]												
1 **All items**	**14.1**	**11.3**	**17.3**	**11.4**	**7.8**	**13.2**	**1.0**	**1.1**	**1.0**	**.7**	**1.0**	**263.2**
2 Commodities	13.6	10.3	15.3	5.4	13.2	11.0	.9	1.0	.7	.6	1.1	248.3
3 Food	7.3	10.6	3.3	5.8	19.7	13.1	.9	1.2	1.0	-.1	.3	270.8
4 Commodities less food	16.4	10.1	20.7	5.2	10.6	9.9	.9	.9	.6	1.0	1.4	235.4
5 Durable	10.1	9.0	8.2	7.5	15.2	11.8	1.1	1.3	.4	.3	.3	220.3
6 Nondurable	24.8	11.4	38.1	3.8	5.0	6.2	.3	.5	.7	2.1	3.2	253.2
7 Services	15.0	13.0	20.1	20.5	.7	16.8	1.2	1.3	1.4	.9	.8	290.1
8 Rent	8.5	8.8	8.3	10.0	8.6	9.6	1.0	.6	.7	.7	.5	201.9
9 Services less rent	16.0	13.6	21.7	22.1	.3	17.8	1.2	1.4	1.5	.9	.9	306.9
Other groupings												
10 All items less food	15.7	11.5	20.3	12.7	5.7	13.2	1.0	1.1	1.0	1.0	1.1	260.4
11 All items less food and energy	12.1	10.8	14.7	14.0	5.8	14.4	1.1	1.1	1.1	.6	.4	246.8
12 Homeownership	20.6	13.3	22.6	26.4	-3.5	23.1	2.0	1.7	1.5	.5	0	335.8
PRODUCER PRICES												
13 Finished goods	13.6	10.4	17.5	8.4	13.5	7.8	.9	.5	.5	.9	.8	262.4
14 Consumer	14.7	10.1	18.8	7.6	14.5	6.9	.8	.5	.4	.8	.8	264.0
15 Foods	3.0	8.1	-.9	-1.4	31.0	3.6	.7	.1	.1	0.0	-.6	250.9
16 Excluding foods	21.3	11.0	29.7	12.1	7.6	8.5	.8	.7	.5	1.2	1.3	264.3
17 Capital equipment	9.4	11.2	13.6	10.9	9.9	11.4	1.7	.1	.9	1.0	1.1	256.3
18 Intermediate materials[3]	19.6	9.5	23.7	6.2	7.8	12.6	.5	.8	1.7	1.3	.6	299.5
Crude materials												
19 Nonfood	29.5	22.0	18.9	.2	32.3	17.6	1.9	1.3	.8	-.8	11.5	481.7
20 Food	3.2	5.5	-16.6	.3	73.9	4.1	1.5	.2	-2.6	-1.1	3.3	267.1

1 Not seasonally adjusted.
2 Figures for consumer prices are those for all urban consumers.
3 Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE: Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1978	1979	1980r	1979	1980			
				Q4	Q1	Q2	Q3	Q4r
GROSS NATIONAL PRODUCT								
1 **Total**	**2,156.1**	**2,413.9**	**2,626.1**	**2,727.5**	**2,571.7**	**2,564.8**	**2,637.3**	**2,730.6**
By source								
2 Personal consumption expenditures	1,348.7	1,510.9	1,672.8	1,582.3	1,631.0	1,626.8	1,682.2	1,751.0
3 Durable goods	199.3	212.3	211.9	675.4	220.9	194.4	208.8	223.3
4 Nondurable goods	529.8	602.2	675.7	785.1	661.1	664.0	674.2	703.5
5 Services	619.6	696.3	785.2	727.0	749.0	768.4	799.2	824.2
6 Gross private domestic investment	375.3	415.8	395.3	410.0	415.6	390.9	377.1	397.7
7 Fixed investment	353.2	398.3	401.2	108.6	413.1	383.5	393.2	415.1
8 Nonresidential	242.0	279.7	296.0	290.2	297.8	289.8	294.0	302.1
9 Structures	78.7	96.3	108.8	105.1	108.2	108.4	107.3	111.5
10 Producers' durable equipment	163.3	183.4	187.1	185.1	189.7	181.4	186.8	190.7
11 Residential structures	111.2	118.6	105.3	120.6	115.2	93.6	99.2	113.0
12 Nonfarm	106.9	113.9	100.3	115.4	110.1	88.9	94.5	107.6
13 Change in business inventories	22.2	17.5	-5.9	-.8	2.5	7.4	-16.0	-17.4
14 Nonfarm	21.8	13.4	-4.7	-4.4	1.5	6.1	-12.3	-14.0
15 Net exports of goods and services	-0.6	13.4	23.3	7.6	8.2	17.1	44.5	23.3
16 Exports	219.8	281.3	339.8	306.3	337.3	333.3	342.4	346.1
17 Imports	220.4	267.9	316.5	298.7	329.1	316.2	297.9	322.7
18 Government purchases of goods and services	432.6	473.8	534.7	496.4	516.8	530.0	533.5	558.6
19 Federal	153.4	167.9	198.9	178.1	190.0	198.7	194.9	212.0
20 State and local	279.2	305.9	335.8	318.3	326.8	331.3	338.6	346.6
By major type of product								
21 Final sales, total	2,133.9	2,396.4	2,632.0	2,497.1	2,569.1	2,557.4	2,653.4	2,748.0
22 Goods	946.6	1,055.9	1,130.4	1,078.4	1,116.9	1,106.4	1,129.4	1,169.0
23 Durable	409.8	451.2	458.6	448.1	456.4	444.6	456.5	476.7
24 Nondurable	536.8	604.7	671.9	630.3	660.5	661.8	672.9	698.2
25 Services	976.3	1,097.2	1,229.6	1,142.8	1,178.6	1,205.6	1,249.0	1,285.3
26 Structures	233.2	260.8	266.0	275.1	276.2	252.8	258.9	276.4
27 Change in business inventories	22.2	17.5	-5.9	-.8	2.5	7.4	-16.0	-17.4
28 Durable goods	17.8	11.5	-4.0	-.4	-11.8	3.3	-8.4	.7
29 Nondurable goods	4.4	6.0	-1.8	-.5	14.3	4.1	-7.7	-18.1
30 MEMO **Total GNP in 1972 dollars**	**1,436.9**	**1,483.0**	**1,480.7**	**1,490.6**	**1,501.9**	**1,463.3**	**1,471.9**	**1,485.6**
NATIONAL INCOME								
31 **Total**	**1,745.4**	**1,963.3**	**2,121.4**	**2,031.3**	**2,088.5**	**2,070.0**	**2,122.4**	**2,214.5**
32 Compensation of employees	1,299.7	1,460.9	1,596.5	1,518.1	1,558.0	1,569.0	1,597.4	1,661.8
33 Wages and salaries	1,105.4	1,235.9	1,348.6	1,282.4	1,314.5	1,320.4	1,342.3	1,387.3
34 Government and government enterprises	219.6	235.9	253.8	243.3	246.7	250.5	253.9	263.3
35 Other	885.7	1,000.0	1,090.0	1,039.1	1,067.9	1,069.9	1,088.4	1,134.0
36 Supplement to wages and salaries	194.3	225.0	252.9	235.7	243.5	248.6	255.0	264.5
37 Employer contributions for social insurance	92.1	106.4	115.8	109.8	112.6	113.6	116.0	121.0
38 Other labor income	102.2	118.6	137.1	126.0	130.9	135.1	139.1	143.5
39 Proprietors' income[1]	117.1	131.6	130.6	136.3	133.7	124.9	129.7	134.0
40 Business and professional[1]	91.0	100.7	107.2	106.8	107.9	101.6	107.6	111.6
41 Farm[1]	26.1	30.8	23.4	29.5	25.7	23.3	22.1	22.5
42 Rental income of persons[2]	27.4	30.5	31.8	31.0	31.2	31.5	32.0	32.4
43 Corporate profits[1]	199.0	196.8	182.6	189.4	200.2	169.3	177.9	183.0
44 Profits before tax[3]	223.3	255.4	245.5	255.4	277.1	217.9	237.6	249.2
45 Inventory valuation adjustment	24.3	-42.6	-45.7	-50.8	-61.4	-31.1	-41.7	-48.4
46 Capital consumption adjustment	-13.5	-15.9	-17.2	-15.1	-15.4	-17.6	-17.9	-17.8
47 Net interest	115.8	143.4	179.8	156.5	165.4	175.3	185.3	193.3

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustments.
3. For after-tax profits, dividends, and the like, see table 1.49.

SOURCE. *Survey of Current Business* (Department of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1978	1979	1980[r]	1979	1980			
				Q4	Q1	Q2	Q3	Q4[r]
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**1,721.8**	**1,943.8**	**2,160.2**	**2,032.0**	**2,088.2**	**2,114.5**	**2,182.1**	**2,256.2**
2 Wage and salary disbursements	1,105.2	1,236.1	1,343.7	1,282.2	1,314.7	1,320.4	1,341.8	1,397.8
3 Commodity-producing industries	389.1	437.9	465.4	450.4	461.7	456.0	460.1	484.0
4 Manufacturing	299.2	333.4	350.7	340.4	347.9	343.2	346.7	364.0
5 Distributive industries	270.5	303.0	328.9	315.0	322.6	323.2	329.2	340.6
6 Service industries	226.1	259.2	295.7	273.7	283.6	290.8	298.7	310.0
7 Government and government enterprises	219.4	236.1	253.6	243.1	246.8	250.5	253.9	263.3
8 Other labor income	102.2	118.6	137.1	126.0	130.9	135.1	139.1	143.5
9 Proprietors' income[1]	117.2	131.6	130.6	136.3	133.7	124.9	129.7	134.0
10 Business and professional[1]	91.0	100.8	107.2	106.8	107.9	101.6	107.6	111.6
11 Farm[1]	26.1	30.8	23.4	29.5	25.7	23.3	22.1	22.5
12 Rental income of persons[2]	27.4	30.5	31.8	31.0	31.2	31.5	32.0	32.4
13 Dividends	43.1	48.6	54.4	50.1	52.4	54.2	55.1	56.1
14 Personal interest income	173.2	209.6	256.3	225.7	239.9	253.6	261.8	269.7
15 Transfer payments	223.3	249.4	294.2	263.1	271.7	280.7	310.7	313.9
16 Old-age survivors, disability, and health insurance benefits	116.2	131.8	153.8	139.3	142.0	144.7	163.2	165.3
17 LESS: Personal contributions for social insurance	69.6	80.6	87.9	82.4	86.2	85.9	88.1	91.2
18 EQUALS: Personal income	1,721.8	1,943.8	2,160.2	2,032.0	2,088.2	2,114.5	2,182.1	2,256.2
19 LESS: Personal tax and nontax payments	258.8	302.0	338.5	321.8	323.1	330.3	341.5	359.2
20 EQUALS: Disposable personal income	1,462.9	1,641.7	1,821.7	1,710.1	1,765.1	1,784.1	1,840.6	1,897.0
21 LESS: Personal outlays	1,386.6	1,555.5	1,720.4	1,629.4	1,678.7	1,674.1	1,729.2	1,799.4
22 EQUALS: Personal saving	76.3	86.2	101.3	80.7	86.4	110.0	111.4	97.6
MEMO.								
Per capita (1972 dollars)								
23 Gross national product	6,568	6,721	6,646	6,730	6,768	6,580	6,597	6,641
24 Personal consumption expenditures	4,136	4,219	4,196	4,251	4,251	4,134	4,172	4,232
25 Disposable personal income	4,487	4,584	4,571	4,596	4,600	4,532	4,565	4,585
26 Saving rate (percent)	5.2	5.2	5.6	4.7	4.9	6.2	6.1	5.1
GROSS SAVING								
27 **Gross saving**	**355.2**	**412.0**	**401.8**	**402.0**	**404.5**	**394.5**	**402.0**	**406.5**
28 Gross private saving	355.4	398.9	432.9	396.4	413.0	435.9	446.5	436.2
29 Personal saving	76.3	86.2	101.3	80.7	86.4	110.0	111.4	97.6
30 Undistributed corporate profits[1]	57.9	59.1	44.3	50.6	52.1	42.1	42.8	40.2
31 Corporate inventory valuation adjustment	−24.3	−42.6	−45.7	−50.8	−61.4	−31.1	−41.7	−48.4
Capital consumption allowances								
32 Corporate	136.4	155.4	175.4	161.5	167.1	173.0	178.4	183.2
33 Noncorporate	84.8	98.2	111.8	103.6	107.4	110.7	113.4	115.8
34 Wage accruals less disbursements	0	0	0	0	0	0	.5	−.5
35 Government surplus, or deficit (−), national income and product accounts	−0.2	11.9	−32.2	4.4	1.7	−29.6	−45.6	−30.9
36 Federal	−29.2	−14.8	−61.2	−24.5	−36.3	−66.5	−74.2	−68.0
37 State and local	29.0	26.7	29.1	28.9	26.6	23.9	28.6	37.1
38 Capital grants received by the United States, net	0	1.1	1.1	1.1	1.1	1.1	1.1	1.1
39 **Gross investment**	**361.6**	**414.1**	**401.2**	**401.3**	**407.3**	**392.5**	**405.0**	**400.1**
40 Gross private domestic	375.3	415.8	395.3	410.0	415.6	390.9	377.1	397.7
41 Net foreign	−13.8	−1.7	5.9	−8.7	−8.3	1.7	27.8	2.3
42 **Statistical discrepancy**	**6.4**	**2.2**	**−.6**	**−.7**	**2.8**	**−1.9**	**3.0**	**−6.4**

1. With inventory valuation and capital consumption adjustments.
2. With capital consumption adjustment.

SOURCE: *Survey of Current Business* (Department of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1978	1979	1980p	1979	1980			
				Q4	Q1	Q2	Q3r	Q4p
1 Balance on current account	-14,259	-705r	118	-1,735r	-2,621r	-2,441r	4,493	687
2 Not seasonally adjusted	...	...	...	553r	-2,426r	-681r	102	3,123
3 Merchandise trade balance[2]	-33,759	-29,386r	-27,354	-9,158r	-10,848r	-7,503r	2,858	-6,145
4 Merchandise exports	142,054	182,068r	221,781	50,239r	54,604r	54,605r	56,181	56,391
5 Merchandise imports	-175,813	-211,454r	-249,135	-59,397r	-65,452r	-62,108r	-59,039	-62,536
6 Military transactions, net	886	-1,274	-3,309	-700	-922	-994	-636	-758
7 Investment income, net[3]	20,899	32,509	32,534	8,833	10,062	6,102r	8,056	8,316
8 Other service transactions, net	2,769	3,112	5,206	792	899	1,280r	1,458	1,570
9 MEMO Balance on goods and services[3,4]	-9,204	4,961	7,078	-183	-809	-1,115r	6,020	2,983
10 Remittances, pensions, and other transfers	-1,884	-2,142	-2,452	-665	-565	-564	-578	-747
11 U.S. government grants (excluding military)	-3,171	-3,524	-4,506	-887	-1,247	-762	-949	-1,549
12 Change in U S government assets, other than official reserve assets, net (increase, −)	4,644	-3,783	-5,111	-925	-1,467	-1,191	-1,374	-1,079
13 Change in U S. official reserve assets (increase, −)	732	-1,132	-8,155	-649	-3,268	502	-1,109	-4,279
14 Gold	-65	-65	0	-65	0	0	0	0
15 Special drawing rights (SDRs)	1,269	-1,136	-16	0	-1,152	112	-261	1,285
16 Reserve position in International Monetary Fund	4,231	-189	-1,667	27	-34	-99	-294	-1,240
17 Foreign currencies	-4,683	257	-6,472	-611	-2,082	489	-554	-4,324
18 Change in U S. private assets abroad (increase, −)[3]	-57,279	-56,858	-71,236	-11,918	-7,971r	-25,019r	-16,652	-21,409
19 Bank-reported claims	-33,631	-25,868	-46,608	-7,213	-274	-21,051	-12,268	-13,015
20 Nonbank-reported claims	-3,853	-2,029	n.a.	410	-1,474	147	479	n.a.
21 U.S purchase of foreign securities, net	-3,450	-4,643	-3,188	-986	-765	-1,246	-805	-371
22 U.S. direct investments abroad, net[3]	-16,345	-24,318	-20,592	-4,129	-5,458r	-2,869r	-4,058	-8,207
23 Change in foreign official assets in the United States (increase, +)	33,292	-14,270	16,179	-1,221	-7,215	7,775	7,991	7,628
24 U.S. Treasury securities	23,523	-22,356	9,640	-5,769	-5,357	4,314	3,769	6,914
25 Other U S government obligations	666	465	2,187	41	801	250	549	587
26 Other U.S government liabilities[5]	2,220	-714	1,375	-924	181	737	242	215
27 Other U S liabilities reported by U S banks	5,488	7,219	-84	4,881	-3,185	1,652	2,006	-557
28 Other foreign official assets[6]	1,395	1,116	3,061	550	345	822	1,425	469
29 Change in foreign private assets in the United States (increase, +)[3]	30,804	51,845	31,446	5,246	14,409	174	3,772	13,092
30 U.S bank-reported liabilities	16,259	32,668	10,687	400	6,355	-4,208	194	8,346
31 U.S nonbank-reported liabilities	1,640	1,692	n.a	1,050	683	1,331	405	n.a.
32 Foreign private purchases of U S Treasury securities, net	2,197	4,830	2,693	920	3,278	-1,225	-254	894
33 Foreign purchases of other U S securities, net	2,811	2,942	7,443	313	2,427	1,194	990	2,832
34 Foreign direct investments in the United States, net[3]	7,896	9,713	8,204	2,563	1,666	3,082	2,437	1,020
35 Allocation of SDRs	0	1,139	1,152	0	1,152	0	0	0
36 Discrepancy	11,354	23,765r	35,605	11,202r	6,981r	20,200r	2,879	5,544
37 Owing to seasonal adjustments	...	...	...	2,400	-93r	1,465r	-4,032	2,658
38 Statistical discrepancy in recorded data before seasonal adjustment	11,354	23,765r	35,605	8,802r	7,074	18,735r	6,911	2,886
MEMO								
Changes in official assets								
39 U S. official reserve assets (increase, −)	732	-1,132	-8,155	-649	-3,268	502	-1,109	-4,279
40 Foreign official assets in the United States (increase, +)	31,072	-13,556	14,804	-297	-7,396	7,038	7,749	7,415
41 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 23 above)	-1,137	5,558r	12,985	5,005r	2,955r	4,749	4,391	890
42 Transfers under military grant programs (excluded from lines 4, 6, and 11 above)	236	305	635	139	144	155	125	211

1. Seasonal factors are no longer calculated for lines 13 through 42
2 Data are on an international accounts (IA) basis Differs from the Census basis data, shown in table 3 11, for reasons of coverage and timing, military exports are excluded from merchandise data and are included in line 6
3 Includes reinvested earnings of incorporated affiliates
4. Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition makes various adjustments to merchandise trade and service transactions
5 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.
6 Consists of investments in U S corporate stocks and in debt securities of private corporations and state and local governments

NOTE Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars, monthly data are seasonally adjusted

Item	1978	1979	1980	1980 Aug	Sept	Oct	Nov	Dec	1981 Jan	Feb
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	143,682	181,860	220,684	19,086	18,828	19,214	18,715	19,251	18,825	19,764
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	174,759	209,458	245,010	19,713	19,940	20,347	19,860	21,436	23,194	21,922
3 **Trade balance**	**−31,075**	**−27,598**	**−24,326**	**−626**	**−1,112**	**−1,134**	**−1,145**	**−2,185**	**−4,369**	**−2,158**

NOTE The data in this table are reported by the Bureau of Census data on a free-alongside-ship (f.a.s.) value basis—that is value at the port of export. Beginning in 1981, foreign trade of the U.S. Virgin Islands is included in the Census basis trade data; this adjustment has been made for all data shown in the table.

The Census basis data differ from merchandise trade data shown in table 3.10, U.S. International Transactions Summary, 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 sales (which are combined with other military transactions and reported separately in the "service *account" in table 3.10, line 6). On the import side,* additions are made for gold, ship purchases, imports of electricity from Canada and other transactions; military payments are excluded and shown separately as indicated above.

SOURCE FT900 "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	1978	1979	1980	1980 Sept	Oct	Nov	Dec	1981 Jan	Feb	Mar *p*
1 **Total**[1]	**18,650**	**18,956**	**26,756**	**22,994**	**23,967**	**25,673**	**26,756**	**28,316**	**29,682**	**30,410**
2 Gold stock, including Exchange Stabilization Fund[1]	11,671	11,172	11,160	11,168	11,163	11,162	11,160	11,159	11,156	11,154
3 Special drawing rights[2,3]	1,558	2,724	2,610	4,007	3,939	3,954	2,610	3,628	3,633	3,913
4 Reserve position in International Monetary Fund[2]	1,047	1,253	2,852	1,665	1,671	1,822	2,852	2,867	3,110	3,448
5 Foreign currencies[4,5]	4,374	3,807	10,134	6,154	7,194	8,735	10,134	10,662	11,783	11,895

1 Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see table 3.22.

2 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of member countries. From July 1974 through December 1980, 16 currencies were used; from January 1981, 5 currencies have been used. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974.

3 Includes allocations by the International Monetary Fund of SDRs as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; $710 million on Jan. 1, 1972; $1,139 million on Jan. 1, 1979; $1,152 million on Jan. 1, 1980; and $1,093 million on Jan. 1, 1981; plus net transactions in SDRs.

4 Beginning November 1978, valued at current market exchange rates.

5 Includes U.S. government securities held under repurchase agreement against receipt of foreign currencies, if any.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1977	1978[1]	1979	1980 July	1980 Aug	1980 Sept	1980 Oct	1980 Nov	1980 Dec	1981 Jan[p]
	All foreign countries									
1 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**377,877**	**386,467**	**385,884**	**383,178**	**389,011**	**396,939**	**394,192**
2 Claims on United States	11,623	17,340	32,302	29,085	36,864	29,341	30,476	30,617	28,432	29,500
3 Parent bank	7,806	12,811	25,929	17,552	26,711	19,685	21,440	22,254	20,719	20,652
4 Other	3,817	4,529	6,373	11,533	10,153	9,656	9,036	8,363	7,713	8,848
5 Claims on foreigners	238,848	278,135	317,175	331,329[r]	332,531[r]	339,204[r]	335,463[r]	340,690[r]	350,794	347,101
6 Other branches of parent bank	55,772	70,338	79,661	75,196	72,558	73,856	72,458	74,043	76,563	75,327
7 Banks	91,883	103,111	123,413	134,685[r]	136,590[r]	139,902[r]	138,259[r]	139,935[r]	144,579	143,891
8 Public borrowers[2]	14,634	23,737	26,072	25,474	26,113	26,740	26,548	26,935	27,594	27,455
9 Nonbank foreigners	76,560	80,949	88,029	95,974[r]	97,270[r]	98,706[r]	98,198[r]	99,777[r]	102,058	100,428
10 Other assets	8,425	11,324[r]	14,764[r]	17,471[r]	17,078[r]	17,349[r]	17,247[r]	17,708[r]	17,717	17,595
11 **Total payable in U.S. dollars**	**193,764**	**224,940**	**267,711**	**275,783**	**283,974**	**282,171**	**279,689**	**284,269[r]**	**289,717**	**290,773**
12 Claims on United States	11,049	16,382	31,171	27,720	35,551	28,138	29,059	29,173	27,163	28,244
13 Parent bank	7,692	12,625	25,632	17,236	26,390	19,414	21,043	21,853	20,368	20,360
14 Other	3,357	3,757	5,539	10,484	9,161	8,724	8,016	7,320	6,795	7,884
15 Claims on foreigners	178,896	203,498	229,118	239,290	239,561	245,588	242,018	246,238	253,401	253,046
16 Other branches of parent bank	44,256	55,408	61,525	57,813	55,106	56,603	55,230	57,219	58,284	58,569
17 Banks	70,786	78,686	96,261	106,365[r]	108,073[r]	111,878[r]	109,411[r]	110,762[r]	115,942	116,104
18 Public borrowers[2]	12,632	19,567	21,629	21,233	21,786	22,305	22,578	22,846	23,391	23,035
19 Nonbank foreigners	51,222	49,837	49,703	53,879[r]	54,596[r]	54,802[r]	54,799[r]	55,411[r]	55,784	55,338
20 Other assets	3,820	5,082[r]	7,438[r]	8,773	8,862	8,445	8,612	8,858[r]	9,155	9,483
	United Kingdom									
21 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**135,669**	**136,467**	**137,447**	**138,158**	**140,715**	**142,781**	**142,716**
22 Claims on United States	4,341	5,370	11,117	8,366	8,465	8,022	8,216	8,771	7,491	7,716
23 Parent bank	3,518	4,448	9,338	5,705	6,023	5,788	5,969	6,552	5,792	5,278
24 Other	823	922	1,779	2,661	2,442	2,234	2,247	2,219	1,699	2,438
25 Claims on foreigners	84,016	98,137	115,123	120,914	121,805	123,369	123,854	125,859	129,249	129,107
26 Other branches of parent bank	22,017	27,830	34,291	32,231	31,607	30,858	31,431	32,267	34,538	35,127
27 Banks	39,899	45,013	51,343	54,824	55,530	57,066	56,723	57,423	57,658	57,975
28 Public borrowers[2]	2,206	4,522	4,919	5,710	5,865	6,251	6,113	6,405	6,684	6,465
29 Nonbank foreigners	19,895	20,772	24,570	28,149	28,803	29,194	29,587	29,764	30,369	29,540
30 Other assets	2,576	3,086	4,633	6,389	6,197	6,056	6,088	6,085	6,041	5,893
31 **Total payable in U.S. dollars**	**66,635**	**75,860**	**94,287**	**93,158**	**93,720**	**94,784**	**95,287**	**97,246**	**98,913**	**99,930**
32 Claims on United States	4,100	5,113	10,746	7,831	7,954	7,656	7,647	8,233	7,098	7,293
33 Parent bank	3,431	4,386	9,297	5,629	5,960	5,744	5,817	6,410	5,701	5,221
34 Other	669	727	1,449	2,202	1,994	1,912	1,830	1,823	1,397	2,072
35 Claims on foreigners	61,408	69,416	81,294	82,434	82,705	84,355	84,849	86,246	88,967	89,615
36 Other branches of parent bank	18,947	22,838	28,928	26,083	25,565	24,913	25,593	26,710	28,231	28,759
37 Banks	28,530	31,482	36,760	38,471	39,070	40,917	40,312	40,542	41,373	42,373
38 Public borrowers[2]	1,669	3,317	3,319	4,280	4,327	4,663	4,551	4,706	4,909	4,661
39 Nonbank foreigners	12,263	11,779	12,287	13,600	13,743	13,862	14,393	14,288	14,454	13,822
40 Other assets	1,126	1,345[r]	2,261[r]	2,893	3,061	2,773	2,791	2,767	2,848	3,022
	Bahamas and Caymans									
41 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**120,307**	**128,515**	**123,179**	**119,524**	**119,367**	**123,754**	**123,389**
42 Claims on United States	5,782	9,635	19,124	18,272	25,882	18,305	19,656	18,325	17,751	18,364
43 Parent bank	3,051	6,429	15,196	10,524	19,149	11,839	13,837	13,071	12,631	12,836
44 Other	2,731	3,206	3,928	7,748	6,733	6,466	5,819	5,254	5,120	5,528
45 Claims on foreigners	71,671	79,774	86,718	98,020	98,496	100,905	95,959	96,800	101,903	100,740
46 Other branches of parent bank	11,120	12,904	9,689	14,362	13,160	14,724	13,093	13,135	13,336	12,981
47 Banks	27,939	33,677	43,189	50,832[r]	51,809[r]	52,749[r]	49,883[r]	50,609[r]	54,864	54,193
48 Public borrowers[2]	9,109	11,514	12,905	11,627	12,055	12,078	12,441	12,213	12,574	12,558
49 Nonbank foreigners	23,503	21,679	20,935	21,199[r]	21,472[r]	21,354[r]	20,542[r]	20,843[r]	21,129	21,008
50 Other assets	1,599	2,326	3,135	4,015	4,137	3,969	3,909	4,242	4,100	4,285
51 **Total payable in U.S. dollars**	**73,987**	**85,417**	**102,368**	**114,538**	**122,667**	**117,245**	**113,683**	**113,560[r]**	**117,571**	**117,478**

For notes see opposite page

3.13 Continued

Liability account	1977	1978[1]	1979	1980 July	Aug	Sept	Oct	Nov	Dec	1981 Jan *p*
	All foreign countries									
52 **Total, all currencies**	**258,897**	**306,795**	**364,233**	**377,877**	**386,467**	**385,884**	**383,178**	**389,011**	**396,939**	**394,192**
53 To United States	44,154	58,012	66,686	83,244	87,606	84,068	84,152	86,580	90,874	92,109
54 Parent bank	24,542	28,654	24,530	35,423	37,466	38,490	37,187	36,957	39,058	38,430
55 Other banks in United States	19,613	12,169	13,968	11,415	14,725	12,635	12,860	13,410	14,235	13,631
56 Nonbanks		17,189	28,188	36,406	35,415	32,943	34,105	36,213	37,536	40,048
57 To foreigners	206,579	238,912	283,344	279,604	284,141	287,810	285,198	288,225	291,571	287,730
58 Other branches of parent bank	53,244	67,496	77,601	72,067	69,178	70,689	69,691	71,498	73,913	72,594
59 Banks	94,140	97,711	122,849	122,727	130,360	131,022	132,142	132,237	130,421	131,653
60 Official institutions	28,110	31,936	35,664	33,073	33,080	33,086	30,713	31,115[r]	32,438	28,831
61 Nonbank foreigners	31,085	41,769	47,230	51,737	51,523	53,013	52,652	53,375[r]	54,799	54,652
62 Other liabilities	8,163	9,871	14,203	15,029	14,720	14,006	13,828	14,206	14,539	14,353
63 ***Total payable in U.S. dollars***	***198,572***	***230,810***	***273,819***	***283,090***	***291,873***	***289,163***	***287,177***	***292,425***	***300,850***	***301,264***
64 To United States	42,881	55,811	64,530	80,657	84,698	81,125	81,255	83,764	88,054	89,526
65 Parent bank	24,213	27,519	23,403	33,977	35,906	36,825	35,431	35,243	37,418	36,855
66 Other banks in United States	18,669	11,915	13,771	11,155	14,419	12,410	12,581	13,114	13,965	13,420
67 Nonbanks		16,377	27,356	35,525	34,373	31,890	33,243	35,407	36,671	39,251
68 To foreigners	151,363	169,927	201,476	194,359	198,971	200,281	198,541	200,814	204,630	203,547
69 Other branches of parent bank	43,268	53,396	60,513	56,206	53,355	55,146	53,695	55,543	56,941	56,494
70 Banks	64,872	63,000	80,691	78,930	86,420	85,387	86,961	86,525	86,491	88,233
71 Official institutions	23,972	26,404	29,048	26,177	26,165	25,659	23,364	23,840[r]	24,689	21,822
72 Nonbank foreigners	19,251	27,127	31,224	33,046	33,031	34,089	34,521	34,906[r]	36,509	36,998
73 Other liabilities	4,328	5,072	7,813	8,074	8,204	7,757	7,381	7,847	8,166	8,191
	United Kingdom									
74 **Total, all currencies**	**90,933**	**106,593**	**130,873**	**135,669**	**136,467**	**137,447**	**138,158**	**140,715**	**142,781**	**142,716**
75 To United States	7,753	9,730	20,986	21,404	20,608	19,343	19,157	20,594	21,735	23,183
76 Parent bank	1,451	1,887	3,104	3,275	2,542	2,951	2,712	3,198	4,176	4,228
77 Other banks in United States	6,302	4,189	7,693	5,567	5,910	5,361	5,800	5,732	5,716	5,393
78 Nonbanks		3,654	10,189	12,562	12,156	11,031	10,645	11,664	11,843	13,562
79 To foreigners	80,736	93,202	104,032	107,739	109,604	112,412	113,539	114,813	115,582	114,208
80 Other branches of parent bank	9,376	12,786	12,567	12,694	13,343	13,706	13,940	13,951	13,933	13,599
81 Banks	37,893	39,917	47,620	51,203	51,452	53,776	56,772	58,127	55,848	56,487
82 Official institutions	18,318	20,963	24,202	21,088	22,600	22,444	19,807	20,437	21,412	19,199
83 Nonbank foreigners	15,149	19,536	19,643	22,754	22,209	22,486	23,020	22,298	24,389	24,923
84 Other liabilities	2,445	3,661	5,855	6,526	6,255	5,692	5,462	5,308	5,464	5,325
85 **Total payable in U.S. dollars**	**67,573**	**77,030**	**95,449**	**95,314**	**96,453**	**96,832**	**97,055**	**99,135**	**102,300**	**103,015**
86 To United States	7,480	9,328	20,552	20,843	20,007	18,687	18,551	19,978	21,080	22,554
87 Parent bank	1,416	1,836	3,054	3,238	2,496	2,892	2,634	3,101	4,078	4,126
88 Other banks in United States	6,064	4,101	7,651	5,486	5,809	5,259	5,714	5,616	5,626	5,300
89 Nonbanks		3,391	9,847	12,119	11,702	10,536	10,203	11,261	11,376	13,128
90 To foreigners	58,977	66,216	72,397	71,489	73,431	75,422	76,114	76,696	78,512	77,742
91 Other branches of parent bank	7,505	9,635	8,446	8,672	9,128	9,588	9,891	9,770	9,600	9,456
92 Banks	25,608	25,287	29,424	31,352	31,726	32,891	35,495	35,998	35,097	35,581
93 Official institutions	15,482	17,091	20,192	16,846	18,253	18,046	15,338	15,989	17,024	14,941
94 Nonbank foreigners	10,382	14,203	14,335	14,619	14,324	14,897	15,390	14,939	16,791	17,764
95 Other liabilities	1,116	1,486	2,500	2,982	3,015	2,723	2,390	2,461	2,708	2,719
	Bahamas and Caymans									
96 **Total, all currencies**	**79,052**	**91,735**	**108,977**	**120,307**	**128,515**	**123,179**	**119,524**	**119,367**	**123,754**	**123,389**
97 To United States	32,176	39,431	37,719	54,217	58,925	56,317	56,123	56,860	59,599	58,857
98 Parent bank	20,956	20,482	15,267	26,589	29,189	29,355	27,678	26,871	28,105	26,515
99 Other banks in United States	11,220	6,073	5,204	4,821	7,460	6,075	5,945	6,518	7,141	7,173
100 Nonbanks		12,876	17,248	22,807	22,276	20,887	22,500	23,471	24,353	25,169
101 To foreigners	45,292	50,447	68,598	63,208	66,630	63,966	60,593	59,492	61,203	61,595
102 Other branches of parent bank	12,816	16,094	20,875	20,409	18,081	17,079	16,720	15,878	17,040	17,819
103 Banks	24,717	23,104	33,631	27,145	34,100	32,185	29,202	28,933	29,893	30,070
104 Official institutions	3,000	4,208	4,866	5,525	4,119	4,250	4,610	4,368	4,361	4,184
105 Nonbank foreigners	4,759	7,041	9,226	10,129	10,330	10,452	10,061	10,313	9,909	9,522
106 Other liabilities	1,584	1,857	2,660	2,882	2,960	2,896	2,808	3,015	2,952	2,937
107 **Total payable in U.S. dollars**	**74,463**	**87,014**	**103,460**	**116,246**	**124,103**	**118,576**	**115,166**	**115,121**	**119,574**	**119,143**

1 In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

2 In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1977	1978	1979	1980					1981	
				Aug	Sept	Oct	Nov	Dec	Jan p	Feb p
1 **Total**[1]	**131,097**	**162,589**	**149,481**	**154,674**	**156,899**	**157,385**	**163,196**	**164,332**	**162,690**	**162,193**
By type										
2 Liabilities reported by banks in the United States[2]	18,003	23,290	30 475	29,449	30,918	28,815	29,601	30,381	26,991	24,744
3 U S Treasury bills and certificates[3]	47,820	67,671	47 666	49,811	49,361	50,392	55,104	56,243	56,522	56,829
U S Treasury bonds and notes										
4 Marketable	32,164	35,894	37 590	39,801	40,799	41,463	41,764	41,431	42,294	43,698
5 Nonmarketable[4]	20,443	20,970	17 387	15,654	15,254	15,254	15,254	14,654	14,654	14,494
6 U S securities other than U S Treasury securities[5]	12,667	14,764	16,363	19,959	20,567	21,461	21,473	21,623	22,229	22,428
By area										
7 Western Europe[1]	70,748	93,089	85 602	78,424	76,942	76,004	80,899	81,592	80,417	78,289
8 Canada	2,334	2,486	1,898	2,156	1,901	1,736	1,433	1,562	1,174	1,089
9 Latin America and Caribbean	4,649	5,046	6,291	6,050	6,610	6,008	5,722	5,688	5,456	5,216
10 Asia	50,693	58,817	52 793	64,287	67,696	69,042	70,025	70,536	70,485	72,546
11 Africa	1,742	2,408	2,412	3,281	3,232	3,520	3,867	4,124	3,974	3,948
12 Other countries[6]	931	743	485	476	518	1,075	1,250	830	1,184	1,105

1 Includes the Bank for International Settlements

2 Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements

3 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries

4. Excludes notes issued to foreign official nonreserve agencies Includes bonds and notes payable in foreign currencies

5 Debt securities of U S government corporations and federally sponsored agencies, and U S corporate stocks and bonds

6 Includes countries in Oceania and Eastern Europe

NOTE Based on Treasury Department data and on data reported to the Treasury Department by banks (including Federal Reserve Banks) and securities dealers in the United States

3.15 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1977	1978	1979	1980			
			Dec	Mar	June	Sept	Dec
1 Banks' own liabilities	925	2,363	1,868	2,358	2,693	2,669	3,747 r
2 Banks' own claims[1]	2,356	3,671	2,419	2,772	2,955	3,112	4,104
3 Deposits	941	1,795	994	1,212	1,048	1,126	2,506
4 Other claims.	1,415	1,876	1,425	1,560	1,908	1,985	1,598
5 Claims of banks' domestic customers[2]		358	580	1,058	798	595	962

1 Includes claims of banks' domestic customers through March 1978

2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers

NOTE Data on claims exclude foreign currencies held by U S *monetary authorities*

3.16 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars

Millions of dollars, end of period

Holder and type of liability	1977	1978	1979	1980					1981	
				Aug	Sept	Oct	Nov	Dec	Jan	Feb *p*
1 **All foreigners**	**126,168**	**166,877**	**187,492**	**201,402**	**191,683**	**195,827**	**204,882**	**205,295r**	**202,093**	**201,333**
2 Banks' own liabilities		78,730	117,211	128,171	118,663	121,240	125,139	124,789r	122,609	121,599
3 Demand deposits	18,996	19,218	23,325	22,511	22,474	22,457	22,847	23,462r	22,149	23,614
4 Time deposits[1]	11,521	12,431	13,627	13,208	13,824	14,157	14,773	15,076r	15,677	15,543
5 Other[2]		9,704	16,419	18,785	18,046	17,222	17,117	17,581r	14,906	13,641
6 Own foreign offices[3]		37,376	63,839	73,667	64,319	67,405	70,401	68,670r	69,876	68,801
7 Banks' custody liabilities[4]		88,147	70,281	73,231	73,020	74,587	79,743	80,506	79,484	79,734
8 U S Treasury bills and certificates[5]	48,906	68,202	48,573	51,505	50,731	51,990	56,484	57,595	57,689	58,361
9 Other negotiable and readily transferable instruments[6]		17,446	19,359	19,141	19,778	19,967	20,624	20,079	19,023	18,211
10 Other		2,499	2,350	2,586	2,511	2,630	2,635	2,832	2,773	3,162
11 **Nonmonetary international and regional organizations[7]**	**3,274**	**2,607**	**2,356**	**2,820**	**2,549**	**2,734**	**2,476**	**2,342**	**1,961**	**2,003**
12 Banks' own liabilities		906	714	501	476	352	383	442	419	317
13 Demand deposits	231	330	260	171	141	115	187	146	212	186
14 Time deposits[1]	139	84	151	101	100	95	92	85	71	76
15 Other[2]		492	303	229	235	143	104	211	137	54
16 Banks' custody liabilities[4]		1,701	1,643	2,319	2,073	2,382	2,093	1,900	1,542	1,687
17 U.S. Treasury bills and certificates	706	201	102	644	316	581	337	254	88	368
18 Other negotiable and readily transferable instruments[6]		1,499	1,538	1,675	1,757	1,800	1,756	1,646	1,453	1,319
19 Other		1	2	0	0	0	0	0	0	0
20 **Official institutions[8]**	**65,822**	**90,706**	**78,142**	**79,260**	**80,279**	**79,207**	**84,706**	**86,624r**	**83,513**	**81,573**
21 Banks' own liabilities		12,129	18,228	17,591	18,548	16,182	16,897	17,826r	15,222	13,822
22 Demand deposits	3,528	3,390	4,704	3,898	4,348	3,406	3,553	3,771	3,869	3,579
23 Time deposits[1]	1,797	2,550	3,041	3,006	3,477	3,390	3,623	3,612r	3,343	2,977
24 Other[2]		6,189	10,483	10,688	10,724	9,387	9,721	10,443	8,010	7,266
25 Banks' custody liabilities[4]		78,577	59,914	61,669	61,731	63,025	67,808	68,798	68,292	67,750
26 U S Treasury bills and certificates[5]	47,820	67,415	47,666	49,811	49,361	50,392	55,104	56,243	56,522	56,829
27 Other negotiable and readily transferable instruments[6]		10,992	12,196	11,805	12,307	12,542	12,648	12,501	11,740	10,794
28 Other		170	52	54	63	90	56	54	30	128
29 **Banks[9]**	**42,335**	**57,495**	**88,352**	**100,788**	**89,979**	**95,012**	**97,759r**	**96,415r**	**96,426**	**96,456**
30 Banks' own liabilities		52,705	83,352	95,475	84,737	89,653	91,880	90,456r	90,345	90,195
31 Unaffiliated foreign banks		15,329	19,512	21,808	20,419	22,249	21,478	21,786r	20,469	21,394
32 Demand deposits	10,933	11,257	13,274	13,427	12,995	13,843	13,714	14,188r	12,889	14,289
33 Time deposits[1]	2,040	1,443	1,680	1,514	1,412	1,724	1,786	1,703r	1,857	1,833
34 Other[2]		2,629	4,558	6,867	6,012	6,681	5,978	5,895r	5,723	5,272
35 Own foreign offices[3]		37,376	63,839	73,667	64,319	67,405	70,401	68,670r	69,876	68,801
36 Banks' custody liabilities[4]		4,790	5,000	5,313	5,241	5,359	5,880	5,959	6,081	6,261
37 U S Treasury bills and certificates	141	300	422	577	361	515	529	623	647	714
38 Other negotiable and readily transferable instruments[6]		2,425	2,405	2,435	2,533	2,417	2,883	2,748	2,856	2,792
39 Other		2,065	2,173	2,301	2,347	2,427	2,467	2,588	2,578	2,755
40 **Other foreigners**	**14,736**	**16,070**	**18,642**	**18,533**	**18,876**	**18,874**	**19,941**	**19,914**	**20,193**	**21,301**
41 Banks' own liabilities		12,990	14,918	14,604	14,901	15,052	15,979	16,065	16,623	17,265
42 Demand deposits	4,304	4,242	5,087	5,014	4,991	5,093	5,393	5,356	5,179	5,559
43 Time deposits	7,546	8,353	8,755	8,588	8,836	8,948	9,272	9,676	10,407	10,657
44 Other[2]		394	1,075	1,002	1,075	1,011	1,315	1,033	1,036	1,049
45 Banks' custody liabilities[4]		3,080	3,725	3,930	3,975	3,822	3,962	3,849	3,570	4,036
46 U.S Treasury bills and certificates	240	285	382	473	693	502	513	474	432	451
47 Other negotiable and readily transferable instruments[6]		2,531	3,220	3,226	3,181	3,208	3,337	3,185	2,974	3,306
48 Other		264	123	231	100	112	112	190	164	279
49 MEMO. Negotiable time certificates of deposit in custody for foreigners		11,007	10,974	10,433	10,704	10,799	10,553	10,745	10,112	9,754

1. Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments." Data for time deposits before April 1978 represent short-term only
2. Includes borrowing under repurchase agreements
3. U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly owned subsidiaries of head office or parent foreign bank
4. Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks
5. Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries
6. Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit
7. Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks
8. Foreign central banks and foreign central governments and the Bank for International Settlements
9. Excludes central banks, which are included in "Official institutions"

3.16 Continued

Area and country	1977	1978	1979	1980 Aug	1980 Sept.	1980 Oct	1980 Nov	1980 Dec	1981 Jan	1981 Feb.p
1 **Total**	**126,168**	**166,877**	**187,492**	**201,402**	**191,683**	**195,827**	**204,882**	**205,295r**	**202,093**	**201,333**
2 **Foreign countries**	**122,893**	**164,270**	**185,136**	**198,582**	**189,134**	**193,093**	**202,406**	**202,953r**	**200,132**	**199,330**
3 Europe	60 295	85,169	90,935	86,077	83,476	83,990	90,741	90,897	89,615	89,477
4 Austria	318	513	413	390	432	460	519	523	554	553
5 Belgium-Luxembourg	2,531	2,550	2,375	3,673	3,696	3,322	3,696	4,019	4,062	4,821
6 Denmark	770	1,946	1,092	525	528	493	586	497	420	432
7 Finland	323	346	398	403	311	307	363	455	264	355
8 France	5,269	9,214	10,433	12,596	12,332	11,654	12,380	12,125	12,141	12,495
9 Germany	7,239	17,286	12,935	9,121	7,854	7,557	9,171	9,973r	10,336	9,294
10 Greece	603	826	635	642	591	643	711	670	524	562
11 Italy	6,857	7,739	7,782	6,530	5,969	6,796	7,308	7,572	6,743	5,987
12 Netherlands	2,869	2,402	2,327	2,491	2,540	2,555	2,796	2,441	2,568	2,541
13 Norway	944	1,271	1,267	1,040	1,074	1,381	1,444	1,344	899	1,037
14 Portugal	273	330	557	506	571	491	437	374	370	358
15 Spain	619	870	1,259	1,491	1,321	1,520	1,379	1,500	1,416	1,387
16 Sweden	2,712	3,121	2,005	1,861	1,826	1,813	1,811	1,737	1,365	2,078
17 Switzerland	12,343	18,225	17,954	14,252	13,524	13,695	16,574	16,689r	16,568	16,635
18 Turkey	130	157	120	147	237	171	257	242r	203	231
19 United Kingdom	14,125	14,265	24,694	22,925	22,818	23,797	24,443	22,680	24,212	24,609
20 Yugoslavia	232	254	266	139	169	203	225	681	296	269
21 Other Western Europe[1]	1,804	3,440	4,070	7,002	7,250	6,880	6,161	6,939	6,225	5,385
22 U.S.S R	98	82	52	70	39	33	64	68	46	84
23 Other Eastern Europe[2]	236	330	302	271	392	220	416	370r	401	364
24 Canada	4,607	6,969	7,379	9,187	10,234	9,992	9,871	10,031	9,802	9,131
25 Latin America and Caribbean	23,670	31,677	49,665	58,282	48,781	52,501	53,318	53,170r	53,050	52,025
26 Argentina	1,416	1,484	1,582	1,880	1,875	1,996	1,996	2,132	1,857	1,998
27 Bahamas	3,596	6,752	15,255	21,179	13,924	17,567	16,803	16,372	16,164	15,656
28 Bermuda	321	428	430	559	677	595	555	670	475	793
29 Brazil	1,396	1,125	1,005	1,378	1,168	1,342	1,248	1 216	1,339	1,266
30 British West Indies	3,998	6,014	11,117	13,309	11,410	12,040	12,614	12,766r	12,609	11,953
31 Chile	360	398	468	475	431	448	456	460	501	431
32 Colombia	1,221	1,756	2,617	2,893	2,916	3,037	2,962	3,077	3,095	3,087
33 Cuba	6	13	13	7	5	5	6	6	6	7
34 Ecuador	330	322	425	818	381	387	437	371	389	449
35 Guatemala[3]		416	414	372	373	365	359	367	428	461
36 Jamaica[3]		52	76	100	101	85	79	97	112	101
37 Mexico	2,876	3,467	4,185	4,291	4,226	4,575	4,583	4,547	4,595	4,601
38 Netherlands Antilles	196	308	499	314	360	393	568	413	599	523
39 Panama	2,331	2,967	4,483	4,617	3,894	3,595	4,575	4,718	4,460	4,194
40 Peru	287	363	383	401	355	380	345	403	401	447
41 Uruguay	243	231	202	241	199	220	244	254	290	266
42 Venezuela	2,929	3,821	4,192	3,692	4,405	3,659	3,667	3,170	3,794	3,925
43 Other Latin America and Caribbean	2,167	1,760	2,318	1,755	2,080	1,811	1,819	2,132	1,936	1,869
44 Asia	30,488	36,492	33,013	39,880	41,847	40,880	41,999	42,420r	41,649	42,816
China										
45 Mainland	53	67	49	37	38	46	62	49	55	55
46 Taiwan	1,013	502	1,393	1,552	1,595	1,610	1,636	1,662	1,821	1,733
47 Hong Kong	1,094	1,256	1,672	1,994	2,204	2,150	2,410	2,548	2,764	3,052
48 India	961	790	527	631	529	485	438	416	437	602
49 Indonesia	410	449	504	649	827	811	715	730	1,170	678
50 Israel	559	688	707	569	534	530	548	883	523	557
51 Japan	14,616	21,927	8,907	14,059	15,414	15,354	15,720	16,281r	17,701	18,057
52 Korea	602	795	993	1,473	1,994	1,809	1,764	1,528	1,498	1,485
53 Philippines	687	644	795	778	814	838	803	919	849	1,057
54 Thailand	264	427	277	304	517	403	440	464	367	404
55 Middle-East oil-exporting countries[4]	8,979	7,534	15,309	15,801	15,409	14,611	15,214	14,453	12,216	12,695
56 Other Asia	1,250	1,414	1,879	2,033	1,972	2,232	2,250	2,487	2,249	2,440
57 Africa	2,535	2,886	3,239	4,221	3,902	4,246	4,725	5,187	4,358	4,369
58 Egypt	404	404	475	350	322	269	374	485	313	496
59 Morocco	66	32	33	47	32	57	38	33	42	30
60 South Africa	174	168	184	404	354	288	332	288	327	258
61 Zaire	39	43	110	38	42	36	34	57	48	58
62 Oil-exporting countries[5]	1,155	1,525	1,635	2,685	2,459	2,911	3,211	3,540	2,921	2,833
63 Other Africa	698	715	804	697	694	685	735	783	707	695
64 Other countries	1,297	1,076	904	936	894	1,484	1,752	1,247	1,658	1,512
65 Australia	1,140	838	684	692	613	1,190	1,419	950	1,304	1,204
66 All other	158	239	220	243	281	294	333	297	354	307
67 Nonmonetary international and regional *organizations*	3,274	2,607	2,356	2,820	2,549	2,734	2,476	2,342	1,961	2,003
68 International	2,752	1,485	1,238	1,736	1,389	1,586	1,366	1,156	913	995
69 Latin American regional	278	808	806	800	837	841	801	890	769	745
70 Other regional[6]	245	314	313	285	323	307	309	296	279	263

1 Includes the Bank for International Settlements Beginning April 1978, also includes Eastern European countries not listed in line 23

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania

3 Included in "Other Latin America and Caribbean" through March 1978

4 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

5 Comprises Algeria, Gabon, Libya, and Nigeria

6 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe "

3.17 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1977	1978	1979	1980					1981	
				Aug	Sept	Oct	Nov	Dec	Jan	Feb p
1 **Total**	**90,206**	**115,603**	**133,919**	**163,401**	**161,518**	**162,658**	**167,396**	**172,702r**	**167,311**	**166,007**
2 **Foreign countries**	**90,163**	**115,547**	**133,887**	**163,363**	**161,484**	**162,618**	**167,363**	**172,624r**	**167,262**	**165,928**
3 Europe	18,114	24,232	28,429	29,411	29,722	29,259	32,520	32,155r	30,657	30,928
4 Austria	65	140	284	280	264	196	250	236	249	191
5 Belgium-Luxembourg	561	1,200	1,339	1,881	1,954	1,680	1,946	1,621	1,739	2,226
6 Denmark	173	254	147	164	180	132	165	127	129	172
7 Finland	172	305	202	215	184	253	248	460	322	337
8 France	2,082	3,735	3,322	3,288	3,232	2,551	3,506	2,958	2,716	3,114
9 Germany	644	845	1,179	1,131	1,018	987	1,506	948	985	1,096
10 Greece	206	164	154	265	221	278	265	256	264	248
11 Italy	1,334	1,523	1,631	2,433	2,560	2,842	3,063	3,364	3,168	3,107
12 Netherlands	338	677	514	632	546	557	749	575	642	523
13 Norway	162	299	276	231	248	335	138	227	294	224
14 Portugal	175	171	330	335	330	341	393	331	299	240
15 Spain	722	1,120	1,051	1,139	1,106	1,113	1,111	993	1,131	1,160
16 Sweden	218	537	542	558	716	763	633	783	688	733
17 Switzerland	564	1,283	1,165	1,581	1,337	1,564	1,932	1,446	1,753	1,735
18 Turkey	360	300	149	137	144	123	149	145	146	148
19 United Kingdom	8,964	10,172	13,814	12,651	13,080	12,950	13,885	14,917r	13,175	12,892
20 Yugoslavia	311	363	611	647	682	684	689	853	863	859
21 Other Western Europe[1]	86	122	175	172	245	226	234	179	347	177
22 U.S.S.R.	413	366	290	232	241	257	271	281	249	249
23 Other Eastern Europe[2]	566	657	1,254	1,438	1,434	1,427	1,389	1,457	1,498	1,495
24 *Canada*	3,355	5,152	4,143	4,775	5,255	4,614	4,542	4,810	4,221	4,809
25 Latin America and Caribbean	45,850	57,567	68,011	89,253	85,768	87,665	89,263	92,992r	90,815	88,476
26 Argentina	1,478	2,281	4,389	5,393	5,629	5,859	6,270	5,689r	5,665	5,637
27 Bahamas	19,858	21,555	18,918	31,866	30,269	30,275	29,679	29,419r	28,358	27,468
28 Bermuda	232	184	496	256	216	399	260	218	267	364
29 Brazil	4,629	6,251	7,720	9,251	9,639	10,135	10,001	10,496r	10,260	9,810
30 British West Indies	6,481	9,692	9,822	14,570	11,980	12,630	13,674	15,661r	14,546	14,275
31 Chile	675	970	1,441	1,487	1,627	1,721	1,730	1,951	1,862	1,850
32 Colombia	671	1,012	1,614	1,490	1,493	1,575	1,582	1,752r	1,665	1,435
33 Cuba	10	0	4	3	6	3	3	3	4	3
34 Ecuador	517	705	1,025	1,136	1,111	1,157	1,157	1,190	1,222	1,179
35 Guatemala[3]		94	134	102	105	112	114	137	114	113
36 Jamaica[3]		40	47	31	33	35	40	36	33	41
37 Mexico	4,909	5,479	9,099	10,785	11,123	11,745	12,014	12,595r	12,687	12,533
38 Netherlands Antilles	224	273	248	725	710	799	816	821	835	760
39 Panama	1,410	3,098	6,031	4,931	4,461	3,972	4,367	4,974	5,033	4,858
40 Peru	962	918	652	687	671	719	749	890	912	877
41 Uruguay	80	52	105	105	100	100	105	137	111	107
42 Venezuela	2,318	3,474	4,669	4,737	4,879	4,710	5,113	5,438	5,515	5,514
43 Other Latin America and Caribbean	1,394	1,490	1,598	1,697	1,715	1,721	1,591	1,585	1,728	1,653
44 Asia	19,236	25,386	30,652	36,927	37,620	37,806	37,961	39,123r	38,537	38,590
China										
45 Mainland	10	4	35	50	117	126	187	195	225	193
46 Taiwan	1,719	1,499	1,821	2,284	2,492	2,332	2,382	2,469	2,415	2,276
47 Hong Kong	543	1,479	1,804	2,063	2,099	1,980	2,094	2,247	2,250	2,212
48 India	53	54	92	118	84	103	125	142	110	142
49 Indonesia	232	143	131	245	208	214	248	245	280	306
50 Israel	584	888	990	1,012	918	1,055	1,125	1,172r	1,081	829
51 Japan	9,839	12,671	16,946	21,205	20,663	20,607	20,323	21,361	21,187	22,314
52 Korea	2,336	2,282	3,798	5,464	5,574	5,885	5,844	5,697	5,877	5,325
53 Philippines	594	680	737	1,019	1,169	1,081	1,122	989	840	754
54 Thailand	633	758	935	947	947	925	974	876	810	808
55 Middle East oil-exporting countries[4]	1,746	3,125	1,548	1,040	1,471	1,258	1,538	1,494	1,435	1,508
56 Other Asia	947	1,804	1,813	1,480	1,876	2,240	1,999	2,236	2,026	1,923
57 Africa	2,518	2,221	1,797	1,977	2,029	2,090	1,933	2,377	1,910	1,981
58 Egypt	119	107	114	135	123	159	165	151	175	152
59 Morocco	43	82	103	180	166	119	146	223	186	115
60 South Africa	1,066	860	445	469	535	440	375	370	337	421
61 Zaire	98	164	144	98	101	123	98	94	96	94
62 Oil-exporting countries[5]	510	452	391	349	374	469	402	805	410	425
63 Other	682	556	600	746	729	780	747	734	707	773
64 Other countries	1,090	988	855	1,021	1,091	1,185	1,143	1,166	1,122	1,145
65 Australia	905	877	673	793	879	942	915	859	827	868
66 All other	186	111	196	228	213	243	228	307	295	277
67 Nonmonetary international and regional organizations[6]	43	56	32	38	34	40	34	78r	49	79

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

5 Comprises Algeria, Gabon, Libya, and Nigeria.

6 Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE. Data for period prior to April 1978 include claims of banks' domestic customers on foreigners.

3.18 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1977	1978	1979	1980					1981	
				Aug	Sept	Oct	Nov	Dec	Jan	Feb p
1 **Total**	**90,206**	**126,851**	**154,017**	....	**187,008**	....	....	**198,807r**	....	....
2 Banks' own claims on foreigners		115,603	133,919	163,401	161,518	162,658	167,396	172,702r	167,311	166,007
3 Foreign public borrowers		10,312	15,580	17,419	18,969	19,046	20,661	20,940r	20,988	20,191
4 Own foreign offices[1]		41,628	47,475	64,051	61,879	61,613	62,397	65,084r	63,974	63,904
5 Unaffiliated foreign banks		40,496	40,969	47,500	46,008	46,574	49,071	50,215r	46,360	45,762
6 Deposits		5,428	6,253	7,250	7,216	7,136	7,579	8,254r	7,171	6,975
7 Other		35,067	34,716	40,250	38,792	39,438	41,493	41,962r	39,189	38,786
8 All other foreigners		23,167	29,896	34,431	34,661	35,425	35,267	36,463r	35,988	36,150
9 Claims of banks' domestic customers[2]		11,248	20,098		25,490			26,106		
10 Deposits		480	955		1,081			885		
11 Negotiable and readily transferable instruments[3]		5,414	13,124		15,260			15,574		
12 Outstanding collections and other claims[4]	6,176	5,353	6,019		9,148			9,648		
13 MEMO: Customer liability on acceptances		14,969	18,058		23,533			22,821		
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]		13 162	21,578	24,245	22,075	22,696	24,516	21,396	25,407	n.a

1 *U S banks* includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies *Agencies, branches, and majority-owned subsidiaries of foreign banks* principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly owned subsidiaries of head office or parent foreign bank

2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers

3 Principally negotiable time certificates of deposit and bankers acceptances.

4 Data for March 1978 and for period prior to that are outstanding collections only

5 Includes demand and time deposits and negotiable and nonnegotiable certificates of deposit denominated in U S dollars issued by banks abroad For description of changes in data reported by nonbanks, see July 1979 BULLETIN, p 550

NOTE Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' own domestic customers are available on a quarterly basis only

3.19 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Maturity, by borrower and area	1978	1979		1980			
	Dec	Sept	Dec	Mar	June	Sept	Dec
1 **Total**	**73,771**	**87,580**	**86,261**	**85,227**	**92,748**	**98,892**	**106,296**
By borrower							
2 Maturity of 1 year or less[1]	58,481	68,404	65,251	63,868	71,368	76,096	82,197
3 Foreign public borrowers	4,633	6,142	7,127	6,778	7,089	8,639	9,573
4 All other foreigners	53,849	62,262	58,125	57,090	64,279	67,458	72,624
5 Maturity of over 1 year[1]	15,289	19,176	21,009	21,359	21,380	22,796	24,099
6 Foreign public borrowers	5,361	7,652	8,114	8,430	8,515	9,592	10,089
7 All other foreigners	9,928	11,524	12,895	12,929	12,865	13,204	14,010
By area							
Maturity of 1 year or less[1]							
8 Europe	15,176	16,799	15,254	13,844	17,141	16,880	18,544
9 Canada	2,670	2,471	1,777	1,818	2,013	2,166	2,721
10 Latin America and Caribbean	20,990	25,690	24,974	23,178	24,417	28,007	32,065
11 Asia	17,579	21,519	21,673	23,358	25,753	26,892	26,440
12 Africa	1,496	1,401	1,080	1,043	1,320	1,401	1,756
13 All other[2]	569	524	493	627	724r	751	671
Maturity of over 1 year[1]							
14 Europe	3,142	3,653	4,140	4,248	4,033	4,715	5,095
15 Canada	1,426	1,364	1,317	1,214	1,199	1,188	1,447
16 Latin America and Caribbean	8,464	11,771	12,821	13,397	13,902	14,192	15,017
17 Asia	1,407	1,578	1,911	1,728	1,524	2,009	1,862
18 Africa	637	623	652	620	576	567	507
19 All other[2]	214	188	169	152	146	126	171

1 Remaining time to maturity

2. Includes nonmonetary international and regional organizations

3.20 CLAIMS ON FOREIGN COUNTRIES Held by U.S. Offices and Foreign Branches of U.S.-Chartered Banks[1]

Billions of dollars, end of period

Area or country	1976	1977	1978[2]	1979 Mar	1979 June	1979 Sept	1979 Dec	1980 Mar	1980 June	1980 Sept	1980 Dec p
1 **Total**	**206.8**	**240.0**	**266.2**	**263.9**	**275.6**	**293.9**	**303.8**	**308.0**	**328.2**	**338.6**	**352.1**
2 G-10 countries and Switzerland	100.3	116.4	124.7	119.0	125.3	135.7	138.4	140.8	154.3	158.9	161.7
3 Belgium-Luxembourg	6.1	8.4	9.0	9.4	9.7	10.7	11.1	10.8	13.1	13.5	12.9
4 France	10.0	11.0	12.2	11.7	12.7	12.0	11.7	12.0	14.0	13.9	14.0
5 Germany	8.7	9.6	11.3	10.5	10.8	12.8	12.2	11.4	12.7	12.9	11.5
6 Italy	5.8	6.5	6.7	5.7	6.1	6.1	6.4	6.2	6.9	7.2	8.2
7 Netherlands	2.8	3.5	4.4	3.9	4.0	4.7	4.8	4.3	4.5	4.4	4.4
8 Sweden	1.2	1.9	2.1	2.0	2.0	2.3	2.4	2.4	2.7	2.8	2.9
9 Switzerland	3.0	3.6	5.3	4.5	4.7	5.0	4.7	4.3	3.3	3.4	4.0
10 United Kingdom	41.7	46.5	47.3	46.4	50.3	53.7	56.4	57.6	64.4	66.7	68.5
11 Canada	5.1	6.4	6.0	5.9	5.5	6.0	6.3	6.8	7.2	7.9	8.4
12 Japan	15.9	18.8	20.6	19.0	19.5	22.3	22.4	25.1	25.5	26.1	26.8
13 Other developed countries	15.0	18.6	19.4	18.2	18.2	19.7	19.9	18.8	20.3	20.6	21.2
14 Austria	1.2	1.3	1.7	1.7	1.8	2.0	2.0	1.7	1.8	1.8	1.9
15 Denmark	1.0	1.6	2.0	2.0	1.9	2.0	2.2	2.1	2.2	2.2	2.2
16 Finland	1.1	1.2	1.2	1.2	1.1	1.2	1.2	1.1	1.3	1.2	1.4
17 Greece	1.7	2.2	2.3	2.3	2.2	2.3	2.4	2.4	2.5	2.6	2.8
18 Norway	1.5	1.9	2.1	2.1	2.1	2.3	2.3	2.4	2.4	2.4	2.6
19 Portugal	.4	.6	.6	.6	.5	.7	.7	.6	.6	.7	.6
20 Spain	2.8	3.6	3.5	3.0	3.0	3.3	3.5	3.5	3.9	4.2	4.0
21 Turkey	1.3	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.5
22 Other Western Europe	.7	.9	1.3	1.1	.9	1.5	1.4	1.4	1.6	1.7	1.8
23 South Africa	2.2	2.4	2.0	1.7	1.8	1.7	1.3	1.1	1.5	1.2	1.1
24 Australia	1.2	1.4	1.4	1.3	1.4	1.3	1.3	1.2	1.2	1.2	1.3
25 OPEC countries[3]	12.6	17.6	22.7	22.6	22.7	23.4	22.9	21.8	20.9	21.4	22.8
26 Ecuador	.7	1.1	1.6	1.5	1.6	1.6	1.7	1.8	1.8	1.9	2.1
27 Venezuela	4.1	5.5	7.2	7.2	7.6	7.9	8.7	7.9	7.9	8.5	9.1
28 Indonesia	2.2	2.2	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.8
29 Middle East countries	4.2	6.9	9.5	9.4	9.0	9.2	8.0	7.8	6.9	6.7	7.0
30 African countries	1.4	1.9	2.5	2.6	2.6	2.8	2.6	2.5	2.5	2.4	2.8
31 Non-OPEC developing countries	44.2	48.7	52.6	53.9	55.9	58.8	62.8	63.7	67.4	72.8	76.9
Latin America											
32 Argentina	1.9	2.9	3.0	3.1	3.5	4.1	5.0	5.5	5.6	7.6	7.9
33 Brazil	11.1	12.7	14.9	14.9	15.1	15.1	15.2	15.0	15.3	15.8	16.2
34 Chile	.8	.9	1.6	1.7	1.8	2.2	2.5	2.5	2.7	3.2	3.5
35 Colombia	1.3	1.3	1.4	1.5	1.5	1.7	2.2	2.1	2.2	2.4	2.7
36 Mexico	11.7	11.9	10.8	10.9	10.7	11.4	12.0	12.1	13.6	14.4	15.9
37 Peru	1.8	1.9	1.7	1.6	1.4	1.4	1.5	1.3	1.4	1.5	1.8
38 Other Latin America	2.8	2.6	3.6	3.5	3.3	3.6	3.7	3.6	3.6	3.9	3.9
Asia											
China											
39 Mainland	0	0	0	.1	.1	.1	.1	.1	.1	.1	.2
40 Taiwan	2.4	3.1	2.9	3.1	3.3	3.5	3.4	3.6	3.8	4.1	4.2
41 India	.2	.3	.2	.2	.2	.2	.2	.2	.2	.2	.3
42 Israel	1.0	.9	1.0	1.0	.9	1.0	1.3	.9	1.2	1.1	1.5
43 Korea (South)	3.1	3.9	3.9	4.2	5.0	5.3	5.5	6.5	7.1	7.3	7.1
44 Malaysia[4]	.5	.7	.6	.6	.7	.7	.9	.8	.9	.9	1.0
45 Philippines	2.2	2.5	2.8	3.2	3.7	3.7	4.2	4.4	4.6	4.8	5.0
46 Thailand	.7	1.1	1.2	1.2	1.4	1.6	1.6	1.4	1.5	1.5	1.4
47 Other Asia	.5	.4	.2	.3	.4	.3	.4	.4	.5	.5	.6
Africa											
48 Egypt	.4	.3	.4	.5	.7	.6	.6	.7	.7	.7	.8
49 Morocco	.3	.5	.6	.6	.5	.5	.6	.5	.5	.6	.7
50 Zaire	.2	.3	.2	.2	.2	.2	.2	.2	.2	.2	.2
51 Other Africa[5]	1.2	.7	1.4	1.4	1.5	1.6	1.7	1.8	1.8	2.0	2.0
52 Eastern Europe	5.2	6.3	6.9	6.7	6.7	7.2	7.3	7.3	7.2	7.3	7.5
53 U S S R	1.5	1.6	1.3	1.1	.9	.9	.7	.6	.5	.5	.4
54 Yugoslavia	.8	1.1	1.5	1.6	1.7	1.8	1.8	1.9	2.1	2.1	2.3
55 Other	2.9	3.7	4.1	4.0	4.1	4.6	4.8	4.9	4.5	4.7	4.7
56 *Offshore banking centers*	24.7	26.1	30.9	33.7	37.0	38.6	40.4	42.6	43.9	44.1	47.1
57 Bahamas	10.1	9.9	10.4	12.3	14.4	13.0	13.7	14.0	13.6	12.9	13.3
58 Bermuda	.5	.6	.7	.6	.7	.7	.8	.6	.6	.6	.6
59 Cayman Islands and other British West Indies	3.8	3.7	7.4	7.1	7.4	9.5	9.4	11.3	9.5	10.0	10.3
60 Netherlands Antilles	.6	.7	.8	.8	1.0	1.1	1.2	.9	1.2	1.3	2.0
61 Panama[6]	3.0	3.1	3.0	3.4	3.8	3.4	4.3	4.9	5.6	5.6	6.3
62 Lebanon	.1	.2	.1	.1	.1	.2	.2	.2	.2	.2	.2
63 Hong Kong	2.2	3.7	4.2	4.8	4.9	5.5	6.0	5.7	6.9	7.4	8.1
64 Singapore	4.4	3.7	3.9	4.2	4.2	4.9	4.5	4.7	5.9	5.6	5.9
65 Others[7]	0	.5	.5	.4	.4	.4	.4	.4	.4	.4	.3
66 Miscellaneous and unallocated[8]	5.0	5.3	9.1	9.5	9.9	10.6	11.7	13.1	14.3	13.7	15.1

1 The banking offices covered by these data are the U S offices and foreign branches of U S.-owned banks and of U S subsidiaries of foreign-owned banks Offices *not* covered include (1) U S. agencies and branches of foreign banks, and (2) foreign subsidiaries of U S banks. To minimize duplication, the data are adjusted to exclude the claims on foreign branches held by a U S office or another foreign branch of the same banking institution The data in this table combine foreign branch claims in table 3 13 (the sum of lines 7 through 10) with the claims of U S offices in table 3 17 (excluding those held by agencies and branches of foreign banks and those constituting claims on own foreign branches) However, see also footnote 2.

2 Beginning with data for June 1978, the claims of the U S. offices in this table include only banks' own claims payable in dollars For earlier dates the claims of the U S offices also include customer claims and foreign currency claims (amounting in June 1978 to $10 billion)

3 In addition to the Organization of Petroleum Exporting Countries shown individually, this group includes other members of OPEC (Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and United Arab Emirates) as well as Bahrain and Oman (not formally members of OPEC).

4 Foreign branch claims only through December 1976

5 Excludes Liberia.

6 Includes Canal Zone beginning December 1979

7 *Foreign branch claims only*

8 Includes New Zealand, Liberia, and international and regional organizations.

3.21 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1979	1980	1981	1980					1981	
			Jan – Feb p	Aug	Sept	Oct.	Nov.	Dec	Jan.	Feb.p
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**51,344**	**57,414r**	...	**54,120**	**55,869**	**56,553**	**57,217**	**57,414r**	**58,449**	**60,272**
2 Foreign countries[2]	45,915	52,826r		49,992	51,173	52,075	52,867	52,826r	53,914	55,650
3 Europe[2]	24,824	24,333	...	24,643	25,016	24,783	24,708	24,333	25,173	25,463
4 Belgium-Luxembourg	60	77	...	89	91	78	74	77	80	88
5 Germany[2]	14,056	12,335		13,097	13,110	12,823	12,758	12,335	12,791	12,915
6 Netherlands	1,466	1,884		1,522	1,640	1,658	1,777	1,884	1,954	1,944
7 Sweden	647	595		640	611	607	614	595	555	535
8 Switzerland[2]	1,868	1,485		1,675	1,566	1,517	1,489	1,485	1,561	1,524
9 United Kingdom	6,236	7,180		7,089	7,456	7,538	7,411	7,180	7,435	7,742
10 Other Western Europe	491	777		531	542	562	584	777	796	714
11 Eastern Europe	0	0	...	0	0	0	0	0		0
12 Canada	232	449		469	480	503	532	449	458	490
13 Latin America and Caribbean	466	999	...	706	768	768	942	999	998	1,074
14 Venezuela	103	292	...	261	302	292	292	292	292	292
15 Other Latin America and Caribbean	200	285	...	240	241	255	278	285	281	341
16 Netherlands Antilles	163	421	...	205	225	221	372	421	425	441
17 Asia	19,805	26,110	...	23,585	24,292	25,331	25,966	26,110	26,301	27,465
18 Japan	11,175	9,479	...	9,465	9,444	9,503	9,547	9,479	9,519	9,543
19 Africa	591	920r		592	617	685	715	920r	971	1,140
20 All other	−3	14	...	−5	0	5	4	14	14	18
21 Nonmonetary international and regional organizations	5,429	4,588	...	4,128	4,696	4,478	4,350	4,588	4,535	4,622
22 International	5,388	4,548		4,066	4,632	4,430	4,302	4,548	4,505	4,586
23 Latin American regional	37	36	...	60	65	44	44	36	26	36
	Transactions (net purchases, or sales (−) during period)									
24 **Total[2]**	**6,397**	**6,070r**	**2,862**	**−767**	**1,752**	**681**	**665**	**196r**	**1,035**	**1,827**
25 Foreign countries[2]	6,099	6,911r	2,824	−598	1,181	903	792	−41r	1,088	1,736
26 Official institutions	1,697	3,839r	2,269	−745	998	664	302	−336r	865	1,404
27 Other foreign[2]	4,403	3,073r	555	146	183	240	490	295r	223	332
28 Nonmonetary international and regional organizations	301	−844r	38	−168	571	−222	−127	237r	−53	91
MEMO: Oil-exporting countries										
29 Middle East[3]	−1,014	7,672	1,440	140	601	990	561	358	300	1,139
30 Africa[4]	−100	328r	220	0	25	68	30	205r	51	169

1. Estimated official and private holdings of marketable U.S Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan 31, 1971, and monthly transactions reports. Excludes nonmarketable U S Treasury bonds and notes held by official institutions of foreign countries.

2. Beginning December 1978, includes U.S. Treasury notes publicly issued to private foreign residents denominated in foreign currencies.

3. Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States)

4. Comprises Algeria, Gabon, Libya, and Nigeria.

3.22 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1978	1979	1980r	1980				1981		
				Sept	Oct.	Nov	Dec.	Jan.	Feb	Mar p
1 Deposits	367	429	411	460	368	368	411	573	422	474
Assets held in custody										
2 U.S. Treasury securities[1]	117,126	95,075	102,417	96,227	98,121	102,786	102,417	104,490	106,389	111,859
3 Earmarked gold[2]	15,463	15,169	14,965	14,987	14,986	14,968	14,965	14,893	14,892r	14,883

1. Marketable U S Treasury bills, notes, and bonds; and nonmarketable U S Treasury securities payable in dollars and in foreign currencies.

2. The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973

NOTE. Excludes deposits and U S Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.23 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country	1979	1980	1981 Jan.–Feb.	1980 Aug.	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb. ᵖ
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	22,781	40 320	6,140	3,505	3,569	4,438	4,457	4,345	3,422	2 718
2 Foreign sales	21,123	35 044	5,110	3,301	3,329	3,920	3,588	3,783	2,798	2,312
3 **Net purchases, or sales (−)**	**1,658**	**5,276**	**1,029**	**203**	**241**	**519**	**869**	**562**	**624**	**406**
4 **Foreign countries**	**1,642**	**5,258**	**1,015**	**205**	**246**	**524**	**867**	**540**	**612**	**403**
5 Europe	217	3,036	695	42	83	300	633	222	438	257
6 France	122	479	103	30	33	53	109	57	62	41
7 *Germany*	221	184	42	21	18	35	121	7	24	18
8 Netherlands	71	328	45	26	38	29	58	17	43	2
9 Switzerland	519	308	80	127	122	83	265	88	105	- 24
10 United Kingdom	964	2,502	397	216	153	172	251	299	178	220
11 Canada	552	847	117	13	22	66	263	230	26	91
12 Latin America and Caribbean	19	143	79	32	83	132	57	12	101	22
13 Middle East[1]	688	1,206	137	183	410	126	109	177	63	74
14 Other Asia	211	4	16	22	19	33	18	68	14	2
15 Africa	14	1	2	0	2	2	0	2	2	0
16 Other countries	7	30	1	21	4	3	5	6	5	7
17 **Nonmonetary international and regional organizations**	**17**	**18**	**14**	**−2**	**−5**	**−6**	**2**	**22**	**12**	**2**
BONDS[2]										
18 Foreign purchases	8,835	15,356	2,956	1,087	645	1,612	1 181	946	1,549	1,407
19 Foreign sales	7,602	9,968	1 684	589	481	739	902	826	817	868
20 **Net purchases, or sales (−)**	**1,233**	**5,387**	**1,272**	**498**	**165**	**873**	**278**	**121**	**733**	**539**
21 **Foreign countries**	**1,330**	**5,453**	**1,257**	**475**	**214**	**918**	**283**	**107**	**706**	**552**
22 *Europe*	626	1,585	525	27	23	284	151	26	214	311
23 France	11	143	38	6	2	16	12	12	4	42
24 Germany	58	213	161	11	4	30	13	22	49	112
25 Netherlands	202	65	17	7	7	8	7	17	6	12
26 Switzerland	118	54	34	9	0	1	8	14	22	12
27 United Kingdom	814	1,252	331	53	5	235	154	113	124	207
28 Canada	80	135	5	25	12	9	21	7	7	2
29 Latin America and Caribbean	109	185	24	32	18	7	11	5	- 3	26
30 Middle East[1]	424	3,416	692	382	194	594	105	113	492	201
31 Other Asia	88	117	16	9	14	24	3	32	1	17
32 Africa	1	5	0	0	0	0	0	0	0	0
33 Other countries	1	10	4	0	2	0	1	0	4	0
34 **Nonmonetary international and regional organizations**	**−96**	**−65**	**15**	**23**	**−49**	**−45**	**−4**	**14**	**27**	**−13**
	Foreign securities									
35 Stocks, net purchases, or sales ( )	786	2,239	52	201	558	335	129	68	36	17
36 Foreign purchases	4,615	7,870	1 403	605	694	788	927	721	695	708
37 Foreign sales	5,401	10 108	1,350	805	1,253	1,143	798	788	659	691
38 Bonds, net purchases, or sales ( )	3,855	835	318	259	84	206	91	274	235	83
39 Foreign purchases	12 672	17 062	2,434	1,374	1,231	1,651	1 252	1 786	1,142	1,291
40 Foreign sales	16,527	17 898	2,752	1,634	1,316	1 857	1,161	1 512	1,378	1,374
41 **Net purchases, or sales (−), of stocks and bonds**	**−4,641**	**−3,074**	**−266**	**−460**	**−643**	**−561**	**219**	**206**	**−200**	**−66**
42 **Foreign countries**	**−3,891**	**−3,950**	**−342**	**−384**	**−680**	**−576**	**196**	**−177**	**−259**	**−83**
43 Europe	1,646	- 958	42	176	110	113	30	86	-116	74
44 Canada	2,601	2,094	57	42	344	651	327	24	4	61
45 Latin America and Caribbean	347	126	11	14	7	35	24	11	51	39
46 Asia	44	1 131	340	313	223	16	73	84	- 175	165
47 Africa	61	24	18	0	- 4	29	1	13	10	8
48 Other countries	25	81	10	76	6	16	3	7	4	6
49 **Nonmonetary international and regional organizations**	**−750**	**876**	**76**	**−76**	**37**	**15**	**23**	**383**	**59**	**17**

1 Comprises oil-exporting countries as follows Bahrain Iran, Iraq, Kuwait Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States)

2 Includes state and local government securities, and securities of U.S. government agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad

3.24 LIABILITIES TO UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1978	1979	1979 June	1979 Sept	1979 Dec	1980 Mar	1980 June	1980 Sept
1 **Total**	**14,869r**	**16,934r**	**15,510r**	**15,700**	**16,934r**	**17,349r**	**18,441r**	**18,581r**
2 Payable in dollars	11,506r	13,916r	12,623r	12,692	13,916r	14,414r	15,075r	15,321r
3 Payable in foreign currencies[2]	3,363	3,018	2,888	3,008	3,018	2,936	3,366	3,260r
By type								
4 Financial liabilities	6,295r	7,296r	6,041r	6,131	7,296r	7,778r	8,276r	8,300r
5 Payable in dollars	3,831r	5,086r	3,867r	3,877	5,086r	5,594r	5,720r	5,825r
6 Payable in foreign currencies	2,464	2,210	2,173	2,254	2,210	2,184	2,556	2,475r
7 Commercial liabilities	8,574	9,639	9,470	9,568	9,639	9,571	10,165	10,281
8 Trade payables	4,008	4,380	4,302	4,051	4,380	4,138	4,265	4,370
9 Advance receipts and other liabilities	4,566	5,258	5,168	5,518	5,258	5,433	5,899	5,911
10 Payable in dollars	7,675	8,830	8,755	8,815	8,830	8,819	9,355	9,496
11 Payable in foreign currencies	899	808	715	754	808	752	810	785
By area or country								
Financial liabilities								
12 Europe	3,903	4,574r	3,582	3,713	4,574r	4,808r	5,387r	5,320r
13 Belgium-Luxembourg	289	345	355	317	345	360	422	417r
14 France	167	168	134	126	168	188	341	339r
15 Germany	366	497	283	381	497	520	657	557
16 Netherlands	390	828r	401	542	828r	795r	783	780r
17 Switzerland	248	170r	235	190	170r	174r	233r	224
18 United Kingdom	2,110	2,372	1,955	1,957	2,372	2,568	2,783	2,873r
19 Canada	244	439r	290	304	439r	380r	482	508r
20 Latin America and Caribbean	1,357	1,483	1,395	1,347	1,483	1,764	1,633	1,733r
21 Bahamas	478	375	477	390	375	459	434	412
22 Bermuda	4	81	2	2	81	83	2	1
23 Brazil	10	18	19	14	18	22	25	20
24 British West Indies	194	514	189	198	514	694	700	703r
25 Mexico	102	121	131	122	121	101	101	108
26 Venezuela	49	72	68	71	72	70	72	74
27 Asia	780r	790r	764r	757	790r	805r	750r	707r
28 Japan	714	723	706	700	723	737	680	618r
29 Middle East oil-exporting countries[3]	32	31	25	19	31	26	31	37
30 Africa	5	4	6	5	4	11	10	11
31 Oil-exporting countries[4]	2	1	2	1	1	1	1	1
32 All other[5]	5	4	5	5	4	10	15	21
Commercial liabilities								
33 Europe	3,033	3,621	3,303	3,393	3,621	3,682	4,008	4,010
34 Belgium-Luxembourg	75	137	81	103	137	117	132	107
35 France	321	467	353	394	467	503	485	486
36 Germany	529	534	471	539	534	533	714	670
37 Netherlands	246	227	230	206	227	288	245	272
38 Switzerland	302	310	439	348	310	382	462	451
39 United Kingdom	824	1,073	997	1,015	1,073	994	1,120	1,024
40 Canada	667	868	663	717	868	720	591	590
41 Latin America	997	1,323	1,335	1,401	1,323	1,253	1,271	1,361
42 Bahamas	25	69	65	89	69	4	26	8
43 Bermuda	97	32	82	48	32	47	107	114
44 Brazil	74	203	165	186	203	228	151	156
45 British West Indies	53	21	121	21	21	20	37	12
46 Mexico	106	257	216	270	257	235	272	324
47 Venezuela	303	301	323	359	301	211	210	293
48 Asia	2,932	2,865	3,034	2,996	2,865	2,912	3,053	2,889
49 Japan	448	488	516	517	488	578	411	492
50 Middle East oil-exporting countries[3]	1,523	1,017	1,225	1,070	1,017	901	1,019	937
51 Africa	743	728	891	775	728	742	875	1,036
52 Oil-exporting countries[4]	312	384	410	370	384	382	498	633
53 All other[5]	203	233	243	287	233	263	367	396

1 For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p 550

2 Before December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year

3 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

4 Comprises Algeria, Gabon, Libya, and Nigeria.

5 Includes nonmonetary international and regional organizations

3.25 CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Nonbanking Business Enterprises in the United States[1]

Millions of dollars, end of period

Type, and area or country	1978	1979	1979 June	1979 Sept	1979 Dec	1980 Mar	1980 June	1980 Sept
1 **Total**	**27,864r**	**30,899r**	**30,318r**	**30,949**	**30,899r**	**31,894r**	**28,852**	**31,469r**
2 Payable in dollars	24,881r	27,734r	27,418r	28,280	27,734r	28,984r	28,852r	28,251r
3 Payable in foreign currencies[2]	2,984r	3,165r	2,900r	2,668	3,165r	3,000r	3,042	3,218r
By type								
4 Financial claims	16,528r	18,139r	19,321r	19,176	18,139r	19,260r	18,543r	18,260r
5 Deposits	11,069r	12,493r	13,661r	13,730	12,493r	13,586r	12,702r	12,185r
6 Payable in dollars	10,000	11,584r	12,706	12,830	11,584r	12,612r	11,822r	11,025r
7 Payable in foreign currencies	1,068r	909r	956r	901	909r	974r	879	1,159r
8 Other financial claims	5,459r	5,646	5,660	5,446	5,646	5,673r	5,841	6,075r
9 Payable in dollars	3,874r	3,803r	4,079r	4,030	3,803r	4,055r	4,103	4,399r
10 Payable in foreign currencies	1,584r	1,843r	1,581r	1,416	1,843r	1,619r	1,737	1,676r
11 Commercial claims	11,337	12,760r	10,997r	11,773	12,760r	12,724r	13,352	13,210
12 Trade receivables	10,778	12,072r	10,368r	11,061	12,072r	12,079r	12,656	12,521
13 Advance payments and other claims	559	688	628	712	688	645	695	689
14 Payable in dollars	11,006	12,347r	10,633r	11,421	12,347r	12,317r	12,926	12,827
15 Payable in foreign currencies	331	413	363	352	413	407	425	383
By area or country								
Financial claims								
16 Europe	5,218	6,129r	5,640r	6,562	6,129r	5,840r	5,835	5,603r
17 Belgium-Luxembourg	48	32	54	33	32	19	23	14
18 France	178	177	183	191	177	290	307	409r
19 Germany	510	409r	363r	393	409r	300r	190	168
20 Netherlands	103	53	62	51	53	39	37	30
21 Switzerland	98	73	81	85	73	89	96	41
22 United Kingdom	4,023	5,064r	4,650	5,522	5,064r	4,790r	4,855	4,546r
23 Canada	4,482	4,812	5,146	4,767	4,812	4,882	4,778	4,804
24 Latin America and Caribbean	5,672r	6,204r	7,448r	6,682	6,204r	7,516r	6,851r	6,733r
25 Bahamas	2,959	2,684r	3,648r	3,284	2,684r	3,450r	3,007r	2,807r
26 Bermuda	80	30	57	31	30	34	25	65
27 Brazil	151	163	141	133	163	128	120	116
28 British West Indies	1,288	2,001	2,407	1,838	2,001	2,591	2,393	2,301r
29 Mexico	163	158	159	156	158	169	178	192
30 Venezuela	157r	143r	155r	139	143r	134r	139	128
31 Asia	920r	697r	800	818	697r	713r	758	792
32 Japan	305r	190	217	222	190	226	253	269
33 Middle East oil-exporting countries[3]	18	16	17	21	16	18	16	20
34 Africa	181	253	227	277	253	265	256	260
35 Oil-exporting countries[4]	10	49	23	41	49	40	35	29
36 All other[5]	55	44	61	69	44	43	65	68
Commercial claims								
37 Europe	3,985	4,901r	3,833	4,127	4,901r	4,756r	4,820	4,610
38 Belgium-Luxembourg	144	203	170	179	203	208	255	227
39 France	609	727	470	518	727	703	662	698
40 Germany	399	584	421	448	584	515	504	561
41 Netherlands	267	298	307	262	298	347	297	287
42 Switzerland	198	269	232	224	269	349	429	332
43 United Kingdom	827	905	731	818	905	924	908	979
44 Canada	1,096	843	1,106	1,164	843	862	895	926
45 Latin America and Caribbean	2,547	2,855r	2,410r	2,595	2,855r	2,992r	3,281	3,351
46 Bahamas	109	21	98	16	21	19	19	53
47 Bermuda	215	197	118	154	197	135	133	81
48 Brazil	629	647	503	568	647	656	697	709
49 British West Indies	9	16	25	13	16	11	9	17
50 Mexico	506	700r	588r	648	700r	835r	921	973
51 Venezuela	292	342	296	346	342	349	394	384
52 Asia	3,082	3,365	2,967	3,116	3,365	3,370	3,540	3,361
53 Japan	976	1,127	1,005	1,128	1,127	1,209	1,130	1,065
54 Middle East oil-exporting countries[3]	717	766	685	701	766	718	829	829
55 Africa	447	556	487	549	556	518	567	699
56 Oil-exporting countries[4]	136	133	139	140	133	114	115	135
57 All other[5]	179	240	194	220	240	225	249	264

1 For a description of the changes in the International Statistics tables, see July 1979 BULLETIN, p. 550.
2 Prior to December 1978, foreign currency data include only liabilities denominated in foreign currencies with an original maturity of less than one year.
3 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
4 Comprises Algeria, Gabon, Libya, and Nigeria.
5 Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Percent per annum

Country	Rate on Mar. 31, 1981		Country	Rate on Mar. 31, 1981		Country	Rate on Mar. 31, 1981	
	Percent	Month effective		Percent	Month effective		Percent	Month effective
Argentina	195.08	Mar. 1981	France[1]	12.5	Mar. 1981	Sweden	12.0	Jan. 1981
Austria	6.75	Mar. 1980	Germany, Fed. Rep. of	7.5	May 1980	Switzerland	4.0	Feb. 1981
Belgium	16.0	Mar. 1981	Italy	19.0	Mar. 1981	United Kingdom	12.0	Mar. 1981
Brazil	40.0	June 1980	Japan	6.25	Mar. 1981	Venezuela	10.0	July 1980
Canada	16.69	Mar. 1981	Netherlands	9.0	Mar. 1981			
Denmark	11.00	Oct. 1980	Norway	9.0	Nov. 1979			

1. As from February 1981, the rate at which the Bank of France discounts Treasury bills for 7 to 10 days.

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	1978	1979	1980	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
1 Eurodollars	8.74	11.96	14.00	12.07	13.55	16.46	19.47	18.07	17.18	15.36
2 United Kingdom	9.18	13.60	16.59	15.89	15.87	15.84	14.64	14.20	13.12	12.58
3 Canada	8.52	11.91	13.12	10.73	11.71	12.96	16.83	16.98	17.28	16.85
4 Germany	3.67	6.64	9.45	8.90	8.99	9.37	10.11	9.41	10.74	13.44
5 Switzerland	0.74	2.04	5.79	5.57	5.40	5.53	6.61	5.68	7.09	8.33
6 Netherlands	6.53	9.33	10.60	10.31	9.63	9.59	9.69	9.36	9.78	10.61
7 France	8.10	9.44	12.18	11.81	11.69	11.26	11.52	11.38	11.87	12.56
8 Italy	11.40	11.85	17.50	17.50	18.16	17.51	17.47	17.34	17.50	18.22
9 Belgium	7.14	10.48	14.06	12.35	12.24	12.40	12.75	12.41	12.52	13.93
10 Japan	4.75	6.10	11.45	11.46	10.98	9.74	9.60	9.00	8.52	7.87

NOTE. Rates are for 3-month interbank loans except for the following: Canada, finance company paper; Belgium, 3-month Treasury bills; and Japan, Gensaki rate.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1978	1979	1980	1980 Sept.	1980 Oct.	1980 Nov.	1980 Dec.	1981 Jan.	1981 Feb.	1981 Mar.
1 Australia/dollar	114.41	111.77	114.00	117.04	117.43	116.75	116.86	118.19	116.26	116.29
2 Austria/schilling	6.8958	7.4799	7.7349	7.8916	7.6714	7.3433	7.1549	7.0297	6.6033	6.6959
3 Belgium/franc	3.1809	3.4098	3.4247	3.4844	3.3875	3.2457	3.1543	3.0962	2.8972	2.8966
4 Canada/dollar	87.729	85.386	85.530	85.861	85.538	84.286	83.560	83.974	83.442	83.936
5 Denmark/krone	18.156	19.010	17.766	18.068	17.639	16.962	16.573	16.181	15.152	15.109
6 Finland/markka	24.337	27.732	26.892	27.428	27.122	26.452	25.903	25.752	24.656	24.612
7 France/franc	22.218	23.504	23.694	24.056	23.489	22.515	21.925	21.539	20.142	20.147
8 Germany/deutsche mark	49.867	54.561	55.089	55.883	54.280	52.113	50.769	49.771	46.757	47.498
9 India/rupee	12.207	12.265	12.686	12.903	12.932	12.868	12.608	12.567	12.164	12.131
10 Ireland/pound	191.84	204.65	205.77	210.34	203.88	194.59	189.01	185.54	173.31	173.25
11 Italy/lira	.11782	.12035	.11694	.11742	.11441	.11000	.10704	.10478	.09807	.09699
12 Japan/yen	.47981	.45834	.44311	.46644	.47777	.46928	.47747	.49419	.48615	.47897
13 Malaysia/ringgit	43.210	45.720	45.967	47.127	46.902	46.187	45.406	44.994	44.196	43.830
14 Mexico/peso	4.3896	4.3826	4.3535	4.3443	4.3324	4.3166	4.3071	4.2792	4.2544	4.2238
15 Netherlands/guilder	46.284	49.843	50.369	51.398	50.052	48.102	46.730	45.810	42.870	42.912
16 New Zealand/dollar	103.64	102.23	97.337	98.309	98.069	96.770	95.404	96.137	93.414	91.999
17 Norway/krone	19.079	19.747	20.261	20.676	20.421	19.938	19.370	19.087	18.485	18.540
18 Portugal/escudo	2.2782	2.0437	1.9980	2.0096	1.9756	1.9178	1.8773	1.8591	1.7722	1.7621
19 South Africa/rand	115.01	118.72	128.54	132.73	133.13	133.20	132.83	133.69	129.27	126.50
20 Spain/peseta	1.3073	1.4896	1.3958	1.3639	1.3423	1.3085	1.2653	1.2409	1.1686	1.1672
21 Sri Lanka/rupee	6.3834	6.4226	6.1947	6.3196	5.9707	5.8139	5.7379	5.9525	5.5975	5.5527
22 Sweden/krona	22.139	23.323	23.647	24.072	23.845	23.240	22.722	22.490	21.734	21.704
23 Switzerland/franc	56.283	60.121	59.697	61.012	60.185	57.942	56.022	54.907	51.502	52.043
24 United Kingdom/pound	191.84	212.24	232.58	240.12	241.64	239.41	234.59	240.29	229.41	223.19
MEMO:										
25 United States/dollar[1]	92.39	88.09	87.39	85.50	86.59	89.31	90.99	91.38	96.02	96.22

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, Statistical Releases, and Special Tables

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.

STATISTICAL RELEASES

List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for periodic releases	December 1980	A80

SPECIAL TABLES

Published Irregularly, with Latest Bulletin Reference

Commercial bank assets and liabilities, call dates, December 31, 1978, to March 31, 1980	October 1980	A71
Commercial bank assets and liabilities, June 30, 1980	December 1980	A68
Commercial bank assets and liabilities, September 30, 1980	February 1981	A68
Commercial bank assets and liabilities, December 31, 1980	April 1981	A72
Assets and liabilities of U.S. branches and agencies of foreign banks, September 30, 1980	April 1981	A78

Special tables begin on following page.

4.10 TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Recent Survey Dates

Types of deposits, denomination, and original maturity	Number of issuing banks			Deposits: Millions of dollars			Deposits: Percentage change	
	July 30, 1980	Oct. 29, 1980	Jan 28, 1981	July 30, 1980	Oct 29, 1980	Jan 28, 1981	July 30–Oct 29	Oct 29–Jan 28
Total time and savings deposits	**14,188**	**14,364**	**14,346**	**685,234**	**713,860**	**768,145**	**4.2**	**7.6**
Savings	14,188	14,364	14,346	204,142	211,128	208,249	3.4	−1.4
Holder								
Individuals and nonprofit organizations	14,188	14,364	14,346	190,040	196,074	194,475	3.2	−0.8
Partnerships and corporations operated for profit (other than commercial banks)	10,674	10,528	11,026	9,859	10,974	9,686	11.3	−11.7
Domestic governmental units	8,947	9,333	9,377	3,630	3,567	3,221	−1.7	−9.7
All other	2,092	1,530	1,720	612	512	866	−16.3	69.1
Interest-bearing time deposits, less than $100,000	14,073	14,246	14,223	269,179	274,507	301,007	2.0	9.7
Holder								
Domestic governmental units[1]	10,099	9,125	9,180	2,068	2,232	1,960	7.9	−12.2
14 up to 90 days	4,276	3,551	3,454	581	540	332	−6.9	−38.5
90 up to 180 days	5,966	5,224	5,199	555	485	581	−12.5	19.6
180 days up to 1 year	5,020	3,756	3,960	428	335	278	−21.8	−17.0
1 year and over	7,827	7,334	6,745	504	871	769	72.8	−11.7
Other than domestic governmental units[1]	13,991	14,127	14,101	92,231	85,446	76,864	−7.4	−10.0
14 up to 90 days	4,800	4,360	3,902	1,568	1,404	1,083	−10.5	−22.8
90 up to 180 days	10,444	10,583	10,771	16,448	15,262	13,933	−7.2	−8.7
180 days up to 1 year	7,716	7,802	7,632	1,980	1,895	2,311	−4.3	22.0
1 up to 2½ years	13,707	13,597	13,688	12,199	11,108	9,621	−8.9	−13.4
2½ up to 4 years	12,656	12,636	12,284	8,579	7,606	6,582	−11.3	−13.5
4 up to 6 years	13,443	13,496	13,258	30,586	27,866	24,568	−8.9	−11.8
6 up to 8 years	11,627	11,586	11,315	18,382	17,776	16,411	−3.3	−7.7
8 years and over	8,489	8,111	8,238	2,489	2,528	2,354	1.6	−6.9
IRA and Keogh Plan time deposits, with maturities of 3 years or more or variable ceiling rates	10,284	10,392	10,416	5,309	5,488	5,670	3.4	3.3
Money market certificates, $10,000 or more, with maturities of exactly 6 months[2]	13,670	13,830	13,907	147,905	152,848	184,755	3.3	20.9
Variable interest rate ceiling time deposits of less than $100,000 with maturities of 2½ years or more[2,3]	12,887	13,374	13,277	21,666	28,493	31,758	31.5	11.5
Interest-bearing time deposits, $100,000 or more	12,593	13,163	13,474	205,378	222,513	253,750	8.3	14.0
Non-interest-bearing time deposits	1,318	1,386	1,379	4,304	4,230	4,234	−1.7	0.1
Less than $100,000	913	1,018	1,031	834	910	753	9.1	−17.3
$100,000 or more	719	688	669	3,470	3,319	3,481	−4.3	4.9
Club accounts (Christmas savings, vacation, and the like)	8,963	8,375	9,070	2,233	1,483	906	−33.6	−38.9

1. Excludes all money market certificates, IRAs, and Keogh Plan accounts
2. Excludes accounts held in IRA and Keogh Plans. Such accounts are included in item above
3. Effective Jan. 1, 1980, commercial banks, savings and loan associations, and mutual savings banks are authorized to offer variable ceiling accounts with no required minimum denomination and with maturities of 2½ years or more. The maximum rate for commercial banks is ¾ percentage point below the yield on 2½-year U.S Treasury securities the ceiling rate for thrift institutions is ¼ percentage point higher than that for commercial banks

NOTE. All banks that had either discontinued offering or never offered certain types of deposits as of the survey date are not counted as issuing banks However, small amounts of deposits held at banks that had discontinued issuing certain types of deposits are included in the amounts outstanding.
Details may not add to totals because of rounding

4.11 SMALL-DENOMINATION TIME AND SAVINGS DEPOSITS Held by Insured Commercial Banks on Oct. 29, 1980, and Jan. 28, 1981, Compared with Previous Survey, by Type of Deposit, by Most Common Rate Paid on New Deposits in Each Category, and by Size of Bank

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars): Less than 100		Size of bank: 100 and over		All banks		Size of bank (total deposits in millions of dollars): Less than 100		Size of bank: 100 and over	
	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Savings deposits												
Individuals and nonprofit organizations												
Issuing banks	14,346	14,364	12,997	13,042	1,349	1,322	194,475	196,074	66,842	68,819	127,633	127,255
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	2.9	4.0	2.9	4.0	3.0	4.1	3.7	4.5	4.6	4.8	3.2	4.4
4.51–5.00	4.1	6.9	3.9	6.9	6.0	6.4	4.6	5.2	5.3	5.7	4.2	4.9
5.01–5.25	93.0	89.1	93.2	89.0	91.0	89.5	91.7	90.3	90.0	89.5	92.6	90.7
MEMO: Paying ceiling rate[1]	93.0	89.1	93.2	89.0	91.0	89.5	91.7	90.3	90.0	89.5	92.6	90.7
Partnerships and corporations												
Issuing banks	11,026	10,528	9,705	9,232	1,322	1,296	9,686	10,974	3,109	3,199	6,578	7,775
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	.9	1.1	.8	1.2	1.0	.8	.9	.8	1.0	.5	.8	.9
4.51–5.00	4.1	5.6	4.1	5.5	4.4	6.2	5.7	5.6	11.9	6.5	2.7	5.2
5.01–5.25	95.0	93.3	95.1	93.3	94.6	92.9	93.4	93.7	87.2	93.0	96.4	93.9
MEMO: Paying ceiling rate[1]	95.0	93.3	95.1	93.3	94.6	92.9	93.4	93.7	87.2	93.0	96.4	93.9
Domestic governmental units												
Issuing banks	9,333	9,319	8,372	8,377	961	942	3,218	3,554	1,673	1,924	1,545	1,629
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	1.0	3.0	1.0	3.3	.5	.6	.3	2.0	.4	3.6	.2	.2
4.51–5.00	2.3	1.8	2.0	1.4	4.6	5.3	3.8	3.9	1.9	1.9	5.9	6.2
5.01–5.25	96.7	95.2	97.0	95.3	94.9	94.1	95.9	94.1	97.8	94.5	93.9	93.6
MEMO: Paying ceiling rate[1]	96.7	95.2	97.0	95.3	94.9	94.1	95.9	94.1	97.8	94.5	93.9	93.6
All other												
Issuing banks	1,693	1,525	1,454	1,284	239	240	862	512	610	360	252	152
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.50 or less	3.9	6.1	3.6	6.3	5.6	5.3	.5	1.0	(2)	(2)	1.6	3.5
4.51–5.00	1.9	4.0	2.0	4.6	1.0	1.0	2.7	15.6	3.8	22.2	(2)	(2)
5.01–5.25	94.2	89.9	94.4	89.2	93.4	93.7	96.8	83.4	96.2	77.8	98.4	96.5
MEMO: Paying ceiling rate[1]	94.2	89.9	94.4	89.2	93.4	93.7	96.8	83.4	96.2	77.8	98.4	96.5
Time deposits less than $100,000												
Domestic governmental units												
14 up to 90 days												
Issuing banks	3,448	3,545	2,865	2,960	583	586	322	530	172	173	150	357
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	23.5	19.7	26.2	21.2	10.5	11.8	9.9	5.7	16.6	14.9	2.3	1.2
5.01–5.50	34.4	35.6	29.5	31.5	58.4	55.9	35.4	21.7	14.1	13.4	59.9	25.8
5.51–8.00	42.1	44.8	44.3	47.3	31.1	32.3	54.7	72.6	69.3	71.7	37.8	73.1
MEMO: Paying ceiling rate[1]	36.4	37.5	38.1	39.2	27.9	28.9	50.8	67.7	65.0	64.0	34.5	69.4
90 up to 180 days												
Issuing banks	5,194	5,218	4,428	4,452	766	766	578	483	275	331	303	152
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	3.4	4.1	3.9	4.5	.4	1.8	.1	.7	.2	.6	(2)	.8
5.01–5.50	22.1	28.9	21.8	29.5	23.8	25.3	13.7	33.5	22.4	40.4	5.8	18.6
5.51–8.00	74.5	67.0	74.3	65.9	75.7	72.8	86.2	65.8	77.4	59.0	94.2	80.5
MEMO: Paying ceiling rate[1]	25.6	21.6	26.0	21.1	23.0	24.7	22.1	29.5	36.8	33.4	8.8	20.9
180 days up to 1 year												
Issuing banks	3,960	3,756	3,318	3,181	642	575	278	335	104	155	174	180
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	.7	1.6	.8	1.9	(2)	(2)	(2)	.1	(2)	.3	(2)	(2)
5.01–5.50	27.9	27.4	29.7	28.6	18.7	20.9	14.7	14.7	25.9	16.2	8.1	13.5
5.51–8.00	71.4	71.0	69.5	69.5	81.3	79.1	85.3	85.2	74.1	83.6	91.9	86.5
MEMO: Paying ceiling rate[1]	20.0	25.6	18.9	25.3	25.5	27.2	23.2	34.6	30.5	45.4	18.8	25.3
1 year and over												
Issuing banks	6,740	7,322	5,925	6,535	815	787	769	870	607	692	162	178
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	1.7	2.8	1.4	2.6	3.6	4.3	35.6	44.0	44.1	54.4	3.8	3.5
5.51–6.00	48.4	52.9	47.3	52.7	55.8	55.0	32.3	35.9	21.4	25.5	73.2	76.4
6.01–8.00	49.9	44.3	51.2	44.7	40.6	40.7	32.1	20.1	34.5	20.0	23.0	20.1
MEMO: Paying ceiling rate[1]	16.9	11.5	16.5	10.2	20.2	22.4	17.7	7.3	18.7	5.6	13.8	14.0

For notes see end of table

4.11 Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars) Less than 100		Size of bank (total deposits in millions of dollars) 100 and over		All banks		Size of bank (total deposits in millions of dollars) Less than 100		Size of bank (total deposits in millions of dollars) 100 and over	
	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980
	Number of banks or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Time deposits less than $100,000 (cont.)												
Other than domestic governmental units												
14 up to 90 days												
Issuing banks	3,861	4,360	2,936	3,437	926	923	1,083	1,404	106	311	978	1,093
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	20.6	27 8	23.4	31 7	11 9	13.6	14.2	21.9	38.4	11.9	11.6	24.8
5.01–5.25	79 4	72.2	76.6	68 3	88.1	86.4	85.8	78.1	61.6	88.1	88.4	75.2
MEMO: Paying ceiling rate[1]	79 4	72 2	76.6	68.3	88.1	86 4	85.8	78.1	61.6	88.1	88.4	75.2
90 up to 180 days												
Issuing banks	10,654	10,578	9,327	9,288	1,328	1,290	13,918	15,245	4,533	4,947	9,385	10,298
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.99 or less	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
5.00–5.50	32.7	33.5	33 9	34 7	24 0	24.7	31 9	31.6	26.6	27.4	34.4	33.6
5.51–5.75	67.3	66.5	66.1	65.3	76 0	75.3	68.1	68.4	73.4	72.6	65.6	66.4
MEMO: Paying ceiling rate[1]	67 3	66.5	66 1	65 3	76.0	74 9	68 1	68.3	73.4	72.6	65.6	66.3
180 days up to 1 year												
Issuing banks	7,532	7,790	6,607	6,862	925	928	2,305	1,890	905	593	1,400	1,298
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
4.99 or less	.8	.8	9	.9	(2)	1	(2)	(2)	(2)	.1	(2)	(2)
5.00–5.50	49.2	50 1	52 8	53 5	23.7	25.2	58.2	39.9	76.7	31.7	46 3	43.6
5.51–5.75	50.0	49.0	46.3	45.6	76.3	74.7	41.8	60.1	23.2	68.2	53.7	56.4
MEMO: Paying ceiling rate[1]	50.0	49.0	46.3	45 6	76.3	74.7	41.8	60 1	23.2	68.2	53.7	56.4
1 up to 2½ years												
Issuing banks	13,683	13,506	12,355	12,212	1,328	1,294	9,614	11,027	6,124	6,825	3,490	4,202
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	3	1	2	(2)	1.4	1.0	8	.7	.1	(2)	2.1	2.0
5.51–6.00	99.7	99.9	99.8	100.0	98 6	99.0	99.2	99 3	99.9	100.0	97.9	98.0
MEMO: Paying ceiling rate[1]	99.2	99.5	99 3	99.6	98.2	98.7	98 7	98.9	99.8	100.0	96.9	97.1
2½ years up to 4 years												
Issuing banks	12,231	12,576	10,949	11,320	1,282	1,257	6,559	7,567	3,682	4,295	2,876	3,273
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	2.1	1.3	1 9	1 1	3 5	2.8	1 2	1 6	5	1.0	2.1	2.4
6.01–6.50	97.9	98 7	98.1	98.9	96 5	97.2	98 8	98 4	99 5	99.0	97.9	97.6
MEMO: Paying ceiling rate[1]	97 9	97 6	98.1	97.7	96.2	96.9	98 6	97 9	99 5	98.5	97.5	97.2
4 up to 6 years												
Issuing banks	13,250	13,488	11,917	12,183	1,333	1,306	24,523	27,817	12,915	14,701	11,608	13,116
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.00 or less	3.8	8 1	3.9	8.5	3 3	3.6	2.2	3.6	2.7	4.7	1.8	2.4
7.01–7.25	96.2	91 9	96.1	91.5	96 7	96.4	97 8	96 4	97 3	95.3	98.2	97.6
MEMO Paying ceiling rate[1,3]	96.1	91.9	96.1	91.5	95.9	95 6	97.7	96 3	97.3	95.3	98.1	97.4
6 up to 8 years												
Issuing banks	11,307	11,532	10,034	10,287	1,272	1,244	16,303	17,647	7,048	7,496	9,254	10,151
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7 25 or less	2 4	2 4	2.5	2.5	2.0	1.2	1.6	1 0	1.0	.3	2.0	1.5
7.26–7.50	97.6	97 6	97.5	97.5	98 0	98.8	98.4	99.0	99.0	99.7	98.0	98.5
MEMO Paying ceiling rate[1,3]	97.3	97.3	97 2	97 2	98.0	98.8	98 4	99.0	99.0	99 7	98.0	98.5
8 years and over												
Issuing banks	8,226	8,094	7,104	7,005	1,122	1,089	2,340	2,509	787	876	1,553	1,633
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
7.50 or less	2.8	3 7	2.3	3.5	6.0	5 1	6.3	5 8	.3	.4	9.3	8.7
7.51–7.75	97.2	96.3	97 7	96.5	94 0	94.9	93 7	94.2	99.7	99.6	90.7	91.3
MEMO. Paying ceiling rate[1,3]	97.2	96.3	97 7	96 5	94.0	94 9	93 7	94.2	99 7	99.6	90 7	91.3
IRA and Keogh Plan time deposits, with maturities of 3 years or more or variable ceiling rates												
Issuing banks	10,292	10,056	9,033	8,833	1,259	1,223	5,668	5,433	1,866	1,817	3,803	3,616
Distribution, total	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)
7.50 or less	17 7	(4)	19 0	(4)	8.5	(4)	5.6	(4)	8.8	(4)	4.1	(4)
7.51–8.00	41 7	(4)	40.2	(4)	52.6	(4)	47.2	(4)	33.3	(4)	54.1	(4)
8.01–14.72	40.6	(4)	40 8	(4)	38.8	(4)	47 2	(4)	57 9	(4)	41.9	(4)
MEMO: Paying ceiling rate[1]	38.3	(4)	38.8	(4)	34.7	(4)	44.8	(4)	55.5	(4)	39.6	(4)
Money market certificates, $10,000 or more, 6 months												
Issuing banks	13,907	13,704	12,559	12,384	1,348	1,321	184,755	152,821	80,414	67,347	104,341	85,474
Distribution, total	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)
14 00 or less	1 3	(4)	1.3	(4)	1 2	(4)	7	(4)	1 2	(4)	.2	(4)
14.01–14.50	(2)	(4)	(2)	(4)	(2)	(4)	(2)	(4)	(2)	(4)	(2)	(4)
14.51–14.72	98 7	[illegible]	98 7	(4)	98 8	(4)	99.3	(4)	98 8	(4)	99.8	(4)
MEMO: paying ceiling rate[1]	98 7	(4)	98.7	(4)	98.8	(4)	99.3	(4)	98.8	(4)	99.8	(4)

For notes see end of table.

4.11 Continued

Deposit group, original maturity, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct 29, 1980	Jan 28, 1981	Oct 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980	Jan. 28, 1981	Oct. 29, 1980
	Number of banks, or percentage distribution						Amount of deposits (in millions of dollars) or percentage distribution					
Time deposits less than $100,000 (cont.)												
Variable interest rate ceiling time deposits of less than $100,000 with maturities of $2^1/_2$ years or more												
Issuing banks	13,188	13,285	11,862	11,988	1,326	1,297	31,723	28,419	16,956	15,253	14,768	13,166
Distribution, total	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)	100	(4)
11.00 or less	3.7	(4)	3 7	(4)	3 8	(4)	1.7	(4)	1.2	(4)	2.3	(4)
11.01–11 50	2.3	(4)	2 5	(4)	(2)	(4)	.7	(4)	1.3	(4)	(2)	(4)
~~11.51–11.75~~	94 0	(4)	93.8	(4)	96 2	(4)	97.6	(4)	97.5	(4)	97.7	(4)
MEMO: Paying ceiling rate[1]	94 0	(4)	93.8	(4)	96.2	(4)	97.6	(4)	97.5	(4)	97.7	(4)
Club accounts												
Issuing banks	5,919	5,468	5,445	5,025	474	443	495	709	264	363	232	346
Distribution, total	100	100	100	100	100	100	100	100	100	100	100	100
0.00	56 1	48.2	57 2	48.7	43.4	41.6	29.6	26.0	37.1	19.4	21 0	32.9
0.01–4 00	25.5	29.1	25.5	29 6	25.0	22 9	26 7	24.9	30.7	30.8	22.1	18.6
4.01–4 50	3 3	6.8	2 6	6 3	11.4	12 3	13.9	15 5	2.9	16.6	26 4	14.4
4.51–5.50	15 2	15.9	14 7	15.3	20.2	23 2	29.9	33.6	29.3	33.2	30.5	34.0

1. See BULLETIN table 1.16 for the ceiling rates ~~that existed~~ at the time of each survey.
2. Less than .05 percent
3. In October 1979 these deposit categories included the variable ceiling rate account of 4 years and over issued since July 1, 1979; the ceiling rate on such accounts was 7 60 percent in October. In January 1980 all variable ceiling accounts were excluded from these categories and hence the fixed rate ceilings that apply to each maturity category are shown in the table.
4. See the ~~January~~ 1981 BULLETIN for a distribution ~~in October 1980~~ of these accounts by size of bank and by the interest rates paid.

NOTE All banks that either had discontinued offering or had never offered particular types of deposits as of the survey date are not counted as issuing banks. Moreover, the small amounts of deposits held at banks that had discontinued issuing deposits are not included in the amounts outstanding. Therefore, the deposit amounts shown in *table 4 10 may exceed the deposit amounts shown in this table.*

The most common interest rate for each instrument refers to the stated rate per annum (before compounding) that banks paid on the largest dollar volume of deposit inflows during the 2-week period immediately preceding the survey date. Details may not add to totals because of rounding.

4.12 AVERAGE OF MOST COMMON INTEREST RATES PAID on Various Categories of Time and Savings Deposits at Insured Commercial Banks, January 28, 1981

Type of deposit, holder, and original maturity	Bank size (total deposit in millions of dollars)						
	All size groups	Less than 20	20 up to 50	50 up to 100	100 up to 500	500 up to 1,000	1,000 and over
Savings and small-denomination time deposits	**9.31**	**9.88**	**9.69**	**9.43**	**9.19**	**8.81**	**9.05**
Savings, total	5.20	5 23	5 18	5.18	5.20	5 19	5.22
Individuals and nonprofit organizations	5.20	5 23	5.18	5.17	5.20	5.19	5.22
Partnerships and corporations	5.23	5 17	5.21	5.23	5.24	5 20	5.25
Domestic governmental units	5 23	5.25	5 23	5.25	5.21	5.23	5.23
All other	5 21	5.25	5 25	5 21	5 10	5 15	5.24
Other time deposits in denominations of less than $100,000, total	6 69	6 65	6 85	6 68	6 68	6.67	6.62
Domestic governmental units, total	6 27	6 79	6.93	5.72	5.85	6 43	6.20
14 up to 90 days	6 48	6 53	7 48	6 96	5 14	6.33	6.20
90 up to 180 days	6 21	6 55	6 65	6 38	5.80	6.26	6.31
180 days up to 1 year	6 26	6 17	6 69	6 07	5 95	6.37	6.77
1 year and over	6 23	7 13	6 93	5 50	6.80	6 73	5.94
Other than domestic government units, total	6 71	6 64	6.85	6.71	6 71	6.67	6.62
14 up to 90 days	5 19	5 25	5 11	5 02	5 23	5.09	5 22
90 up to 180 days	5.66	5 64	5.68	5.61	5.67	5.62	5.66
180 days up to 1 year	5 59	5 43	5.71	5 51	5.66	5.70	5.59
1 up to $2^1/_2$ years	5 99	6 00	6 00	6 00	5 95	5 95	6 00
$2^1/_2$ up to 4 years	6 47	6 49	6 46	6.50	6 44	6 47	6 48
4 up to 6 years	7.23	7 24	7.24	7.24	7.20	7 23	7.21
6 up to 8 years	7 45	7.50	7 50	7 32	7.48	7.49	7 43
8 years or more	7 67	7 75	7.75	7.75	7 67	7 64	7.60
IRA and Keogh Plan time deposits, with maturities of 3 years or more or variable ceiling rates	9.80	9 80	10.18	10.23	9 77	9 83	9.44
Money market certificates, exactly 6 months[1]	14 61	14 57	14.45	14.65	14.63	14 66	14.70
Variable interest rate ceiling time deposits of less than $100,000 with maturities of $2^1/_2$ years or more[2]	11 70	11 67	11 72	11.74	11.68	11.54	11.75
Club accounts[3]	4.06	2 48	3.19	3.95	4.34	4.60	4 66

1. See note 2 in table 4 10
2. See notes 2 and 3 in table 4.10
3. Club accounts are excluded from all of the other categories

NOTE The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the amount of that type of deposit outstanding. All banks that had either discontinued offering or never offered particular types of deposit as of the survey date were excluded from the calculations *for those specific types of deposits*

4.20 DOMESTIC AND FOREIGN OFFICES, Commercial Banks with Assets of $100 Million or over[1p]
Consolidated Report of Condition; Dec. 31, 1980
Millions of dollars

Item	Insured	Banks with foreign offices[2]			Banks without foreign offices
		Total	Foreign offices[3]	Domestic offices	
1 **Total assets**	**1,461,055**	**1,091,408**	**353,763**	**768,688**	**369,646**
2 Cash and due from depository institutions	293,791	249,317	130,527	118,790	44,474
3 Currency and coin (U S. and foreign)	14,345	8,421	308	8,113	5,924
4 Balances with Federal Reserve Banks	26,623	20,062	389	19,674	6,560
5 Balances with other central banks	2,800	2,800	2,741	59	N/A
6 Demand balances with commercial banks in United States	37,600	26,316	4,656	21,660	11,283
7 All other balances with depository institutions in United States and with banks in foreign countries	132,714	125,406	120,255	5,151	7,308
8 Time and savings balances with commercial banks in United States	6,648	2,472	1,422	1,050	4,177
9 Balances with other depository institutions in United States	500	300	122	178	200
10 Balances with banks in foreign countries	125,566	122,634	118,711	3,923	2,931
11 Foreign branches of other U.S. banks	N/A	26,671	25,562	1,109	N/A
12 Other banks in foreign countries	N/A	95,963	93,149	2,814	N/A
13 Cash items in process of collection	79,709	66,311	2,177	64,134	13,398
14 **Total securities, loans, and lease financing receivables**	**1,069,341**	**758,717**	**197,752**	**560,965**	**310,623**
15 Total securities, book value	220,205	126,332	10,489	115,843	93,872
16 U.S. Treasury	65,634	34,930	403	34,527	30,704
17 Obligations of other U.S government agencies and corporations	32,923	15,845	9	15,836	17,078
18 *Obligations of states and political subdivisions in United States*	99,165	55,808	751	55,057	43,356
19 All other securities	22,483	19,749	9,326	10,423	2,734
20 Other bonds, notes, and debentures	11,385	9,420	7,751	1,670	1,965
21 Federal Reserve and corporate stock	1,717	1,279	168	1,111	439
22 Trading account securities	9,380	9,050	1,408	7,643	330
23 Federal funds sold and securities purchased under agreements to resell	47,735	26,833	306	26,528	20,901
24 Total loans, gross	809,656	607,465	186,542	420,923	202,191
25 LESS: Unearned income on loans	13,873	7,984	1,678	6,307	5,889
26 Allowance for possible loan loss	8,017	5,843	235	5,608	2,174
27 EQUALS: Loans, net	787,766	593,638	184,629	409,009	194,129
Total loans, gross, by category					
28 Real estate loans	189,851	115,624	6,741	108,883	74,227
29 Construction and land development	N.A	N.A	N.A.	23,009	8,194
30 Secured by farmland	N.A	N A.	N.A.	838	1,184
31 Secured by residential properties	N A.	N.A.	N.A	63,511	41,876
32 1-to 4-family	N A.	N.A	N.A.	60,271	39,886
33 FHA-insured or VA-guaranteed	N.A	N.A.	N.A.	3,887	2,034
34 Conventional	N A	N.A.	N.A.	56,384	37,853
35 Multifamily	N A.	N.A.	N.A.	3,240	1,990
36 FHA-insured	N.A.	N.A.	N.A.	221	99
37 Conventional	N.A	N.A	N.A.	3,019	1,891
38 Secured by nonfarm nonresidential properties	N.A.	N A.	N.A.	21,524	22,972
39 Loans to financial institutions	79,811	76,095	35,003	41,092	3,717
40 REITs and mortgage companies in United States	5,670	4,963	104	4,859	707
41 Commercial banks in United States	7,283	6,081	678	5,403	1,202
42 U.S. branches and agencies of foreign banks	N.A.	2,482	282	2,200	N.A.
43 Other commercial banks	N A.	3,599	396	3,203	N.A.
44 Banks in foreign countries	37,054	36,708	26,751	9,956	347
45 Foreign branches of other U.S. banks	N.A.	714	324	391	N.A.
46 Other	N A	35,993	26,427	9,566	N.A
47 Finance companies in United States	10,725	10,268	382	9,886	457
48 Other financial institutions	19,080	18,075	7,088	10,987	1,004
49 Loans for purchasing or carrying securities	13,084	11,254	1,259	9,995	1,830
50 Brokers and dealers in securities	9,037	8,682	857	7,825	355
51 Other	4,047	2,573	402	2,171	1,475
52 Loans to finance agricultural production and other loans to farmers	9,898	5,983	709	5,273	3,915
53 Commercial and industrial loans	342,227	283,238	109,401	173,837	58,990
54 U.S. addressees (domicile)	N A	171,776	6,255	165,521	N.A
55 Non-U.S. addressees (domicile)	N.A	111,461	103,146	8,316	N A.
56 Loans to individuals for household, family, and other personal expenditures	129,461	73,514	6,448	67,066	55,947
57 Installment loans	N A.	N.A.	N.A.	56,201	46,779
58 Passenger automobiles	N A.	N.A.	N.A.	17,648	19,957
59 Credit cards and related plans	N A.	N.A.	N.A.	19,344	9,152
60 Retail (charge account) credit card	N A.	N.A.	N.A.	15,797	7,813
61 Check and revolving credit	N.A.	N.A.	N.A	3,546	1,339
62 Mobile homes	N.A.	N.A.	N.A	3,471	3,313
63 Other installment loans	N A	N.A.	N.A.	15,739	14,357
64 Other retail consumer goods	N.A	N.A.	N A.	4,300	3,308
65 Residential property repair and modernization	N.A	N.A.	N.A.	3,880	3,565
66 Other installment loans for household, family, and other personal expenditures	N.A.	N.A	N A.	7,559	7,484
67 Single-payment loans	N A.	N.A	N.A.	10,865	9,168
68 All other loans	45,323	41,757	26,980	14,777	3,566
69 Loans to foreign governments and official institutions	N.A	27,352	24,572	2,780	N.A
70 Other	N.A	14,405	2,408	11,997	N.A.
71 Lease financing receivables	13,635	11,914	2,328	9,586	1,721
72 Bank premises, furniture and fixtures, and other assets representing bank premises	18,891	11,578	1,199	10,379	7,313
73 Real estate owned other than bank premises	1,614	1,127	127	1,001	487
74 All other assets	77,418	70,669	24,158	77,553	6,749
75 Investment in unconsolidated subsidiaries and associated companies	1,345	1,307	838	468	38
76 Customers' liability on acceptances outstanding	40,749	40,457	8,785	31,671	292
77 U.S. addressees (domicile)	N A	13,686	N.A.	N.A.	N A.
78 Non-U.S addressees (domicile)	N.A	26,771	N.A.	N A.	N.A.
79 Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	N.A	N A	3,980	27,063	N.A.
80 Other	35,324	28,906	10,554	18,351	6,418

4.20 Continued

Item	Insured	Banks with foreign offices[2] Total	Banks with foreign offices[2] Foreign offices[3]	Banks with foreign offices[2] Domestic offices	Banks without foreign offices
81 **Total liabilities and equity capital[4]**	**1,461,055**	**1,091,408**	**N.A.**	**N.A.**	**369,646**
82 **Total liabilities excluding subordinated debt**	**1,380,506**	**1,038,411**	**353,482**	**715,972**	**342,095**
83 Total deposits	1,132,928	825,440	294,012	531,429	307,488
84 Individuals, partnerships, and corporations	805,660	537,746	110,231	427,515	267,914
85 U.S. government	2,565	1,731	225	1,506	834
86 *States and political subdivisions in United States*	51,699	26,101	560	25,541	25,598
87 All other	258,255	248,715	181,143	67,572	9,540
88 Foreign governments and official institutions	42,190	41,979	33,411	8,567	211
89 Commercial banks in United States	74,896	65,964	17,630	48,335	8,932
90 U.S. branches and agencies of foreign banks	N.A.	11,633	4,626	7,007	N.A.
91 Other commercial banks in United States	N.A	54,331	13,004	41,328	N.A.
92 Banks in foreign countries	141,169	140,772	130,102	10,670	397
93 Foreign branches of other U.S. banks	N.A	26,977	26,960	18	N.A.
94 Other banks in foreign countries	N A	113,794	103,143	10,652	N.A.
95 Certified and officers' checks, travelers checks, and letters of credit sold for cash	14,749	11,148	1,853	9,295	3,601
96 Federal funds purchased and securities sold under agreements to repurchase in domestic offices *and Edge and agreement subsidiaries*	127,559	103,070	810	102,260	24,489
97 Interest-bearing demand notes issued to U.S. Treasury and other liabilities for borrowed money	40,615	36,866	14,735	22,131	3,749
98 Interest-bearing demand notes (note balances) issued to U.S Treasury	8,633	6,412	N.A.	6,412	2,221
99 *Other liabilities for borrowed money*	31,982	30,453	14,735	15,719	1,529
100 Mortgage indebtedness and liability for capitalized leases	1,850	1,244	13	1,231	606
101 All other liabilities	77,555	71,792	43,913	58,922	5,763
102 Acceptances executed and outstanding	40,862	40,567	7,288	33,279	295
103 Net due to foreign branches, foreign subsidiaries, *Edge and agreement subsidiaries*	N.A	N.A	27,063	3,980	N.A.
104 Other	36,693	31,225	9,562	21,663	5,468
105 Subordinated notes and debentures	5,724	4,035	282	3,754	1,689
106 Total equity capital[4]	74,824	48,962	N.A.	N.A.	25,862
107 Preferred stock	96	10	N.A.	N.A.	86
108 Common stock	14,889	9,750	N.A.	N.A.	5,140
109 Surplus	26,183	16,478	N.A	N.A.	9,705
110 Undivided profits and reserve for contingencies and other capital reserves	33,656	22,724	N A	N.A.	10,931
111 Undivided profits	32,772	22,723	N.A	N.A.	10,499
112 Reserve for contingencies and other capital reserves	884	451	N.A.	N.A	432
MEMO					
Deposits in domestic offices					
113 Total demand	328,411	224,736	0	224,736	103,674
114 Total savings	132,407	69,726	0	69,726	62,681
115 Total time	378,099	236,966	0	236,966	141,133
116 Time deposits of $100,000 or more	214,012	158,821	0	158,821	55,191
117 Certificates of deposit (CDs) in denominations of $100,000 or more	198,020	146,533	0	146,533	51,487
118 Other	15,992	12,288	0	12,288	3,704
119 Savings deposits authorized for automatic transfer and NOW accounts	17,396	10,391	0	10,391	7,004
120 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	100,307	49,268	0	49,268	51,038
121 Demand deposits adjusted[5]	202,170	119,806	0	119,806	82,364
122 Standby letters of credit, total	45,719	42,614	9,702	32,912	3,105
123 U.S. addressees (domicile)	N.A.	28,330	N A.	N.A.	N A.
124 Non-U.S. addressees (domicile)	N.A.	14,284	N.A	N.A.	N.A.
125 *Standby letters of credit conveyed to others through participations (included in total standby* letters of credit)	1,855	1,696	309	1,387	159
126 Holdings of commercial paper included in total gross loans	N A.	N.A.	N.A	335	560
Average for 30 calendar days (or calendar month) ending with report date					
127 Total assets	1,420,879	1,059,707	319,870	739,837	361,172
128 Cash and due from depository institutions	272,473	234,316	125,308	109,008	38,158
129 Federal funds sold and securities purchased under agreements to resell	47,267	26,252	372	25,880	21,015
130 Total loans	782,887	588,192	180,965	407,226	194,696
131 Total deposits	1,103,160	804,501	298,739	505,762	298,659
132 Time CDs in denominations of $100,000 or more in domestic offices	189,355	N.A.	N.A	139,815	49,540
133 Federal funds purchased and securities sold under agreements to repurchase	133,476	108,154	390	107,763	25,322
134 *Other liabilities for borrowed money*	31,793	30,275	14,655	15,620	1,518
135 Number of banks	1,419	178	178	178	1,241

For notes see page A77.

4.21 DOMESTIC OFFICES, Insured Commercial Banks with Assets of $100 Million or over[1,6p] Consolidated Report of Condition; Dec. 31, 1980

Millions of dollars

Item	Insured	Member banks			Nonmember insured
		Total	National	State	
1 ***Total assets***	**1,138,335**	**974,984**	**733,060**	**241,924**	**163,350**
2 Cash and due from depository institutions	163,264	147,367	100,874	46,492	15,898
3 Currency and coin (U.S. and foreign)	14,037	12,050	9,479	2,571	1,987
4 Balances with Federal Reserve Banks	26,234	26,080	20,730	5,350	154
5 Balances with other central banks	59	59	58	*	0
6 Demand balances with commercial banks in United States	32,944	25,717	14,519	11,198	7,227
7 All other balances with depository institutions in United States and with banks in foreign countries	12,458	8,459	6,580	1,879	3,999
8 Time and savings balances with commercial banks in United States	5,226	3,193	2,833	360	2,033
9 Balances with other depository institutions in United States	378	150	102	48	228
10 Balances with banks in foreign countries	6,854	5,115	3,645	1,471	1,739
11 Cash items in process of collection	77,532	75,002	49,509	25,493	2,530
12 **Total securities, loans, and lease financing receivables**	**871,589**	**732,525**	**562,393**	**170,133**	**139,064**
13 Total securities, book value	209,716	168,175	128,280	39,895	41,541
14 U.S. Treasury	65,231	50,996	38,278	12,718	14,235
15 Obligations of other U.S. government agencies and corporations	32,914	25,022	20,087	4,935	7,892
16 Obligations of states and political subdivisions in United States	98,414	80,595	61,294	19,301	17,819
17 All other securities	13,157	11,562	8,621	2,942	1,594
18 Other bonds, notes, and debentures	3,634	2,330	1,775	554	1,305
19 Federal Reserve and corporate stock	1,550	1,379	1,032	348	171
20 Trading account securities	7,972	7,854	5,814	2,040	119
21 Federal funds sold and securities purchased under agreements to resell	47,429	40,695	30,988	9,707	6,734
22 Total loans, gross	623,114	529,516	408,127	121,524	93,463
23 LESS: Unearned income on loans	12,195	9,604	7,609	1,995	2,591
24 Allowance for possible loan loss	7,781	6,821	5,129	1,691	961
25 EQUALS: Loans, net	603,137	513,226	395,388	117,838	89,911
Total loans, gross, by category					
26 Real estate loans	183,110	147,344	120,858	26,486	35,765
27 Construction and land development	31,204	26,492	20,678	5,813	4,712
28 Secured by farmland	2,023	1,541	1,411	130	481
29 Secured by residential properties	105,387	85,603	71,544	14,059	19,784
30 1- to 4-family	100,158	81,447	68,357	13,090	18,711
31 FHA-insured or VA-guaranteed	5,921	5,284	4,435	849	636
32 Conventional	94,237	76,163	63,922	12,241	18,074
33 Multifamily	5,230	4,156	3,187	969	1,074
34 FHA-insured	320	253	144	109	68
35 Conventional	4,909	3,903	3,043	860	1,006
36 Secured by nonfarm nonresidential properties	44,496	33,708	27,225	6,483	10,788
37 Loans to financial institutions	44,808	42,320	26,716	15,604	2,488
38 REITs and mortgage companies in United States	5,566	5,261	4,109	1,152	305
39 Commercial banks in United States	6,605	5,539	3,500	2,040	1,066
40 Banks in foreign countries	10,303	9,936	5,374	4,562	367
41 Finance companies in United States	10,343	10,108	6,366	3,742	236
42 Other financial institutions	11,991	11,477	7,368	4,109	514
43 Loans for purchasing or carrying securities	11,825	11,153	6,126	5,027	672
44 Brokers and dealers in securities	8,180	7,852	3,547	4,305	328
45 Other	3,645	3,302	2,579	722	344
46 Loans to finance agricultural production and other loans to farmers	9,189	8,321	7,616	705	867
47 Commercial and industrial loans	232,827	204,806	154,462	50,344	28,021
48 Loans to individuals for household, family, and other personal expenditures	123,013	98,944	81,081	17,863	24,069
49 Installment loans	102,980	82,665	68,158	14,508	20,315
50 Passenger automobiles	37,605	28,738	23,647	5,091	8,867
51 Credit cards and related plans	28,496	25,592	21,033	4,559	2,904
52 Retail (charge account) credit card	23,610	21,393	17,830	3,563	2,217
53 Check and revolving credit	4,886	4,199	3,203	996	687
54 Mobile homes	6,783	5,523	5,033	490	1,261
55 Other installment loans	30,096	22,812	18,445	4,367	7,284
56 Other retail consumer goods	7,608	6,078	5,212	866	1,530
57 Residential property repair and modernization	7,445	5,483	4,502	981	1,962
58 Other installment loans for household, family, and other personal expenditures	15,043	11,251	8,731	2,521	3,792
59 Single-payment loans	20,032	16,278	12,923	3,355	3,754
60 All other loans	18,343	16,762	11,267	5,495	1,581
61 Lease financing receivables	11,307	10,429	7,736	2,692	878
63 Bank premises, furniture and fixtures, and other assets representing bank premises	17,692	14,472	11,795	2,677	3,220
63 Real estate owned other than bank premises	1,487	1,281	1,029	252	206
64 All other assets	84,302	79,339	56,969	22,370	4,963
65 Investment in unconsolidated subsidiaries and associated companies	507	480	452	28	26
66 Customers' liability on acceptances outstanding	31,963	31,301	21,736	9,564	663
67 Net due from foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	27,063	25,799	19,017	6,782	1,264
68 Other	24,770	21,760	15,764	5,996	3,010

4.21 Continued

Item	Insured	Member banks			Nonmember insured
		Total	National	State	
69 **Total liabilities and equity capital**[7]	**1,138,335**	**974,984**	**733,060**	**241,924**	**163,350**
70 **Total liabilities excluding subordinated debt**	**1,058,067**	**906,748**	**681,273**	**225,475**	**151,319**
71 Total deposits	838,916	700,638	531,727	168,910	138,278
72 Individuals, partnerships, and corporations	695,429	574,434	447,282	127,152	120,995
73 U.S. government	2,340	1,955	1,481	474	385
74 States and political subdivisions in United States	51,139	39,181	32,206	6,974	11,958
75 All other	77,112	74,212	43,883	30,329	2,900
76 Foreign governments and official institutions	8,778	8,485	5,531	2,955	293
77 Commercial banks in United States	57,267	55,183	33,795	21,388	2,084
78 Banks in foreign countries	11,067	10,544	4,557	5,987	522
79 Certified and officers' checks, travelers checks, and letters of credit sold for cash	12,896	10,856	6,876	3,981	2,040
80 Demand deposits	328,411	285,123	201,264	83,859	43,288
81 Mutual savings banks	1,146	1,007	542	465	138
82 Other individuals, partnerships, and corporations	241,630	204,661	153,241	51,420	36,968
83 U.S. government	1,749	1,490	1,182	309	258
84 States and political subdivisions in United States	11,453	9,269	7,615	1,654	2,184
85 All other	59,537	57,839	31,808	26,030	1,698
86 Foreign governments and official institutions	2,612	2,490	1,089	1,401	122
87 Commercial banks in United States	46,960	45,669	26,702	18,966	1,291
88 Banks in foreign countries	9,965	9,680	4,017	5,663	286
89 Certified and officers' checks, travelers checks, and letters of credit sold for cash	12,896	10,856	6,876	3,981	2,040
90 Time deposits	378,099	310,595	246,394	64,201	67,504
91 Mutual savings banks	660	651	455	196	9
92 Other individuals, partnerships, and corporations	321,213	264,473	209,944	54,529	56,740
93 U.S. government	531	415	251	164	116
94 States and political subdivisions in United States	38,140	28,702	23,688	5,014	9,438
95 All other	17,554	16,353	12,056	4,297	1,200
96 Foreign governments and official institutions	6,151	5,980	4,428	1,552	171
97 Commercial banks in United States	10,302	9,509	7,088	2,421	793
98 Banks in foreign countries	1,101	864	540	324	237
99 Savings deposits	132,407	104,921	84,070	20,851	27,486
100 Mutual savings banks	*	*	*	0	0
101 Other individuals, partnerships, and corporations	130,781	103,641	83,100	20,541	27,139
102 Individuals and nonprofit organizations	124,053	98,600	79,056	19,544	25,453
103 Corporations and other profit organizations	6,727	5,041	4,044	997	1,686
104 U.S. government	60	50	48	2	10
105 States and political subdivisions in United States	1,545	1,210	903	306	336
106 All other	21	20	19	2	1
107 Foreign governments and official institutions	15	15	14	1	1
108 Commercial banks in United States	5	5	5	*	*
109 Banks in foreign countries	*	*	*	*	*
110 Federal funds purchased and securities sold under agreements to repurchase	126,750	118,795	88,966	29,829	7,955
111 Interest-bearing demand notes issued to U.S. Treasury and other liabilities for borrowed money	25,880	24,520	14,474	10,045	1,360
112 Interest-bearing demand notes (note balances) issued to U.S. Treasury	8,633	7,809	5,578	2,231	824
113 Other liabilities for borrowed money	17,247	16,711	8,896	7,815	536
114 Mortgage indebtedness and liability for capitalized leases	1,837	1,520	1,243	277	317
115 All other liabilities	64,684	61,275	44,862	16,413	3,409
116 Acceptances executed and outstanding	33,574	32,908	23,288	9,620	666
117 Net due to foreign branches, foreign subsidiaries, Edge and agreement subsidiaries	3,980	3,734	3,168	566	246
118 Other	27,130	24,633	18,406	6,227	2,497
119 Subordinated notes and debentures	5,443	4,329	3,143	1,185	1,114
120 **Total equity capital**[7]	**74,825**	**63,908**	**48,643**	**15,264**	**10,917**
MEMO:					
121 Time deposits of $100,000 or more	214,012	182,949	140,104	42,845	31,063
122 Certificates of deposit (CDs) in denominations of $100,000 or more	198,020	168,387	129,248	39,139	29,633
123 Other	15,992	14,562	10,856	3,707	1,430
124 Savings deposits authorized for automatic transfer and NOW accounts	17,396	14,063	10,993	3,069	3,333
125 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	100,307	78,603	65,643	12,960	21,704
126 Demand deposits adjusted[5]	202,170	162,962	123,871	39,091	39,208
127 Total standby letters of credit	36,017	34,333	22,979	11,353	1,685
128 Conveyed to others through participation (included in standby letters of credit)	1,546	1,477	1,031	446	69
129 Holdings of commercial paper included in total gross loans	895	580	499	81	315
Average for 30 calendar days (or calendar month) ending with report date					
130 Total assets	1,101,009	941,733	708,201	233,532	159,276
131 Cash and due from depository institutions	147,165	133,633	88,970	44,663	13,533
132 Federal funds sold and securities purchased under agreements to resell	46,895	40,212	30,514	9,698	6,683
133 Total loans	601,922	512,350	395,012	117,338	89,572
134 Total deposits	804,421	670,188	508,616	161,572	134,233
135 Time CDs in denominations of $100,000 or more in domestic offices	189,355	160,495	122,683	37,812	28,860
136 Federal funds purchased and securities sold under agreements to repurchase	133,086	124,905	92,668	32,237	8,181
137 Other liabilities for borrowed money	17,138	16,599	8,782	7,817	539
138 Number of banks	1,419	924	766	158	495

For notes see page A77.

4.22 DOMESTIC OFFICES, Insured Commercial Bank Assets and Liabilities[1p]
Consolidated Report of Condition; Dec. 31, 1980

Millions of dollars

Item	Insured	Member banks Total	Member banks National	Member banks State	Non-member insured
1 **Total assets**	**1,526,679**	**1,136,795**	**869,571**	**267,224**	**389,884**
2 Cash and due from depository institutions	199,234	163,740	114,845	48,895	35,494
3 Currency and coin (U.S. and foreign)	19,802	14,700	11,728	2,971	5,103
4 Balances with Federal Reserve Banks	29,993	29,795	23,892	5,903	198
5 Balances with other central banks	59	59	58	*	0
6 Demand balances with commercial banks in United States	49,120	30,807	18,886	11,921	18,313
7 All other balances with depository institutions in United States and banks in foreign countries	19,471	11,205	8,996	2,209	8,266
8 Cash items in process of collection	80,789	77,174	51,284	25,891	3,614
9 **Total securities, loans, and lease financing receivables**	**1,209,610**	**872,074**	**679,918**	**192,156**	**337,536**
10 Total securities, book value	322,617	214,948	167,808	47,140	107,669
11 U.S. Treasury	103,491	66,608	51,231	15,377	36,884
12 Obligations of other U.S. government agencies and corporations	58,839	35,252	28,763	6,489	23,586
13 Obligations of states and political subdivisions in United States	145,025	100,640	78,461	22,179	44,384
14 All other securities	15,263	12,448	9,353	3,095	2,815
15 Federal funds sold and securities purchased under agreements to resell	69,905	50,268	39,034	11,234	19,638
16 Total loans, gross	834,437	616,439	481,110	135,329	217,998
17 LESS: Unearned income on loans	19,240	12,525	10,093	2,432	6,715
18 Allowance for possible loan loss	9,774	7,670	5,850	1,819	2,105
19 EQUALS: Loans, net	805,423	596,245	465,167	131,078	209,178
Total loans, gross, by category					
20 Real estate loans	261,569	179,773	147,732	32,042	81,796
21 Construction and land development	36,493	28,312	22,257	6,055	8,181
22 Secured by farmland	8,545	3,751	3,164	586	4,794
23 Secured by residential properties	152,784	106,112	88,426	17,686	46,672
24 1- to 4-family	146,305	101,470	84,837	16,633	44,836
25 Multifamily	6,479	4,643	3,589	1,054	1,836
26 Secured by nonfarm nonresidential properties	63,748	41,599	33,885	7,714	22,149
27 Loans to financial institutions	46,119	42,880	27,210	15,669	3,239
28 Loans for purchasing or carrying securities	12,443	11,350	6,296	5,054	1,093
29 Loans to finance agricultural production and other loans to farmers	31,544	17,006	14,731	2,275	14,538
30 Commercial and industrial loans	280,824	224,447	171,257	53,189	56,377
31 Loans to individuals for household, family, and other personal expenditures	180,137	122,745	101,362	21,383	57,392
32 Installment loans	146,964	101,091	83,905	17,186	45,873
33 Passenger automobiles	61,502	38,725	32,195	6,530	22,778
34 Credit cards and related plans	29,755	26,192	21,564	4,628	3,563
35 Mobile homes	10,375	7,143	6,432	711	3,231
36 All other installment loans for household, family, and other personal expenditures	45,332	29,031	23,714	5,317	16,301
37 Single-payment loans	33,173	21,654	17,456	4,198	11,519
38 All other loans	21,802	18,239	12,522	5,717	3,563
39 Lease financing receivables	11,665	10,614	7,910	2,704	1,051
40 Bank premises, furniture and fixtures, and other assets representing bank premises	25,364	17,658	14,494	3,164	7,706
41 Real estate owned other than bank premises	2,046	1,479	1,189	290	567
42 All other assets	90,424	81,844	59,125	22,719	8,580

4.22 Continued

Item	Insured	Member banks			Non-member insured
		Total	National	State	
43 ***Total liabilities and equity capital***[7]	***1,526,679***	***1,136,795***	***869,571***	***267,224***	***389,884***
44 **Total liabilities excluding subordinated debt**	**1,143,209**	**1,054,864**	**806,280**	**248,585**	**358,344**
45 Total deposits	1,182,138	843,028	651,845	191,183	339,109
46 Individuals, partnerships, and corporations	1,003,677	702,951	555,592	147,359	300,725
47 U.S. government	3,236	2,316	1,794	522	920
48 States and political subdivisions in United States	80,450	50,612	41,947	8,664	29,838
49 All other	78,403	74,883	44,446	30,437	3,521
50 Certified and officers' checks, travelers checks, and letters of credit sold for cash	16,372	12,267	8,066	4,201	4,105
51 Demand deposits	430,295	327,697	237,654	90,043	102,598
52 Individuals, partnerships, and corporations	332,864	243,147	185,858	57,289	89,718
53 U.S government	2,438	1,771	1,423	348	667
54 States and political subdivisions in United States	18,164	12,110	10,032	2,078	6,054
55 All other	60,456	58,403	32,275	26,128	2,053
56 Certified and officers' checks, travelers checks, and letters of credit sold for cash	16,372	12,267	8,066	4,201	4,105
57 Time deposits	552,082	381,246	305,918	75,328	170,836
58 Other individuals, partnerships, and corporations	474,584	327,792	263,061	64,731	146,792
59 U.S. government	721	488	317	171	233
60 States and political subdivisions in United States	58,872	36,517	30,398	6,120	22,355
61 All other	17,904	16,449	12,142	4,307	1,455
62 Savings deposits	199,762	134,086	108,273	25,812	65,676
63 Corporations and other profit organizations	9,921	6,341	5,141	1,200	3,580
64 Other individuals, partnerships, and corporations	186,308	125,672	101,532	24,140	60,636
65 U.S. government	76	57	54	3	19
66 States and political subdivisions in United States	3,414	1,984	1,517	467	1,429
67 All other	43	31	29	2	12
68 Federal funds purchased and securities sold under agreements to repurchase	131,832	121,445	91,210	30,235	10,386
69 Interest-bearing demand notes (note balances) issued to U.S. Treasury and other liabilities for borrowed money	27,399	25,371	15,220	10,151	2,028
70 Mortgage indebtedness and liability for capitalized leases	2,207	1,660	1,354	306	547
71 All other liabilities	69,633	63,359	46,650	16,710	6,274
72 Subordinated notes and debentures	6,213	4,645	3,423	1,222	1,568
73 **Total equity capital**[7]	**107,257**	**77,286**	**59,868**	**17,418**	**29,971**
MEMO					
74 Time deposits of $100,000 or more	254,075	198,314	153,411	44,904	55,761
75 Certificates of deposit (CDs) in denominations of $100,000 or more	234,561	182,396	141,362	41,034	52,165
76 Other	19,514	15,919	12,048	3,870	3,596
77 Savings deposits authorized for automatic transfer and NOW accounts	22,039	16,225	12,862	3,363	5,814
78 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	178,252	110,687	92,593	18,094	67,564
79 Demand deposits adjusted[5]	299,191	202,519	157,778	44,740	96,673
80 Total standby letters of credit	37,215	34,779	23,366	11,413	2,436
Average for 30 calendar days (or calendar month) ending with report date					
81 Total deposits	1,142,753	810,628	627,082	183,546	332,126
82 Number of banks	14,421	5,422	4,425	997	8,999

1. Effective December 31, 1978, the report of condition was substantially revised for commercial banks. Commercial banks with assets less than $100 million and with domestic offices only were given the option to complete either the abbreviated or the standard set of reports. Banks with foreign offices began reporting in greater detail on a consolidated domestic and foreign basis. These tables reflect the varying levels of reporting detail

2. All transactions between domestic and foreign offices of a bank are reported in "Net due from" and "Net due to" (lines 79 and 103) All other lines represent transactions with parties other than the domestic and foreign offices of each bank. Since these intra-office transactions are erased by consolidation, total assets and liabilities are the sum of all except intra-office balances.

3 Foreign offices include branches in foreign countries and in U S. territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located

4 *Equity capital is not allocated between the domestic and foreign offices of banks with foreign offices*

5. Demand deposits adjusted equal demand deposits other than domestic commercial interbank and U S government less cash items in process of collection.

6 Domestic offices exclude branches in foreign countries and in U.S. territories and possessions, subsidiaries in foreign countries, and all offices of Edge Act and agreement corporations wherever located.

7 This item contains the capital accounts of U.S banks that have no Edge or foreign operations and reflects the difference between domestic office assets and liabilities of U.S. banks with Edge or foreign operations excluding the capital accounts of their Edge or foreign subsidiaries.

N A. This item is unavailable for all or some of the banks because of the lesser detail available from banks without foreign offices, the inapplicability of certain items to banks that have only domestic offices, and the absence of detail on a fully consolidated basis for banks with foreign offices

4.30 ASSETS AND LIABILITIES of U.S. Branches and Agencies of Foreign Banks, Sept 30, 1980[1]

Millions of dollars

Item	All states[2]			New York		California Total[3]	Illinois Branches	Other states[2]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
1 **Total assets[4]**	**131,150**	**81,725**	**49,425**	**71,169**	**21,943**	**25,961**	**6,193**	**4,343**	**1,542**
2 Cash and due from depository institutions	16,915	14,036	2,880	13,154	2,645	208	777	105	26
3 Currency and coin (U.S. and foreign)	15	13	2	11	1	1	1	2	0
4 Balances with Federal Reserve Banks	0	0	0	0	0	0	0	0	0
5 Balances with other central banks	1	1	0	1	0	0	0	0	0
6 Demand balances with commercial banks in United States	8,121	6,259	1,862	6,180	1,770	85	42	37	7
7 All other balances with depository institutions in United States and with banks in foreign countries	8,006	7,267	739	6,473	616	104	733	61	19
8 Time and savings balances with commercial banks in United States	3,990	3,661	329	3,482	268	49	120	59	11
9 Balances with other depository institutions in United States	338	338	0	338	0	0	0	0	0
10 *Balances with banks in foreign countries*	3,678	3,268	410	2,653	348	55	612	2	8
11 Foreign branches of U.S. banks	635	465	170	335	166	3	127	2	1
12 Other banks in foreign countries	3,043	2,803	240	2,318	182	52	485	0	7
13 Cash items in process of collection	772	495	277	489	259	19	2	5	0
14 **Total securities, loans, and lease financing receivables**	**83,517**	**55,432**	**28,085**	**47,577**	**13,727**	**12,946**	**5,081**	**2,760**	**1,426**
15 Total securities, book value	3,383	2,055	1,328	1,771	1,172	157	170	113	0
16 U.S. Treasury	2,241	1,358	882	1,211	819	64	38	110	0
17 Obligations of other U.S. government agencies and corporations	299	70	229	67	202	27	2	1	0
18 Obligations of states and political subdivisions in United States	166	122	44	93	1	43	26	2	0
19 Other bonds, notes, debentures and corporate stock	677	505	173	400	150	22	104	0	0
20 Federal funds sold and securities purchased under agreements to resell	5,874	3,454	2,420	3,334	2,060	351	101	20	8
By holder									
21 Commercial banks in United States	5,538	3,212	2,325	3,123	1,972	349	69	20	5
22 Others	337	242	95	211	89	2	31	0	4
By type									
23 One-day maturity or continuing contract	5,187	3,439	2,378	3,320	2,022	348	99	20	8
24 Securities purchased under agreements to resell	159	65	93	40	50	44	25	1	0
25 Other	5,658	3,373	2,285	3,280	1,973	304	74	19	8
26 Other securities purchased under agreements to resell	58	16	42	15	38	4	1	0	0
27 Total loans, gross	80,222	53,432	26,790	45,858	12,568	12,810	4,913	2,647	1,426
28 LESS: Unearned income on loans	90	56	33	54	12	21	1	1	0
29 EQUALS: Loans, net	80,133	53,376	26,757	45,805	12,555	12,789	4,911	2,646	1,426
Total loans, gross, by category									
30 Real estate loans	1,974	211	1,764	116	808	749	16	69	216
31 Loans to financial institutions	26,903	20,859	6,044	19,382	3,060	2,921	1,400	77	64
32 Commercial banks in United States	13,697	10,646	3,051	9,842	1,360	1,679	736	67	12
33 U.S. branches and agencies of other foreign banks	12,641	10,013	2,628	9,239	998	1,629	711	62	2
34 Other commercial banks	1,055	633	422	603	363	50	25	5	10
35 Banks in foreign countries	12,253	9,500	2,752	8,947	1,524	1,186	550	4	42
36 Foreign branches of U.S. banks	1,188	906	282	845	154	127	62	0	0
37 Other	11,065	8,594	2,471	8,102	1,370	1,059	488	4	42
38 Other financial institutions	953	712	241	593	176	55	114	6	10
39 Loans for purchasing or carrying securities	817	443	374	438	336	38	5	0	0
40 Commercial and industrial loans	41,659	25,453	16,206	19,740	6,891	8,229	3,280	2,431	1,088
41 U.S. addressees (domicile)	26,411	15,996	10,416	11,519	3,829	5,619	2,919	1,555	971
42 Non-U.S. addressees (domicile)	15,248	9,457	5,791	8,220	3,063	2,611	361	876	117
43 Loans to individuals for household, family, and other personal expenditures	122	82	40	52	21	20	6	23	0
44 All other loans	8,747	6,385	2,362	6,131	1,451	853	206	48	58
45 Loans to foreign governments and official institutions	7,617	5,401	2,217	5,188	1,344	815	194	19	57
46 Other	1,129	984	145	943	107	38	12	29	0
47 Lease financing receivables	1	1	0	1	0	0	0	0	0
48 All other assets	24,843	8,803	16,041	7,104	3,510	12,455	234	1,459	82
49 Customers' liability on acceptances outstanding	8,138	3,997	4,141	3,902	2,987	1,119	36	59	35
50 U.S. addressees (domicile)	4,045	2,139	1,906	2,107	973	907	21	11	26
51 Non-U.S. addressees (domicile)	4,093	1,858	2,234	1,795	2,013	212	15	48	9
52 Net due from related banking institutions[5]	12,838	2,002	10,836	652	0	10,815	0	1,350	21
53 Other	3,868	2,803	1,065	2,551	523	521	198	49	26

4.30 Continued

Item	All states[2]			New York		California Total[3]	Illinois Branches	Other states[2]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
54 **Total liabilities[4]**	**131,150**	**81,725**	**49,425**	**71,169**	**21,943**	**25,961**	**6,193**	**4,343**	**1,542**
55 Total deposits and credit balances	36,841	33,689	3,152	30,570	2,243	851	478	2,634	65
56 Individuals, partnerships, and corporations	19,738	19,008	730	16,204	260	433	259	2,538	43
57 U.S addressees (domicile)	17,079	16,890	189	14,192	129	53	201	2,491	13
58 Non-U.S. addressees (domicile)	2,658	2,117	541	2,012	130	381	58	47	30
59 U.S. government, states, and political subdivisions in United States	87	87	0	27	0	0	2	58	0
60 All other	17,016	14,594	2,422	14,339	1,983	418	217	37	22
61 Foreign governments and official institutions	3,204	2,850	354	2,704	99	255	135	11	0
62 Commercial banks in United States	5,277	4,910	367	4,895	352	0	10	5	14
63 U S. branches and agencies of other foreign banks	1,803	1,790	13	1,788	2	0	1	0	11
64 Other commercial banks in United States	3,474	3,120	354	3,106	350	0	9	5	4
65 Banks in foreign countries	2,680	2,262	418	2,212	320	94	38	12	4
66 Foreign branches of U.S banks	99	86	13	74	10	3	10	2	0
67 Other banks in foreign countries	2,582	2,177	405	2,138	310	91	28	10	4
68 Certified and officers' checks, travelers checks, and letters of credit sold for cash	5,855	4,572	1,283	4,527	1,212	68	34	9	4
69 Demand deposits	11,113	9,782	1,331	9,531	1,212	119	131	116	4
70 Individuals, partnerships, and corporations	1,577	1,546	31	1,352	0	33	88	104	0
71 U S. addressees (domicile)	1,007	1,003	4	833	0	6	73	94	0
72 Non-U.S. addressees (domicile)	570	543	27	519	0	27	15	9	0
73 U.S. government, states, and political subdivisions in United States	14	14	0	13	0	0	0	0	0
74 All other	9,523	8,222	1,300	8,165	1,212	85	43	12	4
75 Foreign governments and official institutions	577	567	10	565	0	10	2	1	0
76 Commercial banks in United States	2,321	2,321	0	2,317	0	0	2	2	0
77 U S. branches and agencies of other foreign banks	662	662	0	662	0	0	0	0	0
78 Other commercial banks in United States	1,659	1,659	0	1,656	0	0	2	1	0
79 Banks in foreign countries	770	762	8	756	0	7	5	0	0
80 Certified and officers' checks, travelers checks, and letters of credit sold for cash	5,855	4,572	1,283	4,527	1,212	68	34	9	4
81 Time deposits	24,166	23,547	619	20,735	0	621	325	2,485	0
82 Individual, partnerships, and corporations	17,426	17,102	324	14,549	0	326	149	2,402	0
83 U.S addressees (domicile)	15,670	15,670	0	13,192	0	2	109	2,366	0
84 Non-U.S. addressees (domicile)	1,756	1,432	324	1,356	0	324	40	36	0
85 U S. government, states, and political subdivisions in United States	73	73	0	14	0	0	2	58	0
86 All other	6,666	6,372	295	6,173	0	295	174	25	0
87 Foreign governments and official institutions	2,491	2,282	209	2,139	0	209	133	10	0
88 Commercial banks in United States	2,589	2,589	0	2,577	0	0	8	3	0
89 U.S. branches and agencies of other foreign banks	1,128	1,128	0	1,127	0	0	1	0	0
90 Other commercial banks in United States	1,462	1,461	0	1,451	0	0	7	3	0
91 Banks in foreign countries	1,586	1,501	85	1,456	0	85	33	12	0
92 Savings deposits	389	360	29	304	0	30	22	33	0
93 Individuals, partnerships, and corporations	388	360	29	303	0	30	22	32	0
94 U S. addressees (domicile)	218	218	0	167	0	2	19	30	0
95 Non-U.S. addressees (domicile)	170	142	28	136	0	28	3	2	0
96 U S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
97 All other	1	1	0	1	0	0	0	0	0
98 Credit balances	1,175	0	1,174	0	1,031	81	0	0	62
99 Individuals, partnerships, and corporations	347	0	347	0	260	44	0	0	43
100 U.S. addressees (domicile)	186	0	186	0	129	42	0	0	12
101 Non-U.S addressees (domicile)	162	0	162	0	130	2	0	0	31
102 U.S. government, states, and political subdivisions in United States	0	0	0	0	0	0	0	0	0
103 All other	828	0	828	0	772	37	0	0	19
104 Foreign governments and official institutions	135	0	135	0	99	36	0	0	0
105 Commercial banks in United States	367	0	367	0	352	0	0	0	15
106 U.S branches and agencies of other foreign banks	13	0	13	0	2	0	0	0	11
107 Other commercial banks in United States	354	0	354	0	350	0	0	0	4
108 Banks in foreign countries	326	0	326	0	320	2	0	0	4

For notes see page A81

4.30 Continued

Item	All states[2]			New York		California Total[3]	Illinois Branches	Other states[2]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
109 Federal funds purchased and sold under agreement to repurchase	9,083	5,510	3,573	5,046	1,634	1,823	416	49	116
By holder									
110 Commercial banks in United States	7,751	4,662	3,090	4,209	1,282	1,801	405	48	7
111 Others	1,332	849	483	837	353	22	10	1	109
By type									
112 One-day maturity or continuing contract	8,660	5,088	3,572	4,635	1,634	1,822	405	48	116
113 Securities sold under agreements to repurchase	450	438	12	438	0	12	0	0	0
114 Other	8,210	4,650	3,560	4,197	1,634	1,810	405	48	116
115 Other securities sold under agreements to repurchase	423	422	1	411	0	1	10	1	0
116 Other liabilities for borrowed money	36,502	13,611	22,890	11,340	4,185	18,652	1,741	530	53
117 Owed to banks	33,353	11,876	21,477	9,829	3,905	17,519	1,692	355	53
118 U.S addressees (domicile)	27,044	7,161	19,882	6,092	3,364	16,473	717	352	46
119 Non-U S addressees (domicile)	6,310	4,715	1,595	3,737	541	1,047	975	3	7
120 Owed to others	3,148	1,735	1,413	1,511	281	1,132	49	175	0
121 U.S addressees (domicile)	2,386	1,307	1,079	1,110	67	1,013	37	160	0
122 Non-U.S. addressees (domicile)	762	429	334	401	214	120	13	15	0
123 All other liabilities	48,724	28,901	19,823	24,213	13,880	4,635	3,558	1,130	1,308
124 Acceptances executed and outstanding	8,894	4,068	4,825	3,981	3,048	1,742	40	47	36
125 Net due to related banking institutions[5]	36,716	22,453	14,262	18,079	10,483	2,530	3,337	1,037	1,249
126 Other	3,115	2,380	735	2,153	349	363	181	45	23
MEMO									
127 Time deposits of $100,000 or more	23,407	22,956	451	20,334	0	453	171	2,450	0
128 Certificates of deposit (CDs) in denominations of $100,000 or more	19,090	18,728	362	16,168	0	363	142	2,416	0
129 Other	4,319	4,229	90	4,166	0	90	29	34	0
130 Savings deposits authorized for automatic transfer and NOW accounts	61	57	4	53	0	4	1	3	0
131 Money market time certificates of $10,000 and less than $100,000 with original maturities of 26 weeks	104	100	5	65	0	5	13	20	0
132 Time certificates of deposit in denominations of $100,000 or more with remaining maturity of more than 12 months	1,142	1,060	80	946	0	80	13	100	0
133 Acceptances refinanced with a U.S.-chartered bank	1,520	824	695	753	375	321	0	72	0
134 Statutory or regulatory asset pledge requirement	55,558	44,173	11,384	39,315	11,338	47	4,809	49	0
135 Statutory or regulatory asset maintenance requirement	6,369	6,066	303	4,077	184	0	171	1,817	118
136 Commercial letters of credit	7,989	4,363	3,626	3,966	1,228	2,358	230	168	41
137 Standby letters of credit, total	4,444	3,288	1,156	2,969	503	521	216	104	132
138 U.S. addressees (domicile)	3,310	2,464	846	2,292	318	471	117	56	58
139 Non-U.S. addressees (domicile)	1,134	824	309	677	185	50	99	48	74
140 Standby letters of credit conveyed to others through participations (included in total standby letters of credit)	186	151	35	142	3	31	7	2	1
141 Holdings of commercial paper included in total gross loans	716	588	128	583	75	53	5	0	0
142 Holdings of acceptances included in total commercial and industrial loans	4,332	2,080	2,253	2,012	990	1,259	22	46	3
143 Immediately available funds with a maturity greater than one day (included in other liabilities for borrowed money)	18,099	5,642	12,457	4,515	2,148	10,288	842	285	21
144 Gross due from related banking institutions[5]	44,460	17,664	26,796	15,364	12,574	14,112	345	1,954	111
145 U.S. addressees (domicile)	14,916	3,861	11,055	2,470	1,684	9,358	65	1,326	13
146 Branches and agencies in United States	14,656	3,689	10,967	2,300	1,669	9,285	63	1,326	13
147 In the same state as reporter	471	63	408	47	0	400	0	16	8
148 In other states	14,185	3,626	10,599	2,253	1,669	8,885	63	1,310	5
149 U.S. banking subsidiaries[6]	260	172	88	170	15	73	2	0	0
150 Non-U.S. addressees (domicile)	29,543	13,802	15,741	12,894	10,889	4,754	280	628	98
151 Head office and non-U.S. branches and agencies	27,367	12,791	14,577	11,902	9,733	4,746	262	627	98
152 Non-U.S. banking companies and offices	2,176	1,011	1,165	992	1,157	8	18	1	1
153 Gross due to related banking institutions[5]	68,338	38,115	30,222	32,791	23,056	5,827	3,682	1,642	1,339
154 U.S addressees (domicile)	15,272	7,518	7,754	4,745	5,124	2,106	1,682	1,090	524
155 Branches and agencies in United States	15,104	7,423	7,681	4,679	5,083	2,084	1,657	1,088	513
156 In the same state as reporter	464	69	395	52	0	395	0	16	0
157 In other states	14,640	7,355	7,286	4,626	5,083	1,689	1,657	1,072	513
158 U.S. banking subsidiaries[6]	168	94	74	67	41	22	25	2	10
159 Non-U.S. addressees (domicile)	53,065	30,597	22,469	28,046	17,932	3,721	2,000	551	816
160 Head office and non-U.S. branches and agencies	51,268	28,969	22,298	26,496	17,849	3,636	1,923	550	813
161 Non-U.S banking companies and offices	1,798	1,628	170	1,550	83	85	77	1	3

4.30 Continued

Item	All states[2]			New York		California Total[3]	Illinois Branches	Other states[3]	
	Total	Branches	Agencies	Branches	Agencies			Branches	Agencies
Average for 30 calendar days (or calendar month) ending with report date									
162 Total assets	134,448	80,984	53,465	70,417	25,446	26,451	6,246	4,321	1,568
163 Cash and due from depository institutions	14,940	12,287	2,653	11,386	2,417	215	801	100	22
164 Federal funds sold and securities purchased under agreements to resell	7,859	5,315	2,544	5,149	2,190	346	135	30	9
165 Total loans	77,973	51,779	26,194	44,448	12,319	12,549	4,790	2,529	1,338
166 Loans to banks in foreign countries	12,398	9,400	2,998	8,848	1,780	1,165	548	4	52
167 Total deposits and credit balances	34,183	30,694	3,489	27,740	2,651	772	456	2,498	66
168 Time CDs in denominations of $100,000 or more	18,195	17,751	444	15,311	81	353	150	2,290	10
169 Federal funds purchased and securities sold under agreements to repurchase	7,466	4,289	3,177	3,824	1,367	1,717	409	56	93
170 Other liabilities for borrowed money	36,738	14,364	22,374	11,972	3,890	18,437	1,879	514	46
171 Number of reports filed[7]	314	138	176	81	63	88	31	25	26

1. Data are aggregates of categories reported on the quarterly form FFIEC 002, "Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks." This form was first used for reporting data as of June 30, 1980. From November 1972 through May 1980, U.S. branches and agencies of foreign banks had filed a monthly FR 886a report. Aggregate data from that report were available through the Federal Reserve statistical release G.11, last issued on July 10, 1980. Data in this table and in the G.11 tables are not strictly comparable because of differences in reporting panels and in definitions of balance sheet items.
2. Includes the District of Columbia.
3. Agencies account for virtually all of the assets and liabilities reported in California.
4. Total assets and total liabilities include *net* balances, if any, due from or due to related banking institutions in the United States and in foreign countries (see footnote 5). On the former monthly branch and agency report, available through the G.11 statistical release, *gross* balances were included in total assets and total liabilities. Therefore, total asset and total liability figures in this table are not comparable to those in the G.11 tables.
5. "Related banking institutions" includes the foreign head office and other U.S. and foreign branches and agencies of the bank, the bank's parent holding company, and majority-owned banking subsidiaries of the bank and of its parent holding company (including subsidiaries owned both directly and indirectly). Gross amounts due from and due to related banking institutions are shown as memo items.
6. "U.S. banking subsidiaries" refers to U.S. banking subsidiaries majority-owned by the foreign bank and by related foreign banks and includes U.S. offices of U.S.-chartered commercial banks, of Edge Act and Agreement corporations, and of New York State (Article XII) investment companies.
7. In some cases two or more offices of a foreign bank within the same metropolitan area file a consolidated report.

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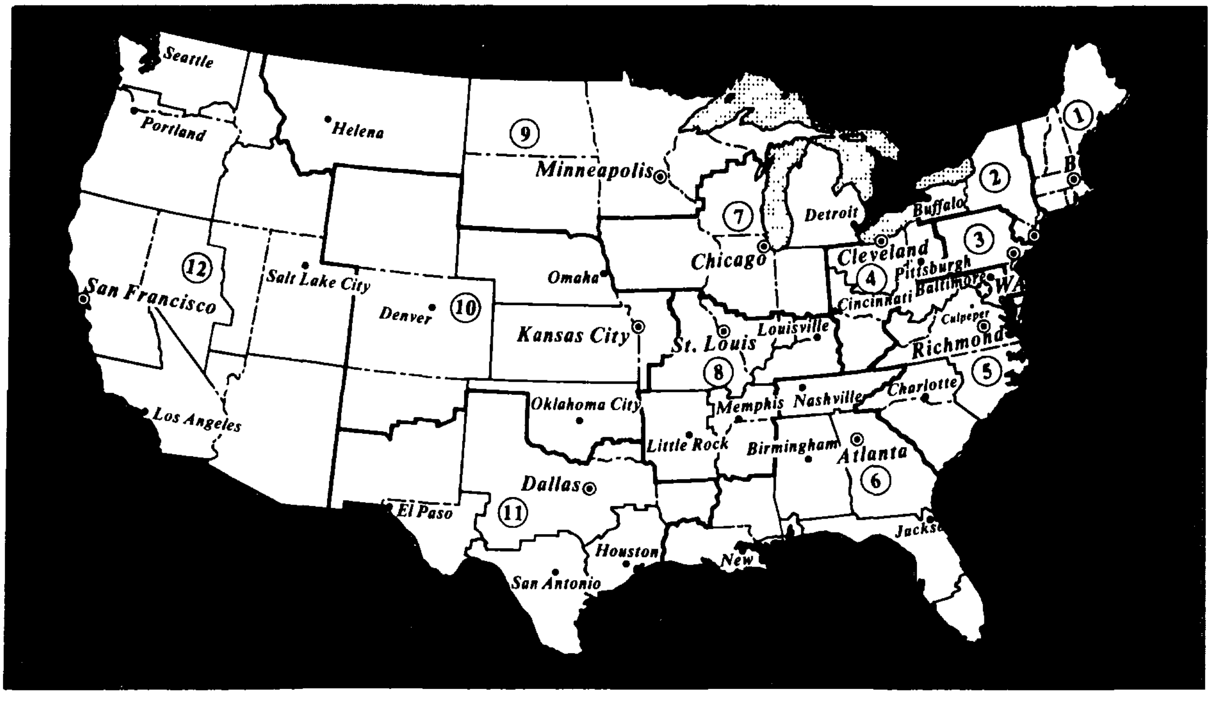
The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

— Boundaries of Federal Reserve Districts

—— Boundaries of Federal Reserve Branch Territories

✪ Board of Governors of the Federal Reserve System

◉ Federal Reserve Bank Cities

• Federal Reserve Branch Cities

· Federal Reserve Bank Facility