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The Community Reinvestment Act: A Second Progress Report

This article was prepared by Glenn Canner, Division of Research and Statistics. It is the second in a series of reports on Federal Reserve System activities pursuant to the Community Reinvestment Act of 1977. The first article appeared in the FEDERAL RESERVE BULLETIN, *volume 66, February 1980.*

The Community Reinvestment Act of 1977 is intended to encourage federally insured commercial banks, mutual savings banks, and savings and loan associations to help meet the credit needs of the communities in which they are chartered. The CRA directs the four federal supervisory agencies—the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board—to consider the CRA record of an institution in evaluating any application for a charter, deposit insurance, branch or other deposit facility, office relocation, merger, or acquisition. The act also requires that, in connection with the examination of a financial institution, the appropriate supervisory agency shall "assess the institution's record and encourage it to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of such institution."

During the nearly three years that the regulations implementing the CRA have been in force, the consumer compliance examiners of the Federal Reserve System have had an opportunity to review the CRA performance of all state member banks. By and large these reviews revealed that the banks have complied with the act. In addition, the Board of Governors has acted on numerous banking organization applications in which CRA issues have been raised in protests lodged by competing banks or community groups. While the Board has attempted to handle these protested applications expeditiously, in many cases it has met with only limited success. To facilitate the processing of CRA cases, as well as applications protested on other grounds, the Board has adopted new protest procedures. In addition, the Reserve Banks have appointed Community Affairs Officers whose responsibilities include advising community groups and banks on the procedures to follow in CRA disputes.

A review of the CRA cases decided by the Federal Reserve System indicates the importance that the Board has given to affirmative action by applicants to communicate with members of their community, particularly those residing in low- and moderate-income neighborhoods. In both its CRA information statement and its decisions in CRA cases, the Board has noted repeatedly that it does not believe the CRA was intended to require lending institutions to allocate credit (see "Information Statement Re Community Reinvestment Act," FEDERAL RESERVE BULLETIN, volume 66, January 1980, page 30). Moreover, the Board has stated that it will not attempt to dictate the product mix that a lending institution should offer. At the same time, the Board has emphasized that it expects banks to offer the types of credit they list on their CRA statements in an evenhanded and nondiscriminatory fashion.

This article discusses the Board's recently revised protest procedures and the general concerns that led to their adoption. It also reviews decisions by the Federal Reserve System on bank and bank holding company applications that have raised CRA issues: some involve applications protested on CRA grounds, and others involve unsatisfactory ratings on CRA examinations but no formal protest from the public. Finally, this article considers the role of the Community Affairs Officer at each Federal Reserve District Bank and briefly reviews revised Regulaton C implementing the Home Mortgage Disclosure Act of 1980.

Revised Protest Procedures

Early in December 1980, in response to its experience during the first two years of administering the Community Reinvestment Act, the Federal Reserve Board adopted new procedures for handling protested applications. (See Federal Reserve press release, December 4, 1980.) The new procedures had three goals: to provide better notice to the public of applications submitted to the Board by banking organizations; to clarify the schedule for submission of comments on applications by the public; and to set up an experiment with public meetings on some protested applications, particularly those involving an applicant's CRA record.

Underlying the revisions were several considerations. The foremost was the desire to facilitate the timely development of a complete record for each application. Virtually all the early decisions on applications subject to CRA protests have involved long periods, from three to fourteen months, to develop a record on which the Board could act. These periods have often been the result of extensive written exchanges between the System and the parties to the protest. In Board experience, it takes about six and a half months, on average, from the receipt of an application for the System to act on CRA cases. However, in the five cases in which CRA protests were withdrawn after negotiated settlements between the parties, a System decision typically was reached in less than four months. These periods do not compare favorably with the System's normal case experience. Between January and August 1981, the average application submitted to the System and approved under delegated authority took only 1.7 months to decide. During the same period, those cases that raised substantial legal or policy questions outside the CRA area and that were considered by the Board took 3.7 months on average to decide, although the decision time varied widely. Largely as a reaction to the delays in CRA and other protested cases, the Board issued the new protest procedures.

Under the revised protest procedures, public meetings will generally be scheduled shortly after the end of the period for public comment. The conclusion of the meeting will normally mark the close of the public portion of the record on the application, except for written comments that respond to new material accepted at the meeting. Public meetings should substantially shorten the Board's decision time and put it in a better position to evaluate the substance of the protest. The primary purpose of the public meetings is to elicit information and clarify factual issues related to the application. Beyond that, public meetings will offer a forum for protestants to air their grievances against applicants, while applicants have an opportunity to expound on both the public benefits of the proposed transaction and the positive aspects of their record. The decision to hold a meeting will not reflect adversely on the applicant's record.

The new policy on public meetings is not intended to preclude private meetings between the parties to resolve differences. As a matter of course, the Federal Reserve System will attempt to arrange a private meeting and associated negotiations between the parties before deciding to hold a public meeting. Such private meetings have proven useful in "clearing the air," and they usually result in agreement on at least some of the issues involved in the protest.

The revised procedures also specify a standard form of public notice to be used by applicants, which includes the date on which the comment period ends. The procedures also direct each of the Federal Reserve Banks to publish a weekly list of (1) applications it has accepted and (2) applications for which newspaper notices have been published and submitted for acceptance. These weekly lists, available on request, are prepared as a courtesy by the Banks and do not replace the formal notices required by statute or regulation. The belief is that the standard form for public notices and the weekly lists of applications will substantially increase the public's awareness of bank applications that may influence the well-being of their communities. Currently, the Banks send out approximately 400 weekly lists, about 29 percent of which go to community groups. The other principal recipients are law firms, banking organizations, accounting firms, and the press.

CRA Protests to Date

Since 1977 when the CRA was enacted, twenty-one applications from banking organizations to the Federal Reserve System have been protested on CRA grounds. The appendix to this article presents the significant characteristics of each of these cases.

Of the twenty-one CRA protests received to date, seventeen have come from community organizations and four from financial institutions that are competitors of the applicant. Although each case is unique, case 5 (see appendix) embodies the elements that many CRA protests have shared. The object of the protest, by the Michigan Committee on Law and Housing, was a large urban-based midwestern banking organization, the Michigan National Corporation. (This protest is typical in that all but one of the other community group protests involved a large urban-based midwestern or eastern banking establishment.) The allegations were of long-standing technical violations of the Community Reinvestment Act and the Home Mortgage Disclosure Act; failure to communicate available credit services to the community; an inadequate volume of residential loans in low- and moderate-income neighborhoods, and racial discrimination in lending for home purchases. In approving the application, the Board obtained commitments that are typical in cases of deficient CRA records: expanded advertising of credit services, intensified training of bank personnel in consumer compliance, and regular meetings with members of the community. In its required quarterly reports to the Federal Reserve Bank of Chicago—one method by which the System monitors compliance—Michigan National detailed the steps it had taken to strengthen its CRA performance. These steps included the initiation of an affirmative marketing program, including a mobile loan office; slide presentations for community groups on available credit services and loan standards; and a credit-oriented advertising campaign.

As the appendix describes, nineteen of the twenty-one applications protested on CRA grounds have been approved by the Federal Reserve System; two are still pending. Commitments or conditions have played an important role in seven decisions, and privately negotiated agreements between the parties have been a factor in the resolution of six others.

Acting on applications protested on CRA grounds, the Board has had an opportunity to clarify its position on the banking system's responsibilities under the regulations. In particular, the Board has used its orders to address the issue of credit allocation. A number of community-organization protestants have demanded that applicants allocate predetermined amounts of credit, often at below-market rates, for residential lending in specific areas or to low- and moderate-income groups. The Board has stated repeatedly that it does not believe that the CRA requires banking organizations to allocate credit in such a manner (see cases 1 and 5). But, it has also stated that each banking organization is responsible for providing the types of credit listed in its CRA statement to its community in a fair and nondiscriminatory manner (case 9). Moreover, as its decisions clearly indicate, the Board expects banking organizations to act affirmatively to ensure that all members of the community are aware of their credit services (cases 1 and 2).

Board orders in several CRA cases have addressed the applicability of the CRA to certain types of proposed transactions. In particular, the Board has held that the CRA is not applicable to bank holding company applications for nonbanking activities (cases 2 and 4). In addition, the Board has held that the CRA is not relevant to an application by a foreign-owned banking organization if it does not have an existing banking presence in the United States (case 19).

Applicants with Low CRA Ratings

While applications for approval of acquisitions or for expansions of activities give the Board a special opportunity to review the CRA performance of banking organizations, its concern with that performance is not confined to those occasions. Together with the other regulators of the nation's depository institutions, the Federal Reserve System monitors lenders' compliance with the CRA on an ongoing basis through the examination process.

On March 5, 1981, the Federal Financial Institution Examination Council (FFIEC) adopted a uniform numerical rating system for CRA examinations. The new system provides consumer compliance examiners with comprehensive and uniform guidelines for evaluating the performance of federally regulated financial institutions under the various assessment factors of the CRA and its implementing regulations. Under the Uniform Interagency CRA Assessment Rating System, ratings range from 1 (strong record) to 5 (substantially inadequate); 3 signifies a less than satisfactory performance. Before the adoption of the uniform rating system each agency applied its own scheme. For example, under the Federal Reserve's old system, a CRA rating of 3 was considered satisfactory and did not require more than normal supervisory action.

In the 894 CRA compliance examinations of state member banks that the Federal Reserve System conducted during 1980, the average rating was 2.6. Only 28 institutions, or 3 percent, of the banks examined were found to have a CRA performance that was less than satisfactory (see table). The other enforcement agencies have had similar experiences.

CRA examination ratings of member banks, Federal Reserve System, 1980

Rating[1]	Number of banks	Percentage of banks
1	31	3.5
2	328	36.7
3	507	56.7
4	26	2.9
5	2	.2
Total	894	100.0

1. Under the CRA rating scheme in effect during 1980, a rating of 1 = outstanding; 2 = good; 3 = satisfactory; 4 = needs improvement; and 5 = unsatisfactory.

Nine of ten applications that have been received by the Federal Reserve System during the past two years have been acted on by the Federal Reserve Banks under delegated authority. The Federal Reserve Board itself considers applications that raise significant legal or undecided policy issues, including CRA concerns. If an applicant or any of its banking affiliates has received a CRA examination rating of 5, the application is removed from delegation to be reviewed by the Board. This action occurs whether or not a protest or comment has been received from the public. On the other hand, if an organization with a CRA rating of 4 (needs improvement) can demonstrate that the problems that led to the low rating have been substantially corrected, its application may remain under delegated authority.

In practice, CRA examinations of a given bank occur roughly every 12 to 18 months. Therefore, institutions that receive a low rating have an opportunity to take measures to improve their CRA performance between examinations. Nevertheless, the Federal Reserve System frequently must act on an application from a banking organization in the interim. Under these circumstances an applying institution with a CRA rating of 4 must submit evidence of corrective action to assure the Board that it has taken steps to improve its CRA performance. In addition, the Board may in some circumstances give weight to commitments for action by applicants with low CRA ratings as part of its consideration of convenience-and-need factors in the application. "Such commitments are not viewed as part of the CRA record but may be weighed with it, and they are considered an important aspect of the Board's role in encouraging improved performance" (FEDERAL RESERVE BULLETIN, volume 66, January 1980, page 32).

Board encouragement of improved CRA performance is particularly evident when institutions have received low CRA ratings, but have not been subject to comments or protests pertinent to the CRA. From December 1979 through August 1981, the Federal Reserve System reviewed twenty-six applications in which the applicant, one of its affiliates, or the bank to be acquired had received a less than satisfactory CRA rating. None involved CRA protests. This development is understandable because twenty-two of the banks were located in rural markets in which organized community groups are less active. Of these twenty-six applications, twenty-five were ultimately approved under delegated authority; the other was approved directly by the Board. Commitments to the Board for action by applicants were an important consideration in nine of these cases. In the rest, the applicants had either already taken steps to correct technical violations or made substantive changes to improve their CRA performance. The commitments were similar to those made in protested applications (cases 1 and 3). Overall, the Federal Reserve System has been able to use the application process to encourage improved CRA performance on the part of low-rated banks and has been able to act on these applications within the normal time frame.

Community Affairs Officer

Public awareness of the functions of the Federal Reserve System has grown considerably in light of its responsibilities for establishing monetary policy and its functions as a bank regulatory agency. In recent years the System has increasingly dealt directly with both banking organizations and the general public in its role as a bank regulator—especially in connection with CRA enforcement. For example, examination procedures now require bank examiners to make "outside contacts"—contacts with public officials and other representatives of the community—in the course of the regular CRA compliance review.

Implementation of the CRA has raised questions among bankers and community groups. Some bankers have been confused about their responsibilities under the CRA regulations; and community groups have incorrectly interpreted the CRA to require depository institutions or the Federal Reserve System to allocate credit. Moreover, both groups have been unclear about the Board's policies with respect to protested applications. To provide assistance to the public, each of the Federal Reserve Banks has a Community Affairs Officer who serves as the principal contact at the Reserve Bank for questions about CRA and civil rights enforcement. In this context the CAOs provide banks and neighborhood organizations with information about the Board's procedures on applications and handling of protests. They also serve an education function and as conduits for information regarding various community development programs that are available through both the public and the private sectors.

The Board believes that the CAOs can contribute both to the communities in their Districts and to the System. As information disseminators, advisers, and catalysts, the CAOs can help communities overcome problems that can be addressed best by public and private participants acting together. Ultimately, the Board believes that an effective CAO can help to minimize the causes of CRA protests and facilitate the processing of applications and thus reduce costs of the application process to all parties.

Home Mortgage Disclosure Act Developments

Virtually all objections by community groups to bank and bank holding company applications on CRA grounds have been based on an analysis of local residential lending activity by depository institutions. Community groups normally obtain this home loan information from statements banks make under the requirements of the Home Mortgage Disclosure Act. HMDA requires depository institutions located in standard metropolitan statistical areas (SMSAs) to disclose publicly the location of their residential loans. Institutions with less than $10 million in assets are exempt from these requirements. HMDA was originally enacted in December 1975 and was extended with amendments and a five-year sunset provision in October 1980. In July 1981 the Federal Reserve Board issued a revised and simplified version of Regulation C, which implements the provisions of the act (see FEDERAL RESERVE BULLETIN, volume 67, September 1981, pages 720–24).

The revised regulation liberalizes the disclosure requirements. Regulation C continues to require identification by census tract of loans extended on property located in SMSA counties whose population exceeds 30,000; but covered depository institutions may now identify their home purchase and home improvement loans by county rather than by census tract or zip code if the property is located in a smaller SMSA county. In addition, the disclosure statement itself has been streamlined by the deletion of the column that summed the lender's conventional and government-backed home purchase lending activity. Elimination of this column will reduce required computation and paperwork costs associated with preparing the disclosure statements. These revisions, together with other, less significant changes, should lower compliance costs without any real reduction in benefits.

Despite several cost-saving changes, HMDA continues to be an expensive regulation. A 1979 study of HMDA by the Federal Home Loan Bank Board and the Federal Deposit Insurance Corporation estimated that compliance with the act cost the 8,200 covered institutions about $5.8 million in 1977. Moreover, the costs of compliance fell disproportionately on those lenders marginally involved in the residential loan market, typically small commercial banks. According to the study, lenders extending fewer than 200 residential loans in a given year incur an average disclosure cost per loan that is nearly three times that incurred by institutions reporting more than 1,000 loans a year. Overall, the reporting institutions incurred an average cost of $713 to compile and disclose their HMDA data in 1977.

A 1980 amendment to the original act directs the FFIEC to compile annually for each SMSA aggregate data by census tract for depository institutions that are required to disclose data under the act. In addition, the FFIEC is directed to produce tables for each SMSA that aggregate the lending patterns of covered institutions for various categories of census tracts grouped according to location, age of housing stock, income level, and racial characteristics. Tables generated from the aggregation process are to be made available to the public by December 31 of the year after the calendar year on which the data are based. Aggregation of HMDA data will cost the FFIEC member agencies about $300,000 a year, although the reporting institutions will not incur any significant increase in costs because of aggregation. The depository institutions are responsible for sending two copies of their annual HMDA statement to the appropriate supervisory agency. The various banking agencies then edit the statements and forward them to the Federal Reserve as the agency with primary responsibility for preparation of the annual aggregate reports.

The revised regulation imposes the new requirement that covered institutions display a notice in their lobbies of the availability of the HMDA data; the original regulation left the method of notification to the discretion of the management of the institution. In considering this provision, the Board felt that the old regulation was ineffective and that lobby notices would afford wider dissemination of information regarding the availability of the HMDA data. To reduce the burden of this requirement, the Board decided to bear the costs of producing a lobby notice and to make it available to lenders on request. □

APPENDIX: Community Reinvestment Act Protests Lodged through September 1, 1981

Case 1

Applicant	Commerce Bancshares, Inc., Kansas City, Missouri
Protestant	Manchester–Tower Grove Community Organization, St. Louis, Missouri
Date	Application—September 19, 1977; Federal Reserve System decision—June 16, 1978
Principal reasons for protest	Allegation of inadequate residential and small business lending activity in low- and moderate-income areas of St. Louis
Public meeting	Held in March 1978
Disposition	Approval with commitments (to advertise residential loan availability in local neighborhood media, increase efforts at assessment of credit needs, and periodically meet with protestant)
Significant policy positions	". . . the Board has also pointed out that commercial banks are multi-product institutions that offer a wide variety of credit services to their communities and that 'bank managements should and do have a range of discretion as to the type of loans they will make and the degree of risk they will assume.' " (FEDERAL RESERVE BULLETIN, volume 64, July 1978, page 579) "The Board finds nothing in the BHC Act that requires or authorizes the Board to dictate a bank's product mix (which credit or deposit services a bank should emphasize) or to dictate what proportion or amount of an institution's funds must, or even should, be allocated to any particular credit need, borrower or neighborhood or on what specific terms credit should be extended. The law permits each bank to choose how it should fulfill its responsibility to help meet the convenience and needs (including the credit needs) of its community." (FEDERAL RESERVE BULLETIN, volume 64, July 1978, page 579) "There is nothing in the BHC Act that requires every commercial bank to have the same product mix or that requires a bank to expand its lending to one segment of the community at the expense of another or to redirect its lending program to match that of any other bank or financial institution." (FEDERAL RESERVE BULLETIN, volume 64, July 1978, p. 581)

Case 2

Applicant	Citicorp, New York, New York
Protestant	12 protestants including the Connecticut Bankers Association, Hartford, Connecticut
Date	Application—September 29, 1978; Federal Reserve System decision—May 25, 1979
Principal reasons for protest	Allegation that applicant failed to serve the credit needs of New York City residents
Disposition	Approval
Significant policy positions	"The provisions of CRA make it clear that CRA does not apply to applications filed pursuant to section 4(c)(8) of the [Bank Holding Company] Act." (FEDERAL RESERVE BULLETIN volume 65, June 1979, page 512)

Case 3

Applicant	Ohio Citizens Trust Company, Toledo, Ohio
Protestant	Greater Toledo Housing Coalition, Toledo, Ohio
Date	Application—February 2, 1979; Federal Reserve System decision—May 31, 1979
Principal reasons for protest	Contention that applicant's residential loan policies discriminated against minorities and older neighborhoods
Disposition	Approval with commitments (to increase efforts to communicate with members of low- and moderate-income areas)

Case 4

Applicant	Trust Company of Georgia, Atlanta, Georgia
Protestant	Citywide League of Neighborhoods, Atlanta, Georgia
Date	Application—April 20, 1979; Federal Reserve System decision—July 16, 1979
Principal reasons for protest	Allegation that applicant failed to meet credit needs of low- and moderate-income neighborhoods in Atlanta
Disposition	Approval; protest withdrawn following negotiated settlement of CRA issues
Significant policy positions	This case involved a section 4(c)(8) application. Based on the Citicorp precedent, it is unlikely CRA would have been a factor, even if the protest had not been withdrawn. (FEDERAL RESERVE BULLETIN, volume 65, August 1979, page 669)

Case 5

Applicant	Michigan National Corporation, Bloomfield Hills, Michigan
Protestant	Michigan Committee on Law and Housing, Detroit, Michigan
Date	Application—May 10, 1979; Federal Reserve System decision—November 30, 1979

Principal reason for protest	Allegation that applicant failed to comply with procedural requirements of CRA, failed to delineate properly the CRA community, failed to meet the housing-related credit needs of low- and moderate-income neighborhoods, engaged in racial discrimination in residential lending, and failed to communicate effectively with members of the community
Disposition	Approval with commitments (to improve CRA training of bank personnel, participate in special lending programs, designate CRA officers, and investigate allegation of racial discrimination)
Significant policy positions	"Protestant has suggested that Applicant should make a commitment to achieve specified levels of housing-related lending. The Board does not regard the imposition of such requirements as appropriate, and does not believe that CRA requires this type of commitment." (FEDERAL RESERVE BULLETIN, volume 66, March 1980, page 249, note 10)

Case 6

Applicant	Ameritrust Corporation, Cleveland, Ohio
Protestant	Buckeye-Woodland Community Congress, Cleveland, Ohio
Date	Application—May 15, 1979; Federal Reserve System decision—February 21, 1980
Principal reasons for protest	Allegation that applicant failed to extend a sufficient amount of residential and small business loans, prescreened residential loan applicants, failed to assess credit needs, used ineffective and discriminatory advertising, and failed to comply with procedural requirements of CRA
Public meeting	Held on December 12, 1979
Disposition	Conditional approval with commitments: Condition that applicant maintain a register of all inquiries and applications for mortgage and home improvement loans made by persons at offices of applicant in Cuyahoga County. Commitments to: (1) improve its training programs for lending personnel to prevent future violations, (2) offer credit counseling to applicants or refer them to independent credit counseling organizations, (3) make public its real estate appraisal standards, (4) study the feasibility of making public its lending policies, and (5) make the public aware of commitments 2, 3, and 4
Significant policy positions	"The CRA requires the Board to assess each institution's record of meeting the credit needs of its community and then to 'take such record into account in its evaluation of an application for a deposit facility by such institution.' 12 U.S.C. 2902(2). The Board believes that the CRA commits to the Board's discretion the evaluation of an institution's CRA record and the weight that record is given in the context of other statutory considerations. Accordingly, the Board may consider, among other things, the convenience to the communities served afforded by the expansion of well managed financial institutions, the efficiencies inherent in permitting an institution's management to determine its most appropriate corporate structure, and the procompetitive effects of de novo expansion in determining whether an institution's CRA record is consistent with approval in the context of particular proposals." (FEDERAL RESERVE BULLETIN, volume 66, March 1980, page 241, note 6)

Case 7

Applicant	Landmark Bancshares Corporation, Clayton, Missouri
Protestant	Wellston Community Organization, St. Louis, Missouri
Date	Application—August 8, 1979; Federal Reserve System decision—November 30, 1979
Principal reasons for protest	Allegation that applicant was going to attempt to drain funds from Wellston community through proposed new suburban branch location, had an inadequate residential loan record, and failed to ascertain credit needs
Disposition	Approval; protest withdrawn following negotiated settlement of CRA issues
Significant policy positions	Private agreement establishes residential lending goals for designated areas at below-market rates. The Federal Reserve Bank of St. Louis noted that, "since the Board of Governors has stated that neither the Bank Holding Company Act nor the Community Reinvestment Act, 12 U.S.C. 2901, *et. seq.*, authorizes the Board to impose conditions to allocate credit, the Reserve Bank does not endorse any term of the agreement between applicant and protestant which may have such a result." (Federal Reserve Bank of St. Louis, news release, November 30, 1979, page 3)

Case 8

Applicant	Mid-Continent Bancshares, Inc., Belleville, Illinois
Protestant	East St. Louis Neighborhood Development Corporation, East St. Louis, Illinois
Date	Application—August 15, 1979; Federal Reserve System decision—November 9, 1979

Principal reasons for protest	Allegation of inadequate residential lending in low- and moderate-income neighborhoods and failure to communicate adequately with East St. Louis neighborhood residents
Disposition	Approval; protest withdrawn following negotiated settlement of CRA issues

Case 9

Applicant	First National Boston Corporation, Boston, Massachusetts
Protestant	Competing bank: First National Bank of New Bedford, New Bedford, Massachusetts
Date	Application—February 9, 1979; Federal Reserve System decision—January 28, 1980
Principal reasons for protest	Closing of two branches in minority areas, inadequate residential lending, inadequate efforts to ascertain local credit needs, insignificant participation in community development programs, and engaging in community disinvestment by requiring suburban subsidiaries to join lead bank in loan participations
Disposition	Approval with commitments (to increase efforts to establish formal communication channels with local neighborhood groups, and to intensify efforts to upgrade its commitment to extend mortgage credit)
Significant policy positions	". . . the Board expects every [banking] organization to provide to the community in a fair and nondiscriminatory manner the type of credit listed in its CRA statement and to make known to its community that such credit is available." (FEDERAL RESERVE BULLETIN, volume 66, February 1980, page 164)

Case 10

Applicant	Manufacturers Hanover Trust Company, New York, New York
Protestant	South Brooklyn Against Investment Discrimination, Brooklyn, New York
Date	Application—April 6, 1979; Federal Reserve System decision—June 18, 1980
Principal reasons for protest	Allegation that applicant failed to serve small business credit needs of local community, employed restrictive mortgage policies, refused to extend credit on 3- and 4-family properties, and extended relatively little credit in racially mixed and lower income areas
Disposition	Approval with commitments (to eliminate policy of not lending on properties with 3- and 4-family units, offer long-term, low-downpayment mortgages utilizing private mortgage insurance)
Significant policy positions	"Applicant is a major wholesale commercial bank involved in commercial lending and finance throughout the United States and the world, and the Board does not regard Applicant's efforts in these lines as being inconsistent with helping to meet the credit needs of its local community. Just as the CRA was not intended to establish fixed ratios between deposits and loans in particular neighborhoods, it also cannot be read to require fixed proportions of retail or commercial deposits to retail or commercial lending." (FEDERAL RESERVE BULLETIN, volume 66, July 1980, page 602)

Case 11

Applicant	Society National Corporation, Cleveland, Ohio
Protestant	Union-Miles Community Coalition, Cleveland, Ohio
Date	Application—August 30, 1979; Federal Reserve System decision—March 11, 1980
Principal reasons for protest	Allegation that applicant failed to comply with procedural requirements of the CRA, failed to meet the residential credit needs of residents of low- and moderate-income neighborhoods, engaged in racial discrimination by purchasing rather than originating home loans in predominantly black neighborhoods, and failed to ascertain credit needs of residents in lower-income neighborhoods
Public meeting	Held by Comptroller of the Currency in October 1979
Disposition	Approval, private agreement resolved CRA issues, but protest not withdrawn at applicant's request
Significant policy positions	"This agreement deals primarily with Applicant's *marketing* efforts. It does *not* in any way create a preference for credit applications received from any portion of the community, nor will it have any adverse effects on the safety and soundness of SNB [Society National Bank]. Accordingly, the Board regards the agreement as being consistent with the policy outlined in its CRA Information Statement of January 3, 1980." (FEDERAL RESERVE BULLETIN, volume 66, April 1980, page 352, note 5)

Case 12

Applicant	Farmers and Merchants State Bank of Sebewaing, Sebewaing, Michigan
Protestant	Competing bank: First National Bank of Bad Axe, Bad Axe, Michigan
Date	Application—September 10, 1979; Federal Reserve System decision—December 4, 1979

Principal reasons for protest	Allegation of generally inadequate CRA performance
Disposition	Approval

Case 13

Applicant	Chemical Bank, New York, New York
Protestant	Greenpoint-Williamsburg Committee Against Redlining, Brooklyn, New York
Date	Application—February 12, 1980; Federal Reserve System decision—August 17, 1980
Principal reasons for protest	Allegation that applicant failed to ascertain credit needs and market credit services aggressively, failed to meet residential mortgage demand of low- and moderate-income neighborhoods, and failed to extend credit on mixed-use and multifamily property
Disposition	Approval
Significant policy positions	"A bank's lending activity cannot be expected to be uniform throughout its community. Differences will arise because of a variety of market forces." (Federal Reserve press release, August 1980, page 4)

Case 14

Applicant	F&M Bankshares, Inc., Marinette, Wisconsin
Protestant	Three competing banks: First National Bank of Marinette, Marinette, Wisconsin; Stephenson National Bank and Trust, Marinette, Wisconsin; Peshtigo National Bank, Peshtigo, Wisconsin
Date	Application—February 21, 1980; Federal Reserve System decision—May 21, 1980
Principal reasons for protest	Allegation that applicant achieved an inadequate level of Small Business Administration lending, employed more restrictive residential loan terms than competitors, and committed violations of procedural requirements of CRA
Disposition	Approval

Case 15

Applicant	National City Corporation, Cleveland, Ohio
Protestant	Ohio Public Interest Campaign and Citizens to Bring Broadway Back, Cleveland, Ohio
Date	Application—April 2, 1980; Federal Reserve System decision—December 3, 1980
Principal reasons for protest	Allegation that applicant discriminated against women and minorities in its employment practices, failed to meet the housing-related credit needs of Cleveland residents, discriminated against minority-dominated neighborhoods, failed to meet small business credit needs, and made inadequate efforts to assess credit needs of local community
Disposition	Approval with commitments (to implement an advertising campaign designed to inform lower income groups of available residential credit, create and implement a CRA sensitivity program for bank personnel, and increase meetings with neighborhood groups)
Significant policy positions	"Protestants contend that discriminatory employment practices should be considered in connection with National City's CRA record. The Board does not consider the issue raised by Protestants' allegations to be relevant to NCB's record of meeting the credit needs of its community although the Board has considered the submissions of individuals who alleged that an applicant or its banking subsidiary were engaged in discriminatory employment practices in connection with bank holding company applications. The Board has also recognized that there may be limits to the extent it may take into consideration matters of public interest that nevertheless are not directly within the scope of the Board's regulatory responsibilities under the BHC Act. *Texas American Bankshares*, 64 FEDERAL RESERVE BULLETIN, 982 (1978)." (FEDERAL RESERVE BULLETIN, volume 67, January 1981, page 52, note 15)

Case 16

Applicant	First National Boston Corporation, Boston, Massachusetts
Protestant	Massachusetts Urban Reinvestment Advisory Group, Boston, Massachusetts
Date	Application—October 9, 1980; Federal Reserve System decision—June 4, 1981
Principal reasons for protest	Allegation of failure to live up to commitments to Board; inadequate residential, small business, and farm lending activity; inadequate participation in community development programs; and failure to comply with procedural requirements of the CRA
Disposition	Approval

Case 17

Applicant	Girard Trust, Philadelphia, Pennsylvania
Protestant	Philadelphia Council of Neighborhoods, Philadelphia, Pennsylvania

Date	Application—March 17, 1981; Federal Reserve System decision—July 22, 1981
Principal reasons for protest	Reduction of available services at existing branch
Disposition	Approval; protest withdrawn following negotiated settlement of CRA issues

Case 18

Applicant	First National Bank of Allentown, Allentown, Pennsylvania
Protestant	Coalition of Religious and Civic Organizations, Easton, Pennsylvania
Date	Application—March 4, 1981; Federal Reserve System decision—August 28, 1981
Principal reasons for protest	Allegation of inadequate residential lending and discriminatory terms charged on inner city residential mortgage loans
Disposition	Approval; protest withdrawn following negotiated settlement of CRA issues
Signficant policy positions	Private agreement establishes residential lending goals for designated census tracts at below-market rates. Federal Reserve reiterated its position that it will not endorse terms of a private CRA agreement that allocates credit. (Federal Reserve Bank of Philadelphia, news release, August 28, 1981)

Case 19

Applicant	Midland Corporation, London, England
Protestant	Public Advocates, Inc., San Francisco, California
Date	Application—February 25, 1981; Federal Reserve System decision—August 25, 1981
Public meeting	Held in June 1981
Principal reasons for protest	Protestant fears Midland will "drain funds" from California, is inadequately committed to California low- and moderate-income residents, and racially discriminates in residential lending
Disposition	Approval; CRA protest determined to be not substantive
Significant policy positions	The Board notes that there is no statutory authority in the Bank Holding Company Act for taking into account the nationality of the acquiring company, and that CRA does not apply to a transaction when the acquiring banking organization has no banking presence in the United States (Federal Reserve press release, August 25, 1981, page 7)

Case 20

Applicant	Ameritrust Corporation, Cleveland, Ohio
Protestant	Neighborhood People in Action, Cleveland, Ohio
Date	Application—March 11, 1981; Federal Reserve System decision—Pending
Public meeting	Held in July 1981
Principal reasons for protest	Allegation that applicant failed to comply with commitments to Board, prescreened minority applicants, performed inadequate residential and small business lending, failed to advertise available credit services, refused to participate in neighborhood development programs, and engaged in racial discrimination in residential lending
Disposition	Pending

Case 21

Applicant	First National BanCorporation, Inc., Cincinnati, Ohio
Protestant	Cincinnati Reinvestment Project, Cincinnati, Ohio
Date	Application—August 27, 1981; Federal Reserve System Decision—Pending
Principal reasons for protest	Allegation of inadequate residential lending, discrimination against residents of predominantly minority neighborhoods, and inadequate effort to ascertain credit needs of residents of low- and moderate-income areas

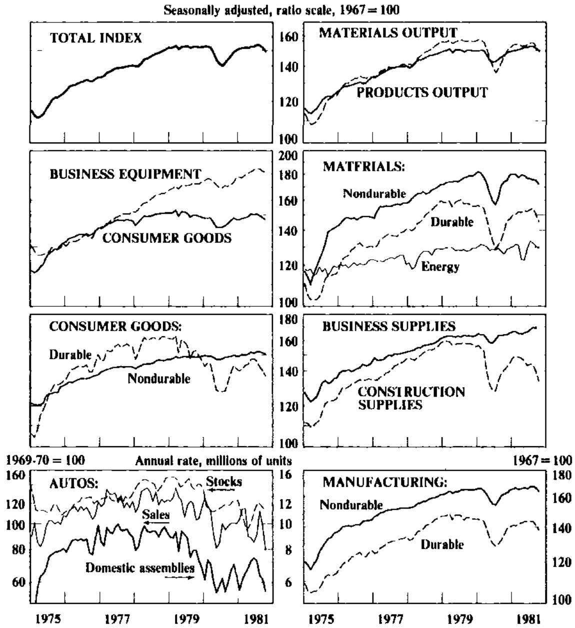
Industrial Production

Released for publication November 13

Industrial production fell an estimated 1.5 percent in October, after a revised drop of 1.2 percent in September and of 0.2 percent in August. Again in October, most of the overall reduction occurred in durable materials, construction supplies, and autos; declines also occurred in production of most other materials and products. At 149.5 percent of the 1967 average, the October index was 2.9 percent below the recent peak of total industrial production in July.

In market groupings, output of consumer goods declined 0.9 percent in October, after similar decreases in the two preceding months. Auto assemblies were reduced about 11 percent to an annual rate of 5.5 million units. Production of home goods, such as appliances and furniture, was cut 1.1 percent further last month. Consumer nondurable goods declined 0.4 percent, due mainly to decreases in the output of food and fuel. Business equipment, reflecting large declines in manufacturing, power, and farm equipment, was reduced 0.5 percent, about half of the sizable drop that occurred in September. This was the third monthly decline in output of business equipment. Production of defense and space equipment edged up 0.2 percent in October, after average monthly increases of 0.5 percent in the preceding six months. Output of construction supplies was reduced an estimated 3.8 percent further, after a sizable decline last month, and was 10 percent below its recent peak last March.

Output of materials decreased 2.3 percent in October, reflecting a sharp decline in durable



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

Major market groupings

Grouping	1967 = 100, 1981 Sept.p	1967 = 100, 1981 Oct.e	Percentage change from preceding month, 1981 June	July	Aug.	Sept.	Oct.	Percentage change, Oct. 1980 to Oct. 1981
Total industrial production	**151.8**	**149.5**	**.1**	**.7**	**−.2**	**−1.2**	**−1.5**	**2.0**
Products, total	151.2	149.7	−.1	.5	−.3	−.9	−1.0	1.8
Final products	150.4	149.4	.1	.5	−.4	−.7	−.7	2.5
Consumer goods	148.3	147.0	−.3	.3	−.7	−.9	−.9	.5
Durable	140.5	137.0	.4	−.9	−2.7	−1.4	−2.5	−1.4
Nondurable	151.5	150.9	−.6	.7	.1	−.6	−.4	1.1
Business equipment	182.7	181.7	.9	.7	−.2	−1.0	−.5	5.7
Defense and space	103.6	103.8	−.3	.9	.1	.9	.2	4.6
Intermediate products	154.1	150.7	−.8	.8	.4	−1.8	−2.2	−1.1
Construction supplies	139.3	134.0	−2.1	.6	−.2	−3.3	−3.8	−4.7
Materials	152.8	149.3	.4	.8	−.1	−1.5	−2.3	2.3

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

Major industry groupings

Grouping	1967 = 100		Percentage change from preceding month					Percentage change, Oct. 1980 to Oct 1981
	1981		1981					
	Sept.p	Oct.e	June	July	Aug.	Sept.	Oct.	
Manufacturing....	151 2	148.7	− 3	.5	−.1	−1 2	−1.7	1.5
Durable........	140.9	138.2	−.2	.3	−.2	−1 7	−1.9	1.8
Nondurable	166.1	163.9	−.4	.8	.2	−.8	−1.3	1.1
Mining...........	144.9	144.9	4.7	3.4	−.4	−.7	.0	9 7
Utilities..........	171.5	171.2	1.2	.2	−.7	−.2	−.2	2.1

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

materials—particularly metals and parts for consumer durable goods and for equipment. Nondurable materials declined 1.6 percent, as production of textiles, paper, and chemicals was curtailed sharply. Output of energy materials also was reduced considerably for the third consecutive month.

In industry groupings, manufacturing output was curtailed sharply in October, by 1.7 percent, after a sizable decline in September. Production of durable manufactures was reduced 1.9 percent, and nondurable manufactures 1.3 percent. Output of mining was unchanged from the previous month and utilities edged down.

Statements to Congress

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs and Coinage of the Committee on Banking, Finance, and Urban Affairs, U.S. House of Representatives, October 21, 1981.

I am pleased to appear before this subcommittee to present the Federal Reserve Board's views on two bills—H.R. 3172, a bill to authorize loans at interest rates in excess of certain state usury ceilings, and H.R. 2501, the Credit Deregulation and Availability Act of 1981. H.R. 3172 would temporarily allow any type of lender to originate loans at a rate up to 1 percentage point above the Federal Reserve discount rate. H.R. 2501 would permanently remove all state limits on interest rates on business, agricultural, and consumer credit, and also would preempt state restrictions on transaction and access fees on consumer credit and payment services. Both bills, however, would permit any state to reestablish its own ceilings by enacting overriding legislation.

These two bills would thus broaden the preemptive provisions of the Depository Institutions Deregulation and Monetary Control Act of 1980. In addition to providing for the phasing out of interest rate ceilings on deposit accounts, that act permanently preempted state usury laws affecting most first-mortgage home loans and temporarily preempted state usury laws governing most business and agricultural loans by permitting lenders to charge a rate up to 5 percentage points above the discount rate. The act also extended to certain financial institutions the authority, previously granted only to national banks, to set rates on all types of loans up to 1 percentage point above the discount rate. States could override this provision, however.

The Federal Reserve Board for some time has been concerned about the adverse impact that usury ceilings can have on the availability of funds in local markets and has encouraged the states to remove these barriers to the flow of credit. As costs of funds have risen sharply in recent years, the supply of credit in areas with restrictive rate ceilings has been curtailed, especially to higher-risk borrowers, and loanable funds have been channeled to other investments or to geographic areas permitting a more competitive return. These developments have underscored the importance of allowing financial markets to function without hindrance from artificial constraints on loan rates, particularly in light of the prospect that eventually all controls will be removed on the rates that banks and thrift institutions can pay for deposits.

The Board's long-held view has been that interest rates for consumer loans and other types of credit are best determined in markets unconstrained by rate ceilings of any kind. If some ceiling is to be established, nonetheless, the Board remains vigorously opposed to using the discount rate as an index to which the ceiling would be pegged, as stipulated in H.R. 3172. We feel that to tie a usury ceiling to a tool of monetary policy would be inappropriate.

The Federal Reserve discount rate, as you know, is the rate of interest charged by Federal Reserve Banks on credit they extend to depository institutions. These institutions are subject to significant restrictions on the amount and the frequency of their discount window borrowing. Ordinarily, large institutions with access to national money markets are expected to repay these loans the following business day; smaller institutions that lack such broad market access may require accommodation for somewhat longer periods of time. In any case, the maturity of this special type of borrowing—largely to meet temporary requirements for funds—is ordinarily much shorter than is typical for business, agricultural, or consumer credit. The discount rate is thus a decidedly imperfect indicator of the course of interest rates on longer-maturity credits. Moreover, as an administered rate that reflects general policy considerations that are often complex, the discount rate often deviates from other market interest rates, even those of comparable maturity.

Both as an administered rate and a short-term rate, therefore, the discount rate may deviate significantly from market-determined interest rates in maturity categories more relevant to consumer, business, and farm loans. Tying the usury limit to the Federal Reserve discount rate would thus increase the likelihood that a statutory ceiling might at times be well below market interest rates, providing little incentive toward the desired increase in the availability of credit. That is especially the case in consumer lending, in which the going rates at any one time typically range widely depending on loan size, collateral (if any), and other determinants of the costs of administration and of credit risk. In light of these considerations, the Board much prefers the approach of H.R. 2501, which would remove ceilings entirely, over the discount rate formulation of H.R. 3172.

Notwithstanding its clear preference for the principle of outright suspension of rate ceilings, the Board continues to have reservations about whether the federal government should become involved at all in preemption of state law governing interest rates on consumer loans. Federal preemption is not necessarily or frequently an appropriate solution to localized problems, and seems to run counter to the expressed desires of the Congress and the administration to reduce the level of federal regulation in matters that can be dealt with by state or community governments. The Board would prefer that the counterproductive effects of usury ceilings be addressed by corrective steps at the state level, and we would note that a large number of states have acted on their own during the past two years to modify or remove rate ceiling statutes. If the Congress nevertheless chooses to take preemptive action, we endorse the inclusion of provisions that would allow individual states to override the federal legislation. Both bills under consideration, as noted earlier, contain such provisions.

It is also of concern to the Board that title II of H.R. 2501 would authorize and direct the Federal Reserve to publish official interpretations about the scope and the application of the consumer credit preemption provisions of the act. The Board recognizes that these rulings could help resolve uncertainties about the relationship of the federal law to state usury laws. For example, uncertainties are raised about the scope of the preemption of state laws that restrict penalty charges or that govern which charges creditors may retain and how interest rebates must be computed in the event that customers prepay their obligations. Even so, it is unclear whether the benefits accruing to the public from these interpretive rulings would outweigh the costs of the regulatory burdens that would be imposed. More fundamentally, the Board is extremely reluctant to assume the role of interpreting these legal relationships and of resolving possible statutory conflicts. These clearly are functions primarily of a judicial character that, in the Board's opinion, should remain within the purview of the courts whenever possible. They are far removed from the Board's primary responsibility, which is the formulation of monetary policy.

Another special feature of H.R. 2501 is the removal of state controls on periodic fees associated with credit card or debit card accounts as well as transaction charges for credit cards or payment mechanism services. As in the case of interest rate ceilings, the Board favors the determination of such fees and charges by market forces. The prohibition in some states of account or transaction fees on credit card accounts has allowed customers who pay in full by the end of the billing cycle to use credit services without paying for them. Permitting transaction and access fees in such instances makes economic sense because these charges enable creditors to allocate costs in accordance with the use of specific services. However, as in the case of interest rates, the Board believes that corrective action at the state level would be the most desirable way to address the counterproductive effects of limitations on these fees and charges.

To summarize, the Board supports attempts to remove ceilings that can constrain the price of business, agricultural, and consumer credit. It also supports efforts to eliminate controls on fees that may be charged in connection with consumer credit accounts and payment services. The

Board continues to feel that linking ceilings to the discount rate is inappropriate and that state action rather than federal law would be preferable in governing pricing policies when no clear, compelling national interest is in question, as would seem to be the case with consumer loans.

Statement by Theodore E. Allison, Staff Director for Federal Reserve Bank Activities, Board of Governors of the Federal Reserve System, before the Subcommittee on Government Information and Individual Rights of the Committee on Government Operations, U.S. House of Representatives, October 22, 1981.

I am pleased to be able to discuss with your subcommittee the role of the Federal Reserve in the provision of payments mechanism services, particularly those that are often referred to as electronic fund transfer services.

In addition, I will explain why the Federal Reserve's operation of a highly secure and flexible network is needed to carry out the System's monetary policy and payments mechanism responsibilities and why technological obsolescence has made it necessary to replace the current network. This replacement project, incidentally, isn't at all remarkable—the System has upgraded its communications facilities every 10 to 20 years since 1915.

The Federal Reserve, as the nation's central bank, has a number of diverse, but highly interrelated, responsibilities—for monetary policy, bank supervision and regulation, and payments system operations. Our basic responsibility for the efficiency and integrity of the nation's payments mechanism dates from the Federal Reserve Act of 1913 and was confirmed by the Congress only last year with the passage of the Monetary Control Act of 1980. This legislation makes it clear that the Federal Reserve should participate in the payments mechanism in ways that will promote competition, contribute toward greater efficiency, and ensure an adequate level of payments services nationwide. These objectives will be accomplished by requiring the System to make available its payment services to all depository institutions and over the long run to charge for such services at their full cost. These are major developments in the evolution of the payments mechanism, and I will discuss the implications later on in my statement. First, however, a brief history of the Federal Reserve's role in the payments mechanism may be helpful.

The U.S. Payments Mechanism

Before 1800, exchange of currency (and gold) was the primary method for transferring funds. Paper checks became widely used in the mid-1800s, and they have played a dominant role in the U.S. payments mechanism ever since. With more than 30 billion checks per year moving through the economy and the cost of labor and transportation increasing, electronic payment systems are being developed to supplement the check system. Electronic fund transfers, which are only in their infancy, have the potential to improve greatly the security, efficiency, and reliability of the money transfer system.

Before the creation of the Federal Reserve, checks were cleared and funds were transferred through a network of interbank correspondent balances. In order for one bank's check to be cleared when deposited at another bank, the check moved through one or more correspondent banks. The number of correspondent banks involved in clearing a check depended on many factors including the distance between the two banks. This process led to pyramiding of correspondent balances and a slow collection system.

The establishment of the Federal Reserve in 1913 altered the U.S. payments system in at least two important respects. First, it reduced the need for banks to maintain a complex network of correspondent balances to clear checks and other payments: Federal Reserve member banks could use a single reserve-account balance to transfer funds by wire. Indeed, the Federal Reserve Act directed that reserve accounts be used to clear payments transactions among depository institutions. Today, correspondent balances are still used to clear payments, primarily of smaller depository institutions. Book-entry accounting using reserve accounts, however, has all but eliminated the need to ship currency between banks to settle payments flows between geographic regions of the United States.

The second change in the payments system was the establishment of a national wire transfer network to provide access to these centralized reserve accounts. In 1915 the wire network was a telegraphic communication system. It has evolved into a high-speed, computerized network. Besides its role in the payments mechanism, the wire network is a vital element in the conduct of monetary policy and the operation of the government securities market.

Despite the changes in the mechanism used to carry out these responsibilities, however, the basic central banking role performed by the Federal Reserve has not changed since 1913.

Federal Reserve Wire Transfer and Settlement Operations

The 12 Federal Reserve District Banks and their 25 branches maintain reserve accounts and clear directly and indirectly with all depository institutions in the nation. A depository institution that wishes to transfer funds from its reserve balance to another depository institution uses the Federal Reserve's wire transfer system. Reserve balances are transferred by depository institutions to purchase or sell federal funds (that is, to make interbank loans), to move correspondent bank balances from one institution to another, and to send funds to another bank on behalf of its customers. The Treasury Department and other federal agencies maintain accounts at Federal Reserve offices, and they use these accounts and the wire transfer system extensively to disburse and collect monies. In 1980, 43 million transfers of reserve balances took place, involving an aggregate of $78 trillion.

The settlement of funds transfers and reserve-account maintenance functions of the wire transfer system contribute to an efficient payments mechanism. Settlement through the Federal Reserve, with the full force and power of a central bank behind it, substantially reduces the risk of settlement failure, which could result in serious disruptions in financial markets.

The Wire Transfer Network and Monetary Policy

Depository institutions must have access to their reserve accounts to adjust them in response to fluctuations in their reservable liabilities. One way this access is provided is by the wire transfer system. This system is also used by the Federal Reserve, the Treasury, and depository institutions to transfer U.S. government and agency securities. It is also through this network that Federal Reserve open market operations are facilitated. Open market operations are the primary method used to expand or contract the money supply. The wire transfer system improves the efficiency of open market operations by promoting a large, secure, and liquid market for government securities. This arrangement not only facilitates the marketing of government debt but also results in lower cost to the Treasury.

Other Uses of the Federal Reserve's Communication System

The Federal Reserve's communication network is also used for two other purposes. First, it transmits timely bank deposit data to the Federal Reserve Board for day-to-day monetary policy purposes. These data include daily deposit information on 14,000 depository institutions. Second, it transfers recurring payments of small dollar value such as direct deposit of payroll and bill payments among automated clearinghouses (ACHs). The ACH was established jointly by the banking industry and the Federal Reserve as a vehicle to clear and settle certain types of electronic payments. In 1980 about 60 million commercial and 160 million Treasury payments were processed through the ACH. Incidentally, more than 30 percent of the social security recipients in the United States have elected to have their benefits sent through the ACH mechanism.

The ACH, we believe, has the potential to offer significant benefits to the public in terms of decreased cost, increased convenience, and greater security for certain types of payments. This judgment is shared by the financial industry, by the federal government—which is the largest user of the ACH, and by the National Commission on Electronic Fund Transfers. The National Commission on Electronic Fund Transfers further concluded that Federal Reserve involvement in the operation of ACHs was necessary because the private sector was not yet able to operate ACH facilities economically without this assistance.

The Federal Reserve's Communication Network

The Federal Reserve uses data processing and communications to receive, process, and deliver payments. The computers are general data processing machines of the type used by most large, multipurpose organizations, both public and private. Our need to transmit data among the Federal Reserve offices, the Board, and the Treasury is accomplished through three communications networks—the interdistrict Fed Wire, the interdistrict bulk data network, and the local District networks.

On the Fed Wire more than 175,000 messages containing wire transfers of funds and securities, along with administrative information, are being communicated each day among the Federal Reserve Banks through a central store-and-forward message switch in Culpeper, Virginia. This network, including its extensions from head offices to branches and offices, was installed between 1969 and 1974; it replaced an antiquated semiautomated network that was installed in 1953.

A bulk data network, which uses high-speed switched circuits to connect the 12 Federal Reserve Banks and the Board of Governors, was implemented in 1976. This network is used to transmit bank deposit data and ACH payments.

Each Federal Reserve Bank has also implemented its own local network between the head office and its branches. These facilities are used to move accounting data and other local traffic within the District.

The New Federal Reserve Communications System

As it has done on the average of every 10 to 20 years, the Federal Reserve System is now replacing its communications network. The current upgrading is needed because the present system and its technology are 10 years old, and more cost-effective and reliable technologies are available. Moreover, the present system relies in large part on an American Telephone and Telegraph Company service that will terminate in 1983, and its central switch is maintained by a vendor that will cease its maintenance responsibilities in 1985. Within the Federal Reserve, the replacement project is known by the acronym FRCS-80 (Federal Reserve Communications System for the Eighties). Conceptual planning for FRCS-80 began in late 1975 on the assumption that a more efficient communications technology would be available in the 1980s and that the Federal Reserve System would be making its payment services available to all depository institutions. These assumptions have proved correct with the development of packet switching technologies and the passage of the Monetary Control Act of 1980.

The new system will be a general-purpose data communications network that will satisfy the Federal Reserve's internal communications requirement of providing services to the financial community, the Treasury, and other government agencies. FRCS-80 will be used for the transmission of the same data that is sent over the current network.

The functions of the existing separate communications networks will be consolidated into a single network providing better service at less cost. Historically, as the need for new data communications applications emerged, the most frequent solution was the implementation of independent data communications systems tailored to a single application. With FRCS-80, new communications requirements can be met without additional networks or major design changes.

FRCS-80 will do the following:

- Improve the reliability and efficiency of the Federal Reserve's communications operations.
- Reduce the total cost of System communications through a more efficient use of circuits.
- Increase security of data moving within the Federal Reserve System.

The conceptual design of FRCS-80 is that of a distributed "packet-switched" network. No single central switching site, such as the current switch in Culpeper, Virginia, will be required to coordinate the operation of the network. Rather than revolve around a computerized hub, as does the current Fed Wire, the computer power of FRCS-80 will be distributed among the Federal Reserve offices.

As part of the process of selecting a new communications network, the Federal Reserve compared two network approaches—a public access network and a private network. The private network approach was chosen because of security risks involved in using a public network and the lack of control over the flexibility of the public network. Flexibility is critical because the Federal Reserve must respond rapidly to changes in legislation or monetary policy.

After evaluating proposals from several vendors, the Federal Reserve awarded a $10 million contract to Northern Telecommunications, Inc., to provide hardware and software and to install the network on a turnkey basis. Recently a factory acceptance test was completed, and equipment is now being installed in the Federal Reserve offices. The network is expected to be fully operational in early 1983.

Pricing of Federal Reserve Services

The Monetary Control Act of 1980 required the pricing of certain Federal Reserve services. These services include all payments mechanism services, such as check processing, wire and securities transfers, settlement, and ACH transactions. We are now charging for all financial services except cash transportation. Charges for cash transportation are scheduled to commence in early 1982. Over the long run, the revenues derived from the sale of financial services will cover all Federal Reserve costs in providing them, including an amount to reflect private-sector costs not incurred by the Federal Reserve, such as taxes and financing costs. As a result, services will be offered competitively, allowing the private sector adequate opportunity to enter or expand its share of the market for payments mechanism services.

Even before pricing began, significant competition already existed in check processing. Large money center correspondent banks and private service bureaus clear a substantial proportion of total checks written. Bankwire, CHIPS, and SWIFT are private-sector competitors for domestic and international transfers of large-dollar funds.[1]

The pricing of ACH operations, because of economies of scale and potential for improving the efficiency of certain types of funds transfers, is based temporarily on long-run costs to encourage the development of such operations. In the near future, the price of ACH services will be based on actual costs, and as ACH volume grows, we expect competitors to enter this market.

The Role of the Federal Reserve in Point of Sale

We understand that certain parties are concerned that FRCS-80 is being designed to accommodate point-of-sale switching capabilities. The National Commission on Electronic Fund Transfers in 1977 reported to the Congress on the role of the federal government in electronic funds transfer. The commission recommended "that the federal government not be involved operationally, at present or in the foreseeable future, in point-of-sale switching and clearing facilities except for the provision of net settlement among depository institutions." The design of FRCS-80 does not contemplate any point-of-sale switching activities, and the Federal Reserve has no intention of getting involved in such activities.

Privacy Considerations

Before I conclude my remarks, I would like to explain briefly the Federal Reserve policy on

1. The Clearing House Interbank Payments System (CHIPS) is a nongovernmental facility that clears international transactions for its 100 members. It is operated by the New York Clearing House Association, which has as its controlling members the 12 largest New York City commercial banks.

The Society for Worldwide Interbank Financial Transactions (SWIFT) is a cooperative company located in Belgium that operates a communications network to exchange payment instructions among its more than 800 members.

retention and disclosure of electronic payment records containing data on individuals. I will focus on our ACH policy because data identifying an individual is rarely part of a wire transfer.

While the ACHs do not process enough information to serve as a threat to privacy, the Federal Reserve has taken affirmative steps to insure the privacy of data in our possession. Various ACH records contain individual and business names, bank account numbers, and social security and other individual identification numbers. Such transaction data are retained by Federal Reserve Banks only for the limited time needed to fulfill operational requirements. Records maintained on computer media are retained no longer than 30 business days following settlement of the transaction. Microfiche historical records containing individual transaction data are retained for 60 business days following settlement. Microfiche historical records that do not contain individual transaction data are retained for one year. At the end of their respective retention periods, all records are destroyed.

The Federal Reserve data-disclosure policy pertains to all payments services, including the ACH. The Federal Reserve Banks will not disclose individual transaction data except to parties that are part of the transfer, such as the originating and receiving financial institutions, or when a grand jury subpoena or an order of a court with proven jurisdiction is presented.

CONCLUSION

The subcommittee's invitation for the Board to testify at this hearing requested the Federal Reserve to comment on what it believed to be its appropriate role in the provision of telecommunications services. As I have explained, the Federal Reserve offers payments services to the banking industry and uses telecommunications for its internal operations. The Federal Reserve clears, delivers, and settles interbank payments. In doing so, we use computer and telecommunications equipment and facilities, and we appreciate the subcommittee's concern that the provision of these facilities occurs in a competitive environment. □

Statement by Lyle E. Gramley, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, October 27, 1981.

I am pleased to appear before you today, on behalf of the Board of Governors of the Federal Reserve System, to discuss the important questions that you have raised regarding the impact of federal deficits on the supply, distribution, and price of credit, on inflation, and on the conduct of monetary policy.

I would like to begin with the question of the relationship of budget deficits to monetary policy. A common and serious misconception exists that federal deficits must be financed by creating money. In fact, in the large and sophisticated capital markets of the United States today, sizable federal deficits can be financed without intervention or assistance by the Federal Reserve. The Treasury sells securities in the open market at the interest rate necessary to attract a sufficient volume of bids. Whether the Federal Reserve System absorbs into its portfolio any of the resultant increase in Treasury debt depends entirely on the amount of reserves that is needed to support the growth rates of money that the Federal Reserve has targeted.

Monetary policy has not always been so independent from debt management policy. In the period of large deficits during World War II, the Federal Reserve bought the amount of Treasury securities necessary to peg interest rates at low levels. The result was a lack of control over growth of money and credit, and an excessive buildup of liquidity that contributed to the inflation of the immediate postwar years. In 1951, the "Accord" between the Treasury and the Federal Reserve freed the System to conduct an independent monetary policy. For a while thereafter, the Federal Reserve did avoid actions that might substantially alter market conditions in the midst of a Treasury financing operation—the policy known as "even keeling." But even this practice was ended some years ago when the Treasury adopted the more flexible technique of selling securities by auction. Thus, there is no necessary or mechanical link between federal deficits and the conduct of monetary policy.

This certainly does not mean, however, that sizable federal deficits do not affect financial markets or that they are insignificant in the struggle to reduce inflation. On the contrary, when the Federal Reserve is restraining the growth of money and credit to slow inflation, as we are now doing, the credit demands of the federal government have enormous significance for interest rates and the ability of private borrowers to obtain funds. The federal government, in effect, takes its place at the head of the credit line, and since aggregate credit supplies are being constrained, private borrowers are squeezed out.

Whether private credit use is cut back by rising interest rates or by nonprice rationing of credit depends on the institutional environment. In the past, financial markets were characterized by a good many barriers to flows of funds, the most important of which were low ceilings on rates payable on time and savings deposits and legal barriers on the interest rates that lenders could charge or that borrowers could pay. In those circumstances, a rise in market interest rates led to disintermediation at depository institutions and a decline in the availability of credit to potential homebuyers, farmers, small businesses, and others. Usury ceilings also served to reduce mortgage credit availability, and laws and constitutions of many states periodically prohibited states and their political subdivisions from paying going rates of interest in the money and capital markets.

Today, with most of those barriers gone, the nonprice rationing mechanism has been largely dismantled. Borrowers generally are able to obtain credit if they are able and willing to pay the going rate. This means, however, that interest rates must rise to higher levels than they used to in order to reconcile overall credit demands with available credit supplies.

Those interest levels will be very high if inflationary pressures are strong and expectations are widespread that inflation will continue. Lenders will then demand an inflation premium, and borrowers will be more willing to pay it. In view of the rapid rates of inflation that we have experienced in the recent past, the inflation premium in interest rates is large. A lasting reduction in interest rates will only occur as we bring inflation down. That is why monetary policy must remain steadfastly on an anti-inflationary course.

The burden of high interest rates is very uneven on the various sectors of our economy. The housing industry has been devastated; many auto dealers have closed their doors because of declining sales and extremely high costs of financing inventories; small firms in other lines are also going out of business. The thrift industry is experiencing a severe squeeze on earnings; high interest rates will also impede the rise in business capital formation that we need for improvement in productivity performance, thus offsetting some of the beneficial effects of the business tax cuts included in the Economic Recovery Act of 1981. Meanwhile, some industries—such as defense, energy production, and high technology—appear to be thriving despite extraordinarily high interest rates.

Heavy federal demands in credit markets, to be sure, do not always imply high interest rates or appreciable crowding out of private borrowers. For example, if the deficit to be financed were solely the consequence of a decline in revenues that occurred because of a recession, the weakening of private credit demands would more than offset the rise of federal borrowing. The important problem we face today, however, is a persistent long-run growth in the proportion of funds raised in the money and capital markets by the federal sector.

The table shows that the federal share of overall borrowing has been on an uptrend over the past 25 years. The first column shows the sharp rise in the proportion of total credit flows that is preempted by direct Treasury borrowing. A pause in the upward trend occurred in the latter part of the 1960s when the economy experienced a prolonged cyclical expansion. The strength of incomes and the belated Vietnam tax surcharge elevated tax receipts and reduced the federal deficit. Subsequently, however, the share rose again, and in the latter half of the 1970s was running at close to 20 percent.

If borrowing by government-sponsored agen-

Measures of federal participation in credit markets, fiscal years, 1956–80

Five-year averages, percent

Fiscal years	Treasury borrowing as percent of funds raised by nonfinancial sectors	Treasury plus sponsored agency borrowing as a percent of total funds raised[1]	Treasury plus sponsored agency borrowing plus borrowing for loan guarantees as a percent of total funds raised[1]
1956–60	3.9	6.1	16.4
1961–65	8.4	9.1	16.9
1966–70	5.3	8.7	14.9
1971–75	13.3	15.8	22.7
1976–80	18.8	20.0	25.3

1. Total funds raised includes borrowing by financial and nonfinancial sectors.

SOURCES. Data on Treasury borrowing, sponsored agency borrowing, funds raised in credit markets by nonfinancial sectors, and total funds raised in credit markets are derived from Flow of Funds Accounts, Board of Governors of the Federal Reserve System. Data on borrowing for primary guaranteed loans are derived from *Budget of the United States Government*, Special Analyses on Federal Credit Programs.

cies—such as the Federal Home Loan Banks and the Federal National Mortgage Association—is included in the totals, the share of total credit flows absorbed by the federal sector is somewhat higher. The precise significance of this calculation, however, is hard to judge. Some of the borrowing of sponsored agencies merely makes available to borrowers credit that they would have obtained through private channels anyway; in those cases, the total demands on credit markets are not increased.

Another important aspect of federal intervention in credit markets is private borrowing under federal loan guarantees. In the 1940s and 1950s, federal loan guarantees were significant in the mortgage market as a result of the strong demand for housing and the high risks that lenders attached to nonguaranteed mortgages following the disastrous experience of the Great Depression. As these factors became less important, federal mortgage guarantee activities shrank relative to the size of the mortgage and total credit markets, but by the 1970s new types of guarantee programs began to swell the total once again.

The significance of federal loan guarantees for assessing the strains on credit markets emanating from the federal sector is also unclear. All we can say with certainty is that the amount of direct Treasury borrowing understates to an unknown degree the total demands of the federal sector on credit markets. We also know that a sizable proportion of total credit flows are being influenced one way or another by the activities of federal credit programs. Indeed, by the latter half of the 1970s, fully a quarter of the funds raised by the financial and nonfinancial sectors of the economy represented either direct Treasury borrowing or federal intervention and redirection of credit flows through the activities of sponsored agencies and guarantee programs. In fiscal 1981, the figure was well above 30 percent.

It is essential that federal deficits be controlled if strains in financial markets are to be reduced and if the private sectors of the economy are to increase their share of real resources without the often inefficient intervention of special federal credit assistance. What are the prospects for the federal deficit? Estimates for the deficit in fiscal year 1982 vary widely, but it really is the outlook for subsequent years that is most troubling. For example, the estimates of the Congressional Budget Office suggest that, even if all of the spending reductions anticipated by the First Concurrent Budget Resolution were implemented, the federal deficit would be $50 billion or larger in each of the years through 1984. This projection, moreover, assumes $50 billion in additional spending reductions by fiscal 1984, which have not yet been enacted, and a fairly optimistic outcome for real economic growth. In the absence of the additional $50 billion in expenditure reductions assumed, the deficit in fiscal 1984 could be $100 billion or even larger.

Continuation of deficits of this magnitude would imply persistent pressures on interest rates. Uncertainties regarding the ability of the administration and the Congress to take the actions necessary to change these prospects are evident in the bond markets, in which long-term interest rates have remained near peak levels even while short-term rates have receded markedly over the past couple of months.

In this setting the alternatives are clear. One is to move ahead with further reductions in federal spending. To achieve a balanced budget by 1984, we will probably need reductions in outlays in fiscal 1984 of somewhere around $100 billion. If cuts of that magnitude are not feasible or are deemed by the Congress to be unwise, the only alternative is to restore some of the cuts in revenues contained in the Economic Recovery Act of 1981.

Let me conclude my remarks by noting that we are seeing signs of progress in the fight against inflation. Both consumer and producer prices have risen less rapidly this year than last; indeed, we have seen more progress in reducing inflation in 1981 than almost anyone had expected. The first signs of progress are also beginning to appear on the wage front as well. Contract reopenings and wage concessions have occurred in a number of industries and the environment for the new round of union contract negotiations that will begin next year should favor fewer inflationary settlements than have characterized the recent past. Significant progress in conservation of energy has narrowed the latitude of the Organization of Petroleum Exporting Countries to impose major increases in oil prices. And, in 1982, the upward pressure on wages and costs from increases in the minimum wage and social security taxes will be less than in the current year.

We have reached a critical stage in our fight against inflation. We can consolidate our gains and move forward to price stability. If we do not, we will almost surely see a return to double-digit inflation.

The Federal Reserve is determined to stay with a course of monetary policy that will reduce inflation. Eventually, the course of monetary policy on which we are embarked will, in fact, reduce inflation and bring down interest rates in the process. Our country will achieve the goals of reasonably stable prices, lower interest rates, and a more vigorous and prosperous economy much sooner, however, if the Congress and the administration work together to eliminate the prospects for very large federal deficits in the years ahead. □

Statement by Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, October 29, 1981.

I am happy to appear before the banking committee this morning to discuss the legislation now before you. As you well know, the proposed legislation ranges over a wide field. While some of its provisions are technical, taken as a whole the proposals could have profound implications for our financial system.

The discussion engendered by the bill is timely, for we are obviously in the midst of a period of enormous financial change. Those changes are forced by developments in the marketplace, and change will take place whatever the Congress decides with respect to this legislation or whatever the approach of the regulatory agencies. What is at issue—and what we can influence—is the speed and direction of that change; the legislative proposals before you challenge all of us to consider more explicitly the kind of a financial structure we would like to see in the years ahead. In providing a focus for that consideration—not just in concept or theory, but in terms of concrete legislation—you have provided a signal public service, and we welcome the opportunity to participate in these hearings.

In their specifics, the bills before you are, of course, both complex and controversial. Moreover, broad as they are, some of their provisions inevitably raise further pressing questions, including the appropriateness of geographic restrictions on the operation of depository institutions, the relationship between commerce and banking, and the validity of the remaining legal "compartmentalization" in the provision of financial services. My understanding is that you intend to consider some or all of those issues next year; except to note their relationship to some of the provisions of the legislation, I will not attempt to deal with them this morning.

I would like to preface the more particular comments of the Federal Reserve Board with some comments on the forces at work in the marketplace bearing on our financial structure and then to suggest the general framework within which we have approached the specific issues. The statement will then summarize our position on the specific provisions of the bills.

The efforts of individuals, businesses, financial institutions, and markets to adapt to inflation and to the extraordinarily high current level of interest rates that has accompanied inflation are among the most potent factors pushing toward change in financial structures and behavior. The stresses on thrift institutions, the competitive inroads made by money market mutual funds, and the controversy over the phasing out of interest rate ceilings at depository institutions are only some of the most obvious examples of the forces at work tending to alter—and even undermine—the established institutional structure. Regulators and the Congress alike have the responsibility for responding to these pressures in a constructive way. We can and should ease those strains that arise from elements in the legal or regulatory system that are truly outmoded. When appropriate, we can provide transitional financial assistance. We can also accelerate consideration of more fundamental reforms to minimize current—and potentially recurrent—problems.

At the same time, let us also recognize that no legislative or regulatory changes can assure a sound and efficient financial system in the face of accelerating inflation, and that we need not and should not plan on inflation as a way of life. As we succeed in bringing inflation under control, some of the forces and pressures for change so evident today in our financial system will subside. In appraising particular proposals for structural change—changes likely to be with us for many years—we need to look beyond the present transitional and market problems to a vision of what is appropriate for the longer run.

There can be little doubt that structural change is inevitable and desirable, whether the current exceptional stresses quickly abate or not, whether interest rates are high or low or fluctuate widely in between, or whether "transitional" or "emergency" measures are adopted to ease current strains. Irreversible technological change is fundamentally altering the financial environment; modern data processing capabilities, instantaneous and cheap communications, and relatively inexpensive and fast travel are all breaking down the traditional geographic or institutional barriers to competition and contributing to the rapid growth of new institutions able to exploit new technology. Old concepts of what is banking and what is not are blurred. Even national borders are losing their significance. We have an array of financial institutions and instruments that simply were unknown a decade or two ago. The typical customer—business or individual—no longer feels so dependent on his local bank or savings and loan for financial services. Even the distinction between commerce and finance—embodied in law and tradition—has been eroded.

In the circumstances, many institutions are understandably concerned not only about the strains arising from current market conditions but about the prospects for their industries over the years ahead and whether they, as individual institutions, will have the ability to compete fairly and effectively in the future. To be sure, some of those concerns may be exaggerated or inconsistent; banks, thrift institutions, and investment houses have long perceived strong competitive thrusts from each other, yet all have survived and roughly maintained or even enhanced their share in the provision of credit as more of the total market for credit has become institutionalized. But the pervasive air of uncertainty about the future role of financial institutions itself calls for reexamination of the legal framework and for building a new consensus about the desired institutional structure.

Given the national responsibilities for monetary policy and for maintaining the safety and efficiency of our financial system, we—and you—must be sensitive to unreasonable or unnecessary regulatory structures and to threats to the stability and growth of depository institutions that have long been the backbone of our credit markets and are the transmission channel for monetary policy. We should also consider whether or not, in instances when regulation of depository institutions remains essential, it may be necessary to bring newer institutions within the regulatory framework for reasons of equity, safety, or monetary policy.

The bills before you address some of these long-term issues, as well as the more pressing immediate needs. The testimony you have already heard reflects the fact that proposals affecting the competitive position of particular industries are bound to be contentious and difficult to resolve. Nevertheless, they must be dealt with, recognizing that the intramural disputes of regulated institutions need to be placed in the broader context of aggressive competition from newer institutions and from the open market.

Against that background we have assessed the implications of the specific changes proposed in S. 1720 for our financial structure and its evolution in the years ahead. At the same time, we would strongly urge that the debate on longer-term structural issues not deter your immediate attention from the provisions of the bill needed to help deal with the current situation in the distressed thrift industry—specifically those provisions common to the so-called Regulators' Bill adopted yesterday in the House.

A Frame of Reference

The objective of reform of banking and financial regulation is, in essence, simple enough. We, as a nation, want to preserve and nurture the strong competitive forces that assure that our financial system remains the most efficient and innovative in the world. We also want to maintain the discipline necessary for the strength and solidity of our depository institutions—institutions that are the essential nucleus of a stable financial system. And we must also preserve our ability to conduct an effective monetary policy.

The difficulties and complexities arise in effectively blending the objectives, all of which are important, but which in application may conflict. The existing legal and regulatory structure is rife with such conflicts, and the temptation is strong to dismantle it wholesale and to start afresh. Certainly, a structure put in place in quite different circumstances in the early 1930s is outdated in important respects by technology and by the growth of competitive nonbanking institutions. But in approaching change, our conviction in the Federal Reserve is that some basic building blocks of the present system should be preserved, and the presumption is that needed change can be fit into that framework.

Specifically, *the laws and traditions of this country embodying a separation of banking and commerce still seem valid to us*. That tradition rests on concepts that concentration of economic power can be dangerous, that the potential for conflicts of interest in a service so vital as the extension of capital and credit should be minimized, and that there is a special public interest in the safety and soundness of our depository institutions—an interest that does not, and should not, extend in the same way to other businesses. In some respects, our concerns about preserving a broad dividing line between banking and commerce are reinforced by technological change. For example, advances in communications and data analysis could potentially enhance the capacity and reach of financial-commercial conglomerates, raising the risk of dangerous concentration of power and conflicts of interest.

The case for separation is less clear with respect to banking and investment banking, and in practice, the line between banking and other financial services has become increasingly blurred. Banks, investment banks, and business firms have all long been involved in extending credit to both consumers and businesses, and some substantial overlapping in the provision of services by different types of institutions—bank and nonbank—is both inevitable and useful in enhancing competition without damage to other essential functions. However, at the margin, we believe distinctions can and should be made. For instance, the risks and uncertainties, as well as the greater potential for conflict of interest, in handling equity financing suggests that that function should remain outside commercial banking (or depository institutions). Underwriting and marketing of corporate securities to the general public by banks raise questions of risk, self-dealing, and conflict of interest. Conversely, to lodge transactions balances and responsibility for the payments system within the regulated (and insured) "banking" sector has strong advantages.

A large variety of services often thought of as financial fall between these extremes. S. 1720 touches on insurance, some securities activities, and mutual funds. Some services related to finance—including management consulting, travel services, and data processing and transmission, in particular—deserve consideration as well as possible areas in which banking might reasonably overlap commerce with benefits for competition and convenience.

In considering these and existing areas of overlap, a second element in our framework is relevant: *to the extent regulation is necessary at all, institutions providing the same services should be subject to substantially the same regulation in providing these services, regardless of their form of organization.* A number of the distortions and inequities in financial markets today result from failure to adhere to this principle. An obvious case in point is the absence of reserve requirements on money market mutual funds even when those funds have the essential attributes of transactions balances in depository institutions.

Obviously, consistency in regulatory treatment should be achieved by removing unnecessary regulatory constraints as well as by closing loopholes in the application of those regulations deemed essential. For example, one of the most powerful arguments for eliminating ceilings on interest rates paid by depository institutions is the competition from nonregulated institutions and from the open market itself.

The third element in our thinking has implications for assessing several provisions of S. 1720: *our regulatory system should encourage a degree of diversity among institutions, large and small, specialized and generalized, "retail" or "wholesale" oriented.* Traditionally in the United States, this concern has provided much of the rationale for geographic limits on banking, and for a separate legal and regulatory structure for banking and thrift institutions. Both technology and market incentives are breaking down geographic and functional distinctions. Like it or not, in the marketplace we obviously have interstate banking and active competition between banks and thrifts in large measure. Moreover, depository institutions are competing every day with other, nonbank providers of similar financial services. The only realistic question can be how the strong forces for further overlap and "homogenization" can be channeled most constructively. In some cases, time is needed for adaptation. Some elements of diversity in the provision of financial services that have served us well can reasonably be preserved. Regulatory policies can be more sensitive to the particular problems and particular needs of the smallest institutions.

The fourth and last general point I would like to make is that *public policy must attach particular importance to maintaining the safety and soundness of depository institutions.* Depository institutions handle the bulk of the payments of services and transaction settlements in our economy—and indeed much of the enormous volume of dollar transactions abroad. They are the principal repository of the financial assets of most households and businesses. In recognition of the importance of maintaining confidence in the system and assuring its stability, banking and thrift institutions have been provided with deposit insurance. At the same time, those institutions are subjected to substantial supervision and regulation with respect to capital, to lending policies, and to other operations significant for their safety and soundness. As a result, they have certain competitive advantages and constraints; in those respects, depository institutions are, and should remain, different from other financial enterprises. In other words, there are limits on the degree to which competition of depository institutions with other institutions can be unfettered.

In commenting on the specific provisions of S. 1720, reference, when appropriate, will be made to this general framework. As will be apparent in our comments, we consider a few provisions of the bill of urgent importance. Other positions may be relatively noncontroversial. Those sections dealing with "Glass-Steagall" issues and the powers of thrift institutions—because of their important implications for the evolution of the system—in our judgment deserve particularly close scrutiny but have fewer implications for the immediate problems facing depository institutions.

IMMEDIATE NEEDS— "THE REGULATORS' BILL"

S. 1720 incorporates in title I the main provisions of the so-called Regulators' Bill adopted by the House. We would strongly urge that, whatever action is taken with respect to the remainder of the bill, and without prejudice to the remaining provisions, these sections be enacted immediately.

These provisions are in no sense a fundamental solution to the problems of the thrift industry or a substitute for structural reform. They may, however, be of critical importance in providing the regulatory agencies with the flexibility and authority needed to deal with transitional problems posed for the thrift industry by the extraordinarily high level of market rates.

Title I has two main elements. The first recognizes that, in circumstances like the present, otherwise viable thrift institutions may face depletion of existing capital as they work toward restoring their earnings position. The Federal Deposit Insurance Corporation (FDIC) and the Federal Savings and Loan Insurance Corporation (FSLIC) would be provided clear authority to supply capital temporarily to such institutions—capital that should be repaid from future earnings—so that their operating capability can be maintained during a transitional period, and at the same time reducing the potential loss to the insurance funds from an avoidable failure. Under present law, the powers of the FDIC, in particular, are so closely circumscribed as to make it difficult or impossible to exercise such an option except in the case of "assisted" mergers, thus unnecessarily raising questions about the ability of some well-managed, basically sound institutions to remain viable as independent entities.

The second element in the bill would facilitate orderly mergers of failing thrift institutions with healthy out-of-state thrift institutions or, as a last resort, bank holding companies in instances when such mergers are not practicable with thrift institutions within a state. Authority for acquisition in-state or out-of-state of thrifts by bank holding companies already exists in other statutes. As a matter of policy, that authority has not been exercised. The purpose of the new authority would be to provide clear and specific guidance by the Congress as to the circumstances in which such acquisitions might be permitted and to cut across obstacles in the law of some states to the conversion of mutual institutions into stock form, a necessary prerequisite to acquisitions by bank holding companies.

As I have indicated to the committee before, without this legislation the Federal Reserve, faced with an emergency situation, may well find it necessary to act under existing authority to allow a bank holding company to acquire a thrift institution. Should that authority be used, it is not clear that such acquisitions would subsequently be confined to emergency situations. Moreover, state law in some instances could frustrate the objective. In these circumstances, action within the framework of the new limited and defined authority would appear preferable at this time.

Other Provisions Ready for Prompt Action

While they are not of the same degree of urgency as title I, S. 1720 contains a number of more technical provisions that the Board considers both a distinct improvement in regulatory practice and relatively noncontroversial.

Section 210 of the bill would amend section 23A of the Federal Reserve Act, governing bank relationships with its affiliates, to simplify the administration of this section while improving its effectiveness. Sections 221–33 would amend the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRA) to reduce burdensome operating requirements and remove some restrictions necessary to its purpose. Indeed, we believe further steps could be taken to that end, and we would be glad to work with the committee.

The Federal Reserve also supports section 702, which would exempt deposits at international banking facilities from federal deposit insurance assessments, placing such deposits on a parity with deposits at overseas branches of U.S. banks. We believe such parity is important to the effective operation of the international banking facilities authorized by the Board, which are to begin operation in December. Should the Congress not wish to foreclose the possibility of the FDIC assessing deposits of both international banking facilities (IBF) and foreign branches at some future time, the basic purpose of parity in treatment could be achieved by requiring that IBF deposits be treated in the same manner as foreign branch deposits rather than by permanent exemption. While we strongly doubt that assessments on such deposits are appropriate now, the alternative approach would permit the

FDIC to reconsider that question in the future if it so desired.

Preemption of State Laws: Usury Ceilings, "Due-on-Sale Clauses," and Truth in Lending

Several provisions of S. 1720 provide for federal preemption of state law, in each case permitting states to override the preemption by new legislation within three years after the effective date of the provision.

In approaching questions of this kind, the Board is reluctant to support preemption of state law, but that may be necessary when a clear national interest is at stake. In earlier testimony, we have recognized the adverse impact that usury laws can have on the availability of credit in local markets and have urged the removal of such ceilings. But we have also suggested that further action in that respect might reasonably be left to individual states. That preference was expressed in the knowledge that action by the Congress last year already preempted state usury ceilings for the bulk of bank lending: remaining state usury laws that are binding affect mainly local consumer lending, for which the national interest is less clear.

Should the Congress wish to act in this area, the Board would strongly endorse the provision in sections 401–04 that would permit states, by new action, to reestablish usury ceilings, and we would also urge that any new ceilings adopted in federal or state legislation not be tied to the Federal Reserve discount rate. That rate is an instrument of monetary policy and not appropriately a benchmark for usury rates in the market.

Section 141 would permit depository institutions, state law notwithstanding, to enforce due-on-sale clauses in mortgage instruments. For the majority of Board members, the reluctance to preempt state law is in this instance more than offset by a sense of urgency growing out of the strongly adverse effects on the soundness of thrift institutions of failure to enforce due-on-sale clauses. Inability to enforce contractual due-on-sale provisions, agreed to by the borrower in undertaking the mortgage commitment, has slowed the turnover of low-yielding mortgages in institutional portfolios precisely at the time when earnings pressures are so strong as to threaten the viability of many thrift institutions. Indeed, the net result of failure to enforce due-on-sale clauses may be to restrain the provision of new, fixed-rate mortgages more than would otherwise be the case in today's markets.

As the legislation is presently drafted, existing state law prohibitions on due-on-sale clauses would be preempted. However, in the 20 states where either state legislatures or the courts have taken recent action to prohibit due-on-sale provisions, borrowers could reasonably have interpreted that, whatever the contractual terms, due-on-sale clauses could not be enforced. We believe that as a matter of equity the bill should be amended so that it does not permit enforcement of due-on-sale provisions with respect to sales occurring in the period between the time state legislatures or the courts have acted and the passage of preemption legislation.

Section 704 of the bill would preempt "any state law that is similar in purpose, scope, requirement or content" to the national Truth in Lending laws. The broadened test for preemption—current law preempts only "inconsistent" state laws—is clearly aimed at the important objective of simplifying compliance by lenders, without loss of the basic consumer protection provided by federal law.

The Board agrees with that objective, but has substantial doubts about the administrative feasibility of applying so vague a test as "similarity" to the multiplicity of specific state provisions. Moreover, we note that the possibility of states overriding the federal preemption would, as drafted, appear to extend to the possibility of repeal of any Truth in Lending protection—state or federal—within a state. Alternatively, a state might adopt a different system of disclosure, adding to burdens and confusion on the part of creditors. We question whether such results are intended. In light of these complications, I would hope that our staff might work further with yours toward the desired objective.

Apart from the preemption issue, S. 1720 would attempt to provide further simplification of the administration of the Truth in Lending law and to reduce litigation by limiting creditor liability to "substantial noncompliance" and exempting "arrangers" from disclosures. The approach proposed to limit litigation appears to have substantial legal and technical ambiguities.

Exemption of "arrangers" does offer substantial simplification, but at the expense of exempting a large category of mortgage financing in today's market—so-called creative financing provided by the seller or by other nonprofessional lenders with the assistance or guidance of a realtor. The appropriate balance between simplification and potential loss of consumer protection is difficult to draw, and the Board welcomes efforts of the Congress to provide guidance.

In accordance with present law, which contemplates coverage of those regularly "arranging" mortgage finance, we have recently invited public comment on certain proposals. We would be glad to make those comments available to you as they are received.

The Board would have no objection to delaying the effective date of new Truth in Lending requirements scheduled under existing law to become effective April 1, 1982.

Banking and Other Financial Services

Several provisions of S. 1720 deal with the question of what other kinds of financial services banks or other depository institutions might properly provide. In practice, a substantial and growing overlap already exists between commercial and investment banking, and the bill would extend that direct competition into the area of municipal revenue bonds and the sponsorship of investment companies (that is, mutual funds) and the sale of their shares.

In evaluating proposals of this kind, the Board believes a number of concerns cited in the past by the Congress and the courts should be taken into account. One of those concerns is the possibility of conflicts of interest arising between management of the bank's loan and security portfolio and its nonbanking investment activities. The potential riskiness of the nonbanking activity is also relevant, given the inevitable linking of a bank's reputation to that of its affiliates; our own experience in supervising bank holding companies suggests the extreme difficulty, at best, of insulating banks from the fortunes of other holding company affiliates. In the case of the largest institutions, safeguards against the undue concentration of economic power may be appropriate.

Concerns of this kind can be and have been addressed in supervisory and regulatory policies; the mere possibility of conflicts or abuse or risks cannot justify sweeping prohibitions on particular types of activity, particularly in areas in which competition and public convenience would be appreciably improved by bank entry. In the end, it is a matter of balancing potential dangers against advantages in particular instances. Indeed, a step-by-step evolutionary approach toward expanded powers for banks and bank holding companies has much to commend it, permitting all of us to observe experience as it develops. While we do not support at this time all of the proposals contained in S. 1720, we would note that other service areas—such as travel services, data processing, and the sale of commercial paper (which is presently in dispute in the courts)—might well be considered for inclusion in the legislation. In that connection, the Board considers undesirable the additional restrictions on the already limited provision of credit-related insurance services by bank holding companies, as proposed in section 601 of the bill. Those services seem to us helpful in promoting competition and public convenience without substantial risk or conflict of interest with banking.

The Board has long supported extension of the ability of commercial banks to underwrite municipal revenue bonds, as well as general obligations, as would be provided by section 301. Revenue bonds have become a much more prominent feature of municipal finance in recent years, and authority for commercial banks to participate in this area of municipal finance appears a logical extension of power that they have exercised for many years. The provisions of the bill designed to protect against conflicts of interest and unsound banking practices are desirable and should reasonably be extended to the existing authority to deal in general obligations.

A more cautious approach toward depository institution sponsorship of investment companies and the sale of shares in mutual funds seems appropriate. In particular, participation in money market mutual funds could aggravate current pressures on thrift institutions and other market distortions.

The intent of some depository institutions in sponsoring such funds is related to their inability to compete without interest rate restrictions in the deposit market. The process of deregulation of deposit instruments has, as you know, been highly controversial because competing considerations cannot be fully reconciled. A rapid lifting of deposit rate ceilings would have the advantage of enabling depository institutions to compete on a more equal footing with users of short-term funds, would offer benefits to the consumer, and would help maintain a flow of credit to local communities served by depository institutions.

At the same time, however, the higher interest costs resulting from the more rapid liberalization of deposit ceilings would bring still heavier pressure on the earnings of both thrift institutions and many banks locked into longer-term, lower-yielding assets. Providing authority to banks to sell their own money market mutual funds may, on the surface, appear an attractive means of cutting through the dilemma—on the one hand, permitting the banks to compete more fully, while on the other, retaining deposit rate ceilings. But the dilemma cannot be escaped so easily. The result inevitably would be to attract more funds from traditional deposits, potentially adding liquidity pressures to the current earnings problems of thrifts. Without amending the present provisions of the Investment Company Act enforcing diversification of fund assets and restricting transactions among affiliated institutions, the funds attracted into the bank-sponsored money market funds could not be employed in lending by the sponsoring institution. Indeed, the nature of lending and investing by depository institutions could imply major shifts in the availability of credit to particular regions of the country and to some categories of borrowers. However, should present law be changed so that the funds could be funneled back into the sponsoring bank, potential conflict of interest becomes of more concern.

Further inducements to the growth of money market funds, particularly if sponsored by banks and operated alongside regular transactions accounts, would also raise serious questions for the conduct of monetary policy. Money market fund shares carry no reserve requirement. Such shares can be withdrawn by check and on demand, and arrangements can be developed for automatic transfer to and from deposit accounts (including "zero balance" accounts); in other words, they can be the functional equivalent of interest-bearing demand deposits. The implication is that both the meaning of money supply statistics and our ability to control the money stock could be gravely impaired by major shifts from deposit transaction accounts to money market funds.

For these reasons, the Board feels strongly that authority to permit banks to sponsor and sell money market mutual funds should not be provided at this time, and that such authority would in fact weaken both our institutional structure and monetary control. Instead, we would urge that the very real problems of equity and competition be approached in other ways.

The process of deregulation of deposit instruments should proceed as rapidly as circumstances permit. At the same time, we would suggest that money market funds, to the extent they in fact provide transaction-balance services, be brought within the framework of reserve requirements and that those funds that do not wish to provide such transactions services be required to insist on a short—say, seven-day—notice before withdrawal. The net effect would be to move toward competitive equality and to improve the arrangements for monetary control. With these changes in place and interest rate ceilings phased out, the question of providing depository institutions with authority for money market fund powers could be reexamined.

Depository institution participation in more traditional stock, bond, or diversified mutual funds would not have the same adverse consequences either for the safety and soundness of depository institutions or for monetary policy. Some potential does exist for conflicts of interest, for confusion on the part of the public about the bank's responsibility for the value of the shares, and for adversely reflecting on the reputation of the bank itself. While different in legal basis and in asset composition, the difficulties arising some years ago when banks became active in sponsoring real estate investment trusts may be suggestive of possible problems.

The potential for abuse and misunderstanding is certainly limited by existing banking and investment company law and regulation. Moreover, few problems have arisen in the trust and agency activities of banks, which resemble the proposed mutual fund powers. Based on this record, the Board believes banks should have broader powers for providing investment management services, but with certain added safeguards.

As a first step in that direction, we would suggest banks now be permitted to operate, as part of their trust departments, commingled investment accounts on an agency basis. The effect would be to encourage joint management of individual accounts too small to be profitably serviced individually—essentially the same service as provided by mutual funds. We would also suggest that regulatory guidelines be established to restrict advertising to the general public, to minimize the possibility of confusion with liabilities of the bank itself, and to protect against conflicts of interest.

Should the Congress wish to go further than our proposal and permit banks at this time to sponsor investment companies—that is, to enter the mutual fund business directly—we believe the activity should be segregated into a separate holding company subsidiary, that use of the bank's name be prohibited, that sales commissions not be charged (that is, only "no-load" funds be permitted), and that further guidelines be developed by the regulatory agencies to avoid conflicts of interest and self-dealing.

BROADENED THRIFT POWERS

The most sweeping changes in the present institutional structure are implied by the provision of S. 1720 that greatly expands the lending and deposit powers of thrift institutions. As we read the proposed legislation, thrifts would be provided with virtually the full range of commercial banking asset and liability powers, at least so far as domestic banking is concerned, and in some cases without limitations (such as single borrower limits) long applicable to commercial banks. In addition, new or expanded powers for real estate development—including sizable equity positions through subsidiaries—would be provided.

I believe the generally accepted view that the new powers are of little relevance in relieving the *existing* earnings pressure on thrift institutions—indeed, incautiously used by institutions without present experience and expertise in commercial lending, the new powers could precipitate greater difficulties. Rather, the apparent purpose would be to enhance the competitive position of the thrift institutions over time and to provide greater flexibility to cope with swings in interest rates or other market conditions in the future. Those are understandable and worthy objectives. Yet, in evaluating the provisions as a whole, insistent questions arise.

We would be left with a seemingly anomalous situation of two sets of institutions—commercial banks and thrifts—with comparable asset and liability powers, yet with different regulatory structures, branching powers, access to government-sponsored credit, and (for a transitional period) interest rate ceiling differentials. For one set—the thrift institutions—the separation of commerce from banking and the prohibition on interstate banking could, in some circumstances, be breeched; for the other—commercial banks—the present restrictions could remain in full force. To put the point another way, if thrift powers are to be broadened to the extent envisaged, the logic would point to the need for substantial further changes in law very promptly. Decisions will need to be made, for instance, about whether commercial bank or thrift branching powers should be the norm, whether we find it acceptable that industrial or commercial firms should operate subsidiaries with full banking powers, and whether banks, too, should be able to become real estate developers. Decisions on such issues could affect the safety, soundness, and efficiency of our financial institutions. Moreover, the point is not just theoretical; for many banks, S. 1720 would seem to provide a strong inducement to convert to thrift charters to take advantage of the broader branching powers, greater flexibility in real estate activity and nonbanking activities, and incidentally the remaining interest rate ceiling differentials and the ability to borrow from the Home Loan Bank System.

Those anomalies could be rectified, now or later. But looked at from another vantage point, the proposals raise the further, and more basic, question of whether our vision of the future financial system is evolving toward fully "homogenized," multipurpose institutions. I recognize traditions in the thrift industry have been strongly oriented toward the housing industry and the individual, and some provisions in the tax law would, at least for the present, continue to provide incentives for that specialization. However, we would anticipate that competitive forces would strongly dilute the separate institutional traditions under the framework proposed by S. 1720.

A related question is whether the full range of commercial banking powers is really necessary to assure the competitive strength of thrift institutions. Historically, the answer has been no, as reflected in the relative earnings and growth performance of the industry. But today, with the competitive advantage of interest rate differentials being phased out, with differences in tax treatment less significant, and with markets more volatile, the historical record may not provide a full answer.

Of course, concern on this score has motivated the legislative proposals. At the same time, we should recognize that thrift institutions have already been provided substantial added flexibility in the Monetary Control Act last year and by regulatory action. Given the limited time available and the current pressures on the industry, few institutions have yet geared up to full use of this new authority.

Clearly, there are a number of possibilities for providing still more flexible authority to the thrift institutions. We would urge, however, that any further steps at this point be taken within the broad framework of a concept of community, family-oriented institutions. Such an approach, for instance, would be compatible with full consumer credit and individual deposit-taking powers. Limited commercial loan powers—viewed as meeting the needs of local, smaller businesses—would help fill a niche in the credit market, and would be consistent with a community orientation. Thrift institutions and their affiliates could logically provide insurance and trust services for individuals and could deal with real estate and construction—the existing areas of expertise—within this concept.

That evolutionary approach seems to us more fully in the traditions of our financial system—a system that has served us well and can continue to do so. We do not perceive an absence of competition, or large new competitive opportunities, in the national, regional, or foreign markets for commercial lending; indeed, there could be danger in looking toward those markets as a "quick fix" for depressed earnings. Those thrift institutions that, in fact, wish to operate as full commercial banks should be able to convert to commercial bank charters—and impediments to such conversions could be removed. Questions of appropriate branching and other powers for banks and thrifts would, of course, remain. However, we believe those issues could and should be dealt with on their merits, rather than as a by-product of fully yielding the lending and deposit powers of banks and thrifts.

MISCELLANEOUS PROVISIONS

S. 1720 also includes a number of miscellaneous provisions that I have some concern about and would like to touch on very briefly.

Limits on national bank loans to one entity. Under existing law, national banks are constrained in the amount of lending to any one entity to 10 percent of their capital and surplus. The Federal Reserve strongly opposes the provision of S. 1720 that would raise the limit to 25 percent. Risk diversification has long been a key element of sound financial practice, and in my view, one that may be even more important than ever in light of the longer-term decline in the capital ratios of most of our largest banks. Accordingly, the Board opposes any general increase in the current limits on lending to any one entity.

The Board does understand that current law may hinder small banks in their attempts to serve the needs of their larger customers. At the same time, small banks tend to have relatively strong capital positions. The Congress may thus want to consider an alternative approach, such as raising the lending limit to 15 percent of capital and surplus for banks with a relatively high capital ratio of, say, more than 7 or 8 percent.

Limits on loans of certain types and in real estate lending. The Federal Reserve supports the provision of the bill removing statutory limitations on certain types of loans as a share of a bank's assets. The Board also is not opposed to providing banks with greater flexibility in real estate lending. The Board believes potential problems in this area can be dealt with best by regulation and through the bank examination process.

Exemptions from reserve requirements. S. 1720 and the accompanying S. 1686 would exempt depository institutions below a certain size, as well as the deposits of state and local governments, from reserve requirements. The Federal Reserve strongly opposes the provision of S. 1686 exempting state and local deposits from reserve requirements. Those deposits, from the standpoint of monetary control, have the characteristics of transaction balances and should be treated in the same manner as other components of the money supply. But the Board has no objection to the provision of S. 1686 that would extend the eligibility of state and local governments to have negotiable order of withdrawal accounts.

S. 1720 would exempt from reserve requirements depository institutions with total deposits of less than $5 million. The Federal Reserve is in favor of efforts to relieve burdens on smaller institutions if such efforts can be accomplished without significantly affecting our ability to conduct monetary policy, or without damage to other objectives. Consequently, the Board would support exempting institutions below $5 million. We would point out, however, that that approach raises certain technical problems as well as questions of equity that may merit further consideration. As an alternative, the Congress may want to consider exempting the first $2 million in reservable deposits for all institutions. The effect on small institutions would be virtually the same, and some of the potential problems would be alleviated, although the cost to the Treasury would be somewhat higher.

Increased deposit insurance on individual retirement and Keogh accounts. While we are mindful of the desirability of secure retirement funds, the Federal Reserve is concerned by the trend toward higher insurance limits on all types of accounts. This trend increases the risk to the insurance funds and diminishes the sense of discipline implicit in the need for larger depositors to consider the soundness of their depository institutions.

Consolidation of insurance funds. The last issue I would like to touch on is the potential consolidation of the deposit insurance funds of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, and National Credit Union Association, to be accomplished by expanding the FDIC's authority. The Board has serious reservations about such a consolidation at this time. A consolidation raises a number of important regulatory questions that have not been adequately addressed. The Board recommends that the Congress postpone consideration of this issue pending fuller assessment of the financial and regulatory implications. □

Statement by Nancy H. Teeters, Member, Board of Governors of the Federal Reserve System, before the Task Force on Enforcement, Credit and Multi-Year Budgeting of the Committee on the Budget, U.S. House of Representatives, October 29, 1981.

Mr. Chairman, it is a pleasure to be here today to present the views of the Federal Reserve Board on the budgeting and control of federally assisted credit. In particular, it is a pleasure to have the opportunity to express our support for H.R. 2372, the bill introduced by Mr. Mineta and Mr. Bethune to establish procedures for budgetary control of federal credit programs. This is a particularly appropriate time to consider such steps. Given the serious inflation problem currently plaguing our nation, it is imperative that growth in money and credit be held to a moderate pace. Within this context, every effort should be made to insure that federal credit activities as well as federal spending are carefully evaluated in order to avoid creating serious distortions in financial markets.

Indeed, for off-budget federal loan programs and loan guarantees to provide a less conspicuous substitute for direct, on-budget federal spending would be most inappropriate at a time when strenuous efforts are being made to bring the growth of spending under control. Although the economic and credit market consequences of federal loans and loan guarantees are not in all cases the same as those of deficit-financed federal spending, enough similarities exist to warrant parallel procedures for budgetary review and control. I shall argue therefore that formal procedures for budgetary control of federal credit activities are highly desirable. Furthermore, I shall renew my earlier recommendations for establishment of a new budget commission to analyze the appropriate accounting for federal credit programs and for continuing analysis and evaluation of the appropriate tools—direct spending, loans, loan guarantees, or tax expenditures—for achieving alternative program objectives.

GROWTH OF FEDERAL CREDIT PROGRAMS

As you know, federal credit programs have expanded enormously, both in amount and in scope, in recent years. The total volume of outstanding direct loans and loan guarantees, for example, has been projected to total more than $540 billion by the end of the fiscal year, which ended last month. This amount is nearly triple the level of $190 billion reached just 10 years ago. In addition, the volume of loans held by government-sponsored agencies was projected to total about $170 billion at the end of fiscal year 1981, up $20 billion from last year and more than four times the level of 10 years earlier. In fact, the growth of such loans has been much larger than anticipated, principally due to increased demands on the Federal Home Loan Banks.

Federal credit activities, moreover, are likely to continue to grow rapidly in the years ahead unless deliberate efforts are made to constrain them. The January budget projected that net credit advanced under federal auspices—direct, guaranteed, and sponsored—would total more than $100 billion during fiscal year 1982. The Mid-Session Review of the fiscal year 1982 budget called for a significant reduction in loan obligations and guarantee commitments, and further reductions are soon to be announced. Even so, if total credit flows in the coming years were roughly to match those of the past year, funds raised under federal credit auspices will account for well over one-quarter of the total net funds raised by nonfinancial and financial borrowers in domestic credit markets.

The widening range of economic activities assisted by federal programs is also noteworthy. In the late 1950s, the home mortgage guarantee programs of the Federal Housing Administration (FHA) and the Veterans Administration (VA) accounted for 90 percent of the total volume of guaranteed and insured loans outstanding. This proportion has since trended down and was expected to have been about 73 percent at the end of the last fiscal year, mainly because of an expansion of loan guarantees into new areas—such as military sales and student loans.

The provision of federal credit assistance through direct loans and loan guarantees to achieve particular social and economic objectives has been widely recognized as a legitimate and valuable activity. Many credit programs originally were established to correct imperfections in capital markets that denied credit to some groups or made the cost of credit prohibitive. For example, the FHA-insured loan programs were devised during the Great Depression to reduce the risks perceived by lenders. By pooling risks across a large number of loans issued in a standardized fashion, the government program encouraged private lenders to advance credit at a lower cost to borrowers and on less restrictive terms than would otherwise have been possible. Over time, these more liberal terms gained general acceptance among all types of private lenders.

Many other federal credit assistance programs have been introduced over subsequent years to foster social objectives. Increasingly, these programs have involved substantial interest subsidies. According to estimates by the Office of Management and Budget, the present value of the interest subsidy on new direct loan obligations and commitments to guarantee loans in the fiscal year just ended amounted to almost $27 billion. In contrast to the home mortgage area, moreover, the default rate in some of these programs—such as student loans and assistance for low-income housing—has been comparatively high. Thus, the government has had to absorb sizable, and in some cases unanticipated, default losses in addition to the measured interest rate subsidies to borrowers. In the past few years, the federal government has also guaranteed to single borrowers sizable loans that carry a large potential for default.

Impacts of Federal Credit Programs

Because the general purpose of federal credit programs, obviously, is to enable individual borrowers or groups of borrowers to obtain credit that would otherwise be unavailable to them or available only at a higher cost, it follows that these programs will generally tend to increase use of credit by program beneficiaries. Whether this increase will, in turn, result in greater use of credit in the aggregate and whether such an increase is desirable depends on the characteristics of the particular programs and on the state of the economy at large.

Let me give some examples to demonstrate the differences in the economic effects of federal credit assistance programs. In some cases, programs may serve as close substitutes for deficit-financed federal spending. Consider, for example, a situation in which the Congress was contemplating expanding the program in which the federal government guarantees debt issued by state and local authorities who then use the proceeds to provide low-cost housing to the poor. Many of the end results of such an expansion could be quite similar to those that would be observed if the federal government were, alternatively, to increase its direct spending to undertake the construction of the rental units and were then to rent space on a subsidized basis. Note that under either approach construction funds would be provided by private investors either through the acquisition of federally guaranteed securities or by acquiring more Treasury securities than otherwise; the same essential type and volume of productive resources would be used to construct the rental units; and low-income families would be provided with better housing than they are otherwise able to obtain.

While stressing basic similarities, however, I should also note some important differences. The most important is that loans must be paid back. Thus, if such a program were to grow to a plateau and then remain constant in size, the volume of loan repayments would equal new loans being guaranteed and the net economic effect would be small. Growth in the net volume of guaranteed loans outstanding, however, could have an effect similar to that of deficit spending. In addition, interest paid on the debt instruments issued by states and localities under the program is not subject to federal tax, as it would be on a direct debt issue of the federal government, so net tax revenues would also be reduced by an expansion of the program.

Of course, other credit programs have much less similarity to noncredit federal spending. For example, homebuyers who take out mortgages under federal guarantees could, in most instances, obtain private credit without the guarantee, albeit at a slightly higher rate. Providing roughly equivalent assistance through direct federal spending in this case would require the federal government to give homebuyers only a modest interest subsidy. The small size of this subsidy suggests that net demands on real resources and credit markets are affected relatively little by the guarantee program. Many cases obviously fall somewhere between these two extremes. Compare the effects of direct federal loans and outright grants-in-aid. In both cases, beneficiaries gain immediate command over goods and services. The major difference between the two approaches—in the case of the loan the government obtains a claim on the beneficiary while it does not with the grant—is an important distinction. This distinction is, however, a distinction without substance in those cases in which the borrower defaults.

In general, the closeness of the analogy between assistance provided by federal credit programs and deficit-financed direct federal spending appears to depend less on whether the aid in question is provided through direct loans or loan guarantees than on such things as creditworthiness of beneficiaries, the size and riskiness of the undertaking, and the relative ability of beneficiaries to tap private credit sources on their own.

As in the case of deficit-financed federal spending, federal credit activities may reduce the availability of credit to others who are not program beneficiaries. The extent to which such "crowding out" takes place, however, depends importantly on the state of conditions in the economy and financial markets. During recessionary periods when credit supplies are readily available, credit assistance may work mainly to enable borrowers to obtain additional funds, which can be used to increase demands for goods or services. Thus, in these periods the net result of credit assistance programs may be, to a great extent, to promote a more intense use of resources and an expansion of economic activity rather than a transfer of credit (and resulting effective demand) from one borrower to another.

In times when less slack exists in resource utilization and credit market conditions are relatively tight, however, there is a much greater tendency for credit extended under federal auspices to channel loanable funds, and hence command over real resources, toward assisted borrowers and away from others. In other words, just as private borrowers can, at times, be crowded out of credit markets when federal outlays are financed through the issuance of Treasury debt, so some private borrowers can face higher credit costs when other selected borrowers obtain loans with the assistance of the federal government. Nothing need be inherently wrong with the resulting allocation of credit if the federal intervention in credit markets reflects a careful assessment of the market imperfections that the government is trying to overcome and a careful weighing of costs and benefits. Continuous scrutiny of priorities under a credit budget process is important, however, if such balancing of costs and benefits is to be achieved. And such scrutiny is essential in current circumstances when the growth of credit is necessarily limited by anti-inflation policies.

Budgetary Control of Federal Credit Activities

As you know, congressional review and control of federal credit activities have been evolving over time. The utilization of the "unified budget" concept, beginning with the 1969 budget, is one notable watershed. At that time, the government adopted for *control* purposes a budget framework that was, in most respects, a cash accounting system. In making this choice, it was decided (after considerable debate) to include the net outlays of all direct lending programs on budget. This new approach, however, was uncomfortably silent on how federal loan guarantees were to be treated. In the early 1970s, moreover, some backsliding from the comprehensive coverage of the unified budget occurred, as a number of agencies were removed from the budget and newly established agencies were accorded off-budget status.

Furthermore, the advantages for orderly marketing of federal debt gained through creation of the Federal Financing Bank (FFB) in 1974 had an unfortunate side effect. Since the FFB's activities have been off-budget from the outset, its acquisition of loans is not reflected in the budget. Accordingly, the budgetary scrutiny intended to apply to direct loan programs as a result of the comprehensive coverage of the unified budget tended to be eroded. And agencies that made direct, on-budget loans to the public were able to sell these loans to the FFB, thereby enabling these agencies to extend new loans without constraint.

In recent years, this erosion process has begun to be turned around. A number of important steps have been taken to make coverage of the unified budget more comprehensive and to improve controls of credit programs. In addition to incremental improvements in budget coverage, major strides have been taken in the development of a separate credit-budget process. In the past two years, totals have been calculated and presented in the budget for gross new direct loan obligations and new loan guarantee commitments. Components of the credit-budget total have been shown in respective budget functions and have been subdivided by agency and program in the special analysis accompanying the budget and in the budget appendix. Also, the outlays of the FFB (direct loans and loan-asset purchases) are now attributed to the originating agency, which in my view eliminates the tendency for the operation of the FFB to obscure the nature of credit programs. A final important step taken by the Congress last year was to have the budget resolutions include target ceilings for total new loan obligations and total new guarantee commitments and to distribute these totals by budget function.

Both the past and the current administrations have also proposed that a substantial proportion of the credit-budget totals be made subject to annual appropriations limitations. The January budget proposed that 63.8 percent of the credit budget for fiscal year 1982 be so limited. Those programs exempted are limited to unambiguous entitlements that cannot be effectively limited by appropriations; programs that provide for unforeseeable contingencies, such as deposit insurance; guarantees of certificates of beneficial ownership that are sold by the Farmers Home Administration and the Rural Electrification Administration; and a catchall of programs, such as export promotion loans by the Commodity Credit Corporation, that the last administration believed appropriate not to curtail due to economic circumstances. That final area of exemption, in particular, deserves careful evaluation by the Congress.

Broadening the coverage of the unified budget and the formulation of a separate but parallel credit budget set the stage for a number of further steps in implementing an effective process to bring credit programs under systematic review and control. H.R. 2372 would formalize the credit-budget process implemented on an experimental basis last year. This bill would amend the Budget Act to apply to the credit budget the same enforcement procedures and legislative timetables that apply to the rest of the budget. The Federal Reserve Board, in general, enthusiastically endorses the establishment of these formal procedures as, logically, the next step in budgetary control of credit programs.

The Board's view, however, is that the section of this bill pertaining to appropriations limitations should be modified. Limitations are, of course, central to the budgetary control process proposed by the previous administration and endorsed by the present administration. However, exemption of at least some emergency assistance and entitlement programs appears warranted. The Board, therefore, suggests that all such programs continue to be exempted from appropriations limitations at least until more experience is gained with the new budget process and a case-by-case review of these programs can determine the possible difficulties or advantages of applying appropriations limitations to them. The exemption of entitlement and emergency assistance programs from appropriations limitations need not imply changing the current procedures whereby legislation creating or expanding entitlements is referred to the Appropriations Committee for review. The Board's recommendation that entitlements and emergency assistance programs be exempted from binding appropriations ceilings is intended only to promote the effective operations of those programs thought by the Congress to be worthwhile, even in the event of unanticipated demands on them resulting from natural disasters or unforeseen economic developments.

Although enactment of H.R. 2372 would go far to bring order into the federal credit program scene, I would like to recommend some other steps. One is a systematic review of the treatment of federal credit programs in the unified budget. The current haphazard situation, in which some loan programs are included in the unified budget and others are not, should be ended. A careful analysis should be undertaken of the question of whether or not the principal amount (net) of all direct loans should be included in the unified budget and whether, if the principal amount of direct loans is excluded as I am inclined to prefer, the amount of the implicit or explicit interest subsidy should be placed on budget. Similarly, a comprehensive review of guarantee programs would be desirable in order to determine whether the potential subsidy or future outlay for defaults is taken appropriately into account. I have previously called for the establishment of a new budget commission, which would be charged with analyzing and resolving these questions. In my view, the passage of time has not reduced the advisability of establishing such a commission.

Finally, I recommend to this committee a continuing evaluation of the extent to which direct spending, direct loans, loan guarantees, or beneficial tax treatment can be used most effectively to achieve particular program objectives and the extent to which, in particular budget functions, there may be duplicative and excessive use of these various approaches. The budget process has come a long way in providing the accounting framework and legislative process needed to address such questions. I look forward to further progress, and I believe that enactment of H.R. 2372 would contribute to it. □

Statement by Henry C. Wallich, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Trade of the Ways and Means Committee, U.S. House of Representatives, November 3, 1981.

I am pleased to be here today, on behalf of the Federal Reserve Board, to discuss U.S. trade policy.

In my remarks I should like first to review recent developments in our trade and current accounts and then to examine briefly prospects for the future and the more important factors affecting that outlook. Among these factors are general macroeconomic policies here and abroad as well as policies that are specifically directed toward trade in both goods and services. I shall also discuss the relationship between both types of policies and our international trade performance.

In looking at our past trade performance, it is important to realize that, although particular sectors face problems that are sometimes severe, the United States has in general remained quite competitive in the world economy. This is manifested most dramatically in the recent expansion of our exports: between 1978 and 1980 total U.S. exports increased nearly 60 percent in value and more than 20 percent in volume. While agricultural exports continued to grow strongly over this period, the major source of strength was the nonagricultural component. This strength was broadly based in consumer goods, capital goods, and industrial supplies. With U.S. exports increasing more rapidly than those of our main competitors, the U.S. share of world exports of manufactures rose from 17 percent in 1978 to slightly more than 20 percent in the first quarter of this year.

Furthermore, this strong expansion of our exports was not matched by a comparable increase in imports. In value terms, total U.S. merchandise imports rose somewhat more than 40 percent between 1978 and 1980, whereas the total volume declined slightly, mainly as a result of a drop of nearly 20 percent in the quantity of oil imports. The decline in import volume occurred at the same time that U.S. real gross national product was rising.

The strength in U.S. exports and the relative weakness in imports resulted in a reduction in the deficit in the U.S. trade balance from $34 billion in 1978 to $25 billion last year. The reduction in the trade deficit occurred in the face of a rise in the price of petroleum imports of more than 200 percent, increasing our bill for imported oil to almost $80 billion in 1980. A major factor explaining these trade developments was the depreciation of the dollar between mid-1977 and late 1978. The drop of 17 percent in the international value of the dollar over this period provided incentives for U.S. firms to sell more of their products in export markets and to compete more effectively with imports. Also, in 1978 and 1979 the economies of most of our major trading partners were expanding quite vigorously.

The fact that U.S. firms responded to these incentives, with a consequent improvement in our trade position, demonstrates that U.S. producers can compete effectively in world markets. This ability to compete does not deny the importance of continuing efforts both here and abroad to reduce and eliminate impediments to our exports. What our recent trade performance does indicate is that we can maintain a strong U.S. trading position without resorting to protectionist policies.

Before turning to the outlook for the U.S. trade and current accounts, it is important to note that, although the U.S. merchandise trade balance has been in deficit for several years, this deficit has been partially offset, and in recent years more than fully offset, by a surplus on nontrade items. More generally, a remarkable feature of U.S. international transactions is that service account items constitute a large fraction of total current account receipts and payments. Service account receipts were 35 percent of total receipts (that is, merchandise exports plus earnings from service exports) in 1980, the same as in 1977. On the payments side, the proportion is somewhat lower: in 1977, service account payments were 22 percent of total payments, and this fraction rose to 25 percent in 1980.

The largest positive component of the service account has been net investment income, which increased from about $18 billion in 1977 to nearly $33 billion last year. This substantial rise in our net earnings on foreign investment reflects both the fact that U.S. residents have been investing more abroad than foreigners have been investing in this country and the fact that foreign earnings of U.S. oil companies have grown in recent years.

As the surplus on services has grown and the trade deficit has declined, the U.S. current account (which includes merchandise trade, services, and transfers) has shifted from a deficit of $14 billion in 1977 and 1978 to a surplus of nearly $4 billion in 1980. In the first half of this year, the current account surplus was at an annual rate of $8 billion. The surplus current account position of the United States over the past two and one-half years contrasts with that of many industrial countries—for example, continental European countries and Japan—which have had current account deficits, some of which are continuing.

Recognition of the underlying strength of the U.S. external position, as evidenced by our current account surplus relative to the deficits in several major foreign countries, has contributed, along with other developments, to the substantial appreciation of the dollar in foreign exchange markets this year.

In providing this background I wish to emphasize two points. First, it is important for the United States to continue to have a strong export sector that includes a broad range of domestic industries and firms. Expanding exports as a consequence of improved domestic productivity contributes to the strength of the U.S. economy and of the dollar, which in turn helps to moderate domestic inflation. Second, although particular industries certainly face strong competition from abroad, we are not faced with a crisis in our trade position or an overall deterioration in our basic international competitiveness. Our present position, which is fundamentally a healthy one, allows us to address issues of trade policy from the perspective of long-term policy goals rather than as a hasty response to a deteriorating trade and payments situation.

Turning now to the outlook for the trade and current accounts, a number of factors must be taken into consideration. First, real growth in the economies of our major industrial trading partners next year is likely to be somewhat better than this year, which will tend to have a positive impact on our trading position. A positive impact is also likely to arise as the U.S. inflation rate continues to decline, especially if it declines relative to the average inflation rate in our main trading partners. Imports of the Organization of Petroleum Exporting Countries (OPEC) will probably continue to grow at a rapid rate next year, and this growth will provide a source of strong demand for U.S. exports, enabling them to continue to expand. Recently, U.S. exports to OPEC have been expanding at year-over-year rates of more than 25 percent. At the same time, moderation in increases in oil prices, which seems likely, and continued reduction in import demand should hold down our oil import bill.

On the negative side, the appreciation of the dollar from the level of 1980—to the extent that it is not offset by a better inflation performance here compared with abroad—will make it more difficult for U.S. exporters to sell abroad and will provide encouragement for imports. Indeed, this impact of the appreciation appears to have started in the third quarter of this year. Another negative factor is likely to be attempts by non-oil developing countries to restrain their import demands and to reduce their large current account deficits to more manageable levels.

The net effect of the interaction of these factors is likely to be a shift from a current account surplus this year to a deficit in 1982. But I would emphasize that a surplus or deficit in our current transactions is the difference between two large numbers—each on the order of $350 billion to $400 billion—and point estimates are therefore very uncertain. Moreover, a shift to a current account deficit should not necessarily be cause for concern. First, it need not reflect a deterioration in the domestic determinants of U.S. competitiveness, but rather the recent strength of the dollar. Second, a U.S. deficit would match in part the OPEC surplus. While the OPEC current account surplus is expected to decline in 1982, it will nevertheless be of sizable magnitude. This current account surplus must be matched by corresponding deficits on the part of other countries. The developing countries will continue to run current account deficits next year, but it would be healthy if some of them were reduced. Consequently, some industrial countries may also have deficits (as was the case for both Germany and Japan in 1980) as counterparts to the OPEC surplus. Therefore, it is not necessarily undesirable for the United States to have a moderate current account deficit at the same time a large OPEC surplus exists. On the contrary, if all industrial countries attempted to achieve current account surpluses in this situation, a self-defeating decline would occur in the volume of trade. As expenditures of OPEC countries grow to match their earnings, their surpluses, as well as other countries' deficits, will decline.

Focusing now on economic policy and international trade, I would like first of all to underscore the importance of achieving a noninflationary but expanding domestic economy as the basic underpinning of a strong and expanding U.S. foreign trade sector. We have already made some progress in reducing the rate of inflation, but we still have a long way to go before inflation is brought down and stays down. In working toward this important national objective, the Federal Reserve has a special responsibility to restrain the expansion of money and credit. In the short run, one effect of monetary restraint, in an economy in which considerable momentum to inflation still exists, is to contribute to the strength of the dollar. As I mentioned earlier, the appreciation of the dollar above the level in 1980 will tend to dampen the expansion of exports and make imports more competitive with domestic substitutes.

Exports and imports of goods and services have become increasingly important in the U.S. economy, each rising from 7 percent of GNP in 1970 to 13 percent in 1980. Consequently, in making forecasts of the economy and in analyzing the effects of economic policies, it has now become essential to take account of how changes in foreign economic conditions and exchange rate developments affect our exports, imports, and other indicators of our economic well-being.

In an economy increasingly open to international influences, it is of course necessary to recognize that export- and import-competing sectors of the economy will be particularly affected by monetary policy through the impact that policy has on exchange rates. However, these sectors will benefit in the longer run from the improved price performance that is the objective of monetary policy. Recent progress in reducing inflation, part of which has come about as a result of the strong dollar, would be jeopardized by any relaxation in current policy intended to aid a particular sector. Any benefit to that segment of the economy would undoubtedly be transitory and would be outweighed by the damage to our fight against inflation. We will not gain as world traders in the long run if we have a high inflation rate accompanied by a depreciating dollar.

Our international trade has of course benefited considerably from the financial services provided by American banks. They not only have provided the direct financing needed for the healthy expansion of U.S. exports but also have fostered the growth of U.S. and world trade through their international lending activities.

I would note that the Federal Reserve has recently acted to enable U.S. financial institutions to provide additional international banking services and thereby provide more facilities for the financing of foreign trade. In response to the congressional mandate in the International Banking Act, the Federal Reserve modified the rules for Edge corporations to permit them to finance companies that are engaged in exporting and to establish domestic branches that can provide international banking services in new areas. The concrete benefits of these actions in expanding international banking services, and in particular in facilitating the financing of U.S. exports, will of course be observed only gradually.

It is important that other government policies contribute to improving the productivity of the U.S. economy. We need to continue our efforts to create an environment favorable to the growth of productivity and thereby both directly and indirectly to maintain a strong trading position. Reduction in the burden of government regulation would be helpful in this regard. More specifically, a number of government policies exist that probably could be amended in ways that would contribute materially to the exploitation of export opportunities by the private sector. Among the impediments that have been mentioned are the absence of clear guidelines under the Foreign Corrupt Practices Act, the reporting burden of the antiboycott provisions of the Export Administration Act, and requirements that certain U.S. exports be shipped in American vessels.

Deregulation and other measures that improve the efficiency of the economy are the appropriate means for enhancing our competitive position in world markets. Competitiveness must be fostered not only in industries that export, but also throughout our economy and especially in sectors in domestic markets that may face competition from the exports of other countries. What often happens is that industries protected from the winds of foreign competition do not feel it necessary to implement the innovations or undertake the investment required to stay competitive. In certain cases—the steel industry is often cited—costs are allowed to rise far out of line with costs in the rest of the economy, and then protection is granted from lower-cost foreign imports.

When domestic industries maintain higher prices as a result of tariffs, quotas, or less formal export restraints abroad, the American consumer is not the only one who suffers. The American exporter is hurt as well. Since part of the exporter's inputs are imported or consist of domestically produced goods that compete with imports, the exporter's costs of production rise when protection is granted to those sectors of the economy that compete with imports. We need to recognize that measures designed to improve one part of the balance of trade by reducing imports may well have the counterproductive effect of making our exports less competitive in world markets.

In summary, U.S. trade policy must be viewed in the context of the broad U.S. economic objectives of maintaining a sustainable rate of economic growth and reducing our rate of inflation. Policies that increase the efficiency and productivity of our economy and encourage the movement of resources into those sectors that are expanding will help attain these objectives. Through such policies, U.S. industries will be on a strong footing to compete in world markets and will thereby make a contribution to maintaining the strength of the dollar. □

Announcements

CHANGE IN DISCOUNT RATE SURCHARGE

The Federal Reserve Board has approved a 1 percentage point reduction—from 3 percent to 2 percent—in the discount rate surcharge that applies to large, frequent borrowers at the discount window. (The reduction was effective on October 12 for the Federal Reserve Banks of Philadelphia, Richmond, Atlanta, Chicago, Dallas, and San Francisco and on October 13 for the Reserve Banks of Boston, New York, Cleveland, St. Louis, Minneapolis, and Kansas City.) No change was made in the basic discount rate of 14 percent.

The adjustment is a further technical response to the decline over recent weeks in short-term money market rates. The Board emphasized the action was taken within the context of the continuing policy to restrain growth in money and credit.

In announcing the change, the Board acted on requests from the directors of the 12 Federal Reserve Banks. The discount rate is the interest rate that is charged for borrowings from the District Federal Reserve Banks.

CHANGE IN DISCOUNT RATE

The Federal Reserve Board approved a reduction in the basic discount rate from 14 percent to 13 percent, effective November 2, 1981. No change was made in the 2 percent surcharge that currently applies to large, frequent borrowers at the discount window.

This action was taken against the background of recent declines in short-term interest rates and the reduced level of adjustment borrowing at the discount window. It is consistent with a pattern of continued restraint on growth of money and credit.

In announcing the change, the Board acted on requests from the directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, and San Francisco. (Similar action was taken by the directors of the Federal Reserve Banks of Atlanta and Kansas City, effective November 3, and of Dallas, effective November 6.) The discount rate is the interest rate that applies to borrowings from the District Federal Reserve Banks.

ADOPTION OF FEE SCHEDULES

The Federal Reserve Board has adopted fee schedules for its transportation services in supplying currency and coin to the nation's banks and thrift institutions, effective January 28, 1982. The Board also adopted a policy for access to cash processing services.

The Board acted under the Monetary Control Act of 1980, which requires pricing of Federal Reserve services, and after consideration of comment received on a proposal published in August 1980.

The fee schedules apply a mark-up of 16 percent, as a private sector adjustment factor (PSAF), to the System's administrative costs in providing coin and currency transportation services.

Transportation services. The revised fee schedule for armored car carrier service consists of a volume charge (a fee per delivery or deposit of a bag of currency or coin) and a charge per stop. The per-stop charges appear in the fee schedule by zone.

The Board established a $75 ceiling on the per-stop charge for 1982 and plans to review during the latter part of 1982 the need to continue the ceiling in 1983. It is intended that Reserve Banks, together with depository institutions they serve, strive to reduce costs of services to remote points. Federal Reserve Banks will supply information on what delivery points are included in a zone.

Registered mail service. Fees for shipment of currency and coin by mail include the cost of postage, registered mail, and full insurance. There is no volume charge since fees reflect actual mail service. The Board adopted a ceiling of $37.50 for one-way mail service for 1982. The use of registered mail is intended to be limited to those end points where armored carrier service is unavailable. Reserve Banks will make determinations whether to use registered mail on a case-by-case basis.

Access policy. The Board regards currency and coin processing (paying, receiving, and verifying coin and currency, and issuing, sorting, canceling, and destroying currency) as governmental activities, and processing is, therefore, not priced. As for access to these processing services, the Board has adopted a policy providing that by the end of 1983 all Federal Reserve offices will offer, at a minimum, access to all depository institutions seeking direct processing services on the following basis: (1) one office per institution, or (2) one office of a depository institution per municipality (subject to adjustment for special circumstances).

Adoption of Policy Statement

The Federal Reserve Board announced on October 13, 1981, its adoption of a policy statement on enforcement by state member banks of the Equal Credit Opportunity and Fair Housing Acts.

The policy statement, which was recommended to the Board and to the other federal financial institutions' regulators by the Federal Financial Institutions Examination Council, follows.

Policy Statement

This document sets forth the general policies that the Board of Governors of the Federal Reserve System will apply in enforcing the Equal Credit Opportunity Act and the Fair Housing Act.

The Board believes it appropriate to remind state member banks of their responsibilities under these laws and that the Board will vigorously enforce them. State member banks will be required to institute procedures to assure that all violations of the acts, including those not cited in this policy statement, will not recur. In addition, failure to comply with certain specific provisions of the acts has been judged by the Board to be particularly serious and usually to warrant retrospective action to correct the conditions resulting from the violations.

Enforcement policy statement authority. This enforcement policy statement is issued pursuant to the Board's authority under the Equal Credit Opportunity Act (ECOA) (15 U.S.C. 1691, *et seq.*), the Fair Housing Act (42 U.S.C. 3601, *et seq.*), and 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)).

Enforcement policy statement. The objective of this enforcement policy statement is to ensure that the rights of credit applicants are protected by requiring state member banks to take corrective action for certain, more serious past violations of the Equal Credit Opportunity and Fair Housing Acts, as well as to be in compliance in the future. In an effort to achieve that objective, the Board will encourage voluntary correction and compliance with the acts. Whenever violations addressed by this policy statement are discovered, the state member bank will be required to take action to ensure such violations will not recur and to correct the effects of violations discovered.

The Board generally will require the state member bank to take action to correct conditions resulting from violations occurring within 24 months before the discovery of violations by the Board, except for violations concerning adverse action notices for which corrective action will be required for violations occurring within six months before discovery.

Violations in the following areas are considered serious by the Board and will usually be subject to retrospective corrective action:

1. Discouraging applicants on a prohibited basis in violation of the Fair Housing Act or sections 202.4 or 202.5(a) of Regulation B.
2. Using credit criteria in a discriminatory manner in evaluating applications in violation of the Fair Housing Act or sections 202.4 through 202.7 of Regulation B.
3. Imposing different terms on a prohibited basis in violation of the Fair Housing Act or sections 202.4 or 202.6(b) of Regulation B.
4. Requiring cosigners, guarantors, or the like on a prohibited basis in violation of section 202.7(d) of Regulation B.
5. Failing to furnish separate credit histories as required by section 202.10 of Regulation B.
6. Failing to provide an adequate notice of adverse action under section 202.9 of Regulation B.

This policy statement will neither preclude the use of any administrative authority that the Board possesses to enforce these laws, nor limit the Board's discretion to take other action to correct conditions resulting from violations of these laws, nor preclude referral of cases to the Attorney General. Additionally, this policy statement does not foreclose a credit applicant's right to bring civil action under the Equal

Credit Opportunity or Fair Housing Acts or to file a complaint with the Department of Justice or the Department of Housing and Urban Development for violations of housing laws. Further this policy statement does not supersede or substitute for any regulations or enforcement policies issued by the Board or the Department of Housing and Urban Development under the Fair Housing Act.

AMENDMENT TO BOARD RULES

The Federal Reserve Board on October 20, 1981, issued an amendment to its rules regarding delegation of authority that delegates to the Reserve Banks authority to make certain determinations regarding "grandfather" privileges for nonbanking activities of bank holding companies.

The amendment provides that Reserve Banks may make determinations permitting such activities to continue when all of the following conditions have been met:

1. The bank holding company is a "company covered in 1970" under section 4(a)(2) of the Bank Holding Company Act.
2. The nonbanking activities raise no significant unresolved policy issues.
3. The bank holding company has been lawfully and continuously engaged in such activities since June 30, 1968.

DEFERRAL OF RESERVE REQUIREMENTS

The Federal Reserve Board has extended for six months the deferral of reserve and reporting requirements for nonmember depository institutions with less than $2 million in total deposits.

The Monetary Control Act of 1980 made certain deposits of nonmember as well as member depository institutions subject to federal reserve requirements. To lessen the burden for very small institutions and in view of operational considerations, the Board had previously deferred until November 1981 reserve requirements for institutions with less than $2 million in total deposits as of December 31, 1979. This deferral will now extend through April 1982. The Board extended the deferral period since legislation under consideration in the Congress would provide a permanent exemption from reserve requirements for smaller depository institutions.

The deferral affects nearly 18,000 depository institutions, including about 17,000 credit unions. These institutions are estimated to hold ½ of 1 percent of all deposits. Those offering transaction accounts or nonpersonal time deposits are subject to reserve requirements.

PROPOSED ACTIONS

1. The Federal Reserve Board has requested public comment on a staff proposal to change the way depository institutions maintain reserves. Comment should be received by January 15, 1982.

The proposed change, if adopted by the Board, would introduce essentially contemporaneous reserve requirements on transaction accounts for medium-sized and larger depository institutions instead of the lagged reserve system now in effect. Transaction accounts include checking, negotiable order of withdrawal, and automatic transfer accounts.

Specific comment was requested by the Board on the implications of the proposed change for the functioning of the money markets and the operations of depository institutions, including the probable impact on reserve management and deposit monitoring systems. When possible, the Board would like specific estimates of the costs involved, both start-up and continuing.

The Board emphasized that its decision to seek public comment on the proposal in no way commits it to approve a final rule at some time in the future.

Under the present lagged reserve system, depository institutions must post their required reserves in any given week, based on their deposit levels two weeks earlier.

Contemporaneous reserve requirements (CRR) have some potential for improving the implementation of monetary policy by strengthening the linkage between the reserves held by depository institutions and the money supply. There is some question, however, whether such potential gains would increase short-run volatility in the money market. The Board noted that any potential gains in monetary control should not be exaggerated, in view of the sizable remaining slippages between reserves and money and in view of the inherent volatility of short-run money flows.

Depository institutions also have added costs in shifting to CRR—the cost of altering deposit information systems and the complications that might result in reserve management. Consequently, the design and desirability of a CRR system must balance gains in monetary control against potential costs.

Comments are requested on the following proposal:

—CRR would apply only to institutions that report their deposit levels weekly to the Federal Reserve. Certain institutions with $15 million or less in total deposits may report quarterly, while certain others with deposits under $2 million do not report.

—Reserves would be maintained over two-week periods. These periods would continue to end on Wednesday, and all institutions would settle their reserve accounts at the same time.

—Required reserves would be computed on the basis of average deposit levels over a two-week period ending on Monday. Reserves required against transaction deposits would be maintained in the two-week maintenance period ending on the Wednesday two days after the end of the computation period. This two-day interval is provided to facilitate the computation of required reserves by affected institutions.

—Required reserves for other reservable liabilities would also be computed for two-week periods ending on Monday, but the actual reserves would be posted in the two-week maintenance period beginning 17 days later, on a Thursday.

—Vault cash eligible to be counted as a reserve in a maintenance period would continue to be lagged and would be equal to vault cash holdings during the computation period ending 17 days before the beginning of that maintenance period.

—No change would be made in the current limit of plus or minus 2 percent of daily average required reserves that applies to the carry-over of reserve surpluses or deficiencies into the next reserve period. However, lengthening the reserve period from one week to two weeks provides the same additional flexibility for managing reserve positions as would a doubling of the carry-over limit with a one-week period.

The Board also desires comment on variations of the proposal such as staggering reserve periods for different sets of institutions with half settling every other week, lengthening reserve computation and maintenance periods to three or four weeks, and increasing the percentage of allowable carry-over.

2. The Federal Reserve Board has requested comment on a proposed amendment to Regulation K (International Banking Operations) to permit Edge corporations to engage in certain investment advisory and management services in the United States. The Board requested comment by December 18, 1981.

3. The Board has requested comment by December 7, 1981, on a proposal to amend the definition in Regulation Z (Truth in Lending) of "arranger" of credit.

4. The Board has asked for public comment on a proposal to amend Regulation Y (Bank Holding Companies and Change in Bank Control) to add the provision of management consulting advice to unaffiliated nonbank depository institutions to the activities permissible for bank holding companies. The Board requested comment by December 30, 1981.

5. The Board has proposed for public comment an amendment to its Regulation T (Credit by Brokers and Dealers) that would permit brokers or dealers to make use of U.S. government securities or irrevocable letters of credit as collateral when they borrow or lend securities. The regulation now requires a deposit of cash as collateral in such circumstances. The Board requested comment by January 5, 1982.

System Membership: Admission of State Banks

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

Alabama
Boaz .... First Bank of Boaz
Arizona
Phoenix .... Camel Bank, Incorporated
Colorado
Bailey .... Park County Bank
Illinois
Dixon ...... City Bank and Trust Company
Texas
Manvel .... Citizens Bank and Trust
Wisconsin
Madison ..... Wisconsin Independent Bank

Legal Developments

AMENDMENT TO REGULATION A

The Board of Governors of the Federal Reserve System has amended its Regulation A, "Extensions of Credit by Federal Reserve Banks," (12 CFR Part 201) for the purpose of reducing the discount rate surcharge that applies to large, frequent borrowers at the discount window.

Effective September 22, 1981, section 201.51 is amended as set forth below:

Section 201.51—Short Term Adjustment Credit for Depository Institutions

Section 201.51 is amended in the last sentence by removing "4 per cent" and inserting in lieu thereof "3 per cent".

AMENDMENT TO REGULATION T

The Board of Governors of the Federal Reserve System is amending Regulation T (12 CFR Part 220) to provide a separate margin requirement for options on debt securities issued or guaranteed by government entities (exempted debt securities). The Board's existing margin rule for options was adopted to apply to options written on corporate equity securities.

Effective October 26, 1981, the Board adopts the following amendments to sections 220.4(i) and 220.8(b) and (j):

1. Section 220.4(i) is revised to read as follows:

Section 220.4—Special Accounts

* * * * *

(i) *Special bond account.*

(1) In a special bond account a creditor may extend and maintain credit on any exempted security, registered non-equity security, or OTC margin bond. The maximum loan value of securities held in this account shall be as prescribed from time to time in § 220.8 of this part (the supplement to Regulation T).

(2) Put and call options on exempted securities may be issued, endorsed or guaranteed in this account if either a security position in lieu of margin (cover) is held in the account or the amount of margin prescribed by the Board from time to time in § 220.8 of this part (the supplement to Regulation T) is included in the adjusted debit balance.

(3) A security position held in the account may serve in lieu of the margin required for writing a call or a put, if the following conditions are met:

(i) For writing a call, the covering long security position shall be valued at no more than the exercise price of the call or

(ii) For writing a put, the amount of margin required for a covering short security position shall be based on a value not less than the exercise price of the put.

(4) Any security position held in the account which serves in lieu of the margin required for a put or a call shall be unavailable to support any other option transaction in the account.

(5) The customer may either designate at the time the option order is entered which security position held in the account is to serve in lieu of the margin required or have a standing agreement with the creditor as to the method to be used for making the determination on any given day.

2. Section 220.8 (b) and (j) are revised to read as follows:

Section 220.8—Supplement

* * * * *

(b) *Maximum loan value for a special bond account.* The maximum loan value of an exempted security, an OTC margin bond, or a registered nonequity security which is not a put, call or combination thereof shall be as determined by the creditor in good faith. No put, call or combination thereof shall have any loan value.

* * * * *

(j) *Margin required for the writing of options.*

(1) The amount to be included in the adjusted debit balance of a general account, special bond account, or special convertible debt security account pursuant to paragraphs (d)(5) and (i) of § 220.3 of this part, as the margin required for the issuance, endorsement, or guarantee of any put or call on an equity

security shall be 30 per cent of the current market value of the underlying security with an adjustment for any applicable increase or reduction.

(2) The amount to be included in the adjusted debit balance of an account pursuant to § 220.4(i) of this part as the margin required for the issuance, endorsement, or guarantee of a put or call on an exempted debt security or the security position to be held in lieu of margin shall be equivalent to (i) The amount specified by the rules of the national securities exchange on which the option is traded provided that all such rules have been approved or amended by the Securities and Exchange Commission pursuant to sections 19(b) or 19(c) of the Securities Exchange Act of 1934, or (ii) in the case of an option on an exempted debt security which is not traded on an exchange an amount or security position which the creditor in good faith deems to be equivalent to the margin or the cover on comparable exchange-traded options.

AMENDMENT TO RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors of the Federal Reserve System has amended its Rules Regarding Delegation of Authority (12 CFR Part 265) to delegate to the Reserve Banks authority to make determinations regarding indefinite "grandfather privileges" for certain nonbanking activities of eligible bank holding companies under section 4(a)(2) of the Bank Holding Company Act.

Effective October 20, 1981, section 265.2(f) of the Board's Rules Regarding Delegation of Authority is amended by adding paragraph (54) as follows:

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

* * * * *

(f) * * *

(54) Under the provisions of section 4(a)(2) of the Bank Holding Company Act relating to grandfather privileges for certain nonbanking activities of bank holding companies, to determine that termination of grandfathered activities of a particular bank holding company is not warranted: *Provided*, The Reserve Bank is satisfied all of the following conditions are met:

(i) The company or its successor is "a company covered in 1970;"

(ii) The nonbanking activities for which indefinite grandfather privileges are being sought do not present any significant unsettled policy issues; and

(iii) The bank holding company was lawfully engaged in such activities as of June 30, 1968 and has been engaged in such activities continuously thereafter.

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

Orders Under Section 3 of Bank Holding Company Act

Jefferson County Bancorp., Inc., Hillsboro, Missouri

Order Approving Acquisition of a Bank Holding Company

Jefferson County Bancorp., Inc., Hillsboro, Missouri, has applied for the Board's approval under section 3(a)(5) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(5)) to acquire at least 50.63 percent of the voting shares of Century Bancshares Corporation, St. Louis, Missouri ("Century"), and thereby indirectly to acquire North St. Louis Trust Company, St. Louis, Missouri ("Bank").

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

Applicant, through its ownership of Jefferson County Bank and Trust Company, Hillsboro, Missouri, is the 454th largest banking organization in Missouri, with deposits of $8.8 million.[1] Century, through its ownership of Bank, is the 398th largest banking organization in the state with deposits of $19.0 million. Upon consummation of the proposal, Applicant would rank as the 234th largest banking organization in Missouri with .11 percent of total commercial bank deposits in the state.

Applicant's subsidiary bank is the 78th largest of 82 banking organizations in the St. Louis banking market[2] with .08 percent of deposits in commercial banks

1. Banking data regarding state market shares are as of December 31, 1980.

2. The St. Louis banking market is defined as the St. Louis Ranally Metro area and includes all of the City of St. Louis and St. Louis 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.

there.[3] Bank is the 66th largest banking organization in the St. Louis market, with .18 percent of market deposits. Thus, consummation of the proposal would result in the elimination of some existing competition. Although the Board normally considers the elimination of existing competition as an adverse factor, the Board regards the effects on competition in this case to be insignificant.

The financial and managerial resources of Applicant and its subsidiary bank are generally satisfactory. Future prospects of Century and its subsidiary bank are considered to be generally satisfactory, particularly in light of the improvements that Applicant expects to make. Although Applicant will incur some debt in connection with this proposal, Applicant appears to have sufficient flexibility to service the debt without adversely affecting the financial condition of its existing banking subsidiary or Bank. Accordingly, considerations relating to banking factors are consistent with approval of the application. Applicant intends to expand the services offered by Bank to include full service banking on Saturdays and to offer maximum interest rates on savings accounts. Thus, considerations relating to the convenience and needs of the community to be served are consistent with approval.

Based upon the foregoing and other considerations reflected in the record of this application,[4] it is the Board's judgment that consummation of the proposal to acquire Bank would be consistent with the public interest and that the application should be approved. On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made 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.

3. Banking data for the St. Louis market are as of June 30, 1980.

4. The Board has considered the comments of minority shareholders of Century ("Protestants"), who have alleged that Applicant, through its principal shareholders, has already acquired more than 5 percent of the shares of Century without the Board's prior approval, in violation of section 3(a)(3) of the act. Protestants base their contention on the previous acquisition by Applicant and Applicant's three shareholders of 4,555 shares each, representing approximately 3.8 percent, or 15.2 percent in the aggregate, of Century's 120,000 outstanding voting shares. The Board has determined that Protestants' claim is nonmeritorious. There is no evidence in the record to indicate that Applicant's principals purchased shares of Century on behalf of Applicant. Indeed, Applicant appears to be subject to the individual control of the three principals who together own 100 percent of Applicant. Moreover, the record includes a statement by Applicant's principals that they intend to carry their investments in Century as personal investments if this application is denied and that there are no agreements or understandings to indemnify the principals against loss if the application is denied. Accordingly, the Board is satisfied that the acquisition of shares of Century by Applicant's principals was made in their individual capacities and thus was not subject to the Board's prior approval under the act.

By order of the Board of Governors, effective October 21, 1981.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Teeters, Rice, and Gramley.

(Signed) WILLIAM W. WILES,
[SEAL] *Secretary of the Board.*

United Bank Corporation of New York, Albany, New York

Order Approving Acquisition of Bank

United Bank Corporation of New York ("UBNY"), Albany, New York, 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 Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire 100 percent of the successor by merger to The Rondout National Bank ("Bank"), Kingston, New York.

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.

UBNY, with deposits of $1.8 billion,[1] is the 15th largest commercial banking organization in New York, holding 1.1 percent of total deposits in commercial banks in the state through its six subsidiary banks. Acquisition of Bank, which holds deposits of $46.8 million, and ranks 65th among commercial banks in New York, would increase UBNY's share of statewide commercial bank deposits by only .03 percent. Accordingly, consummation of this proposal would not significantly increase the concentration of commercial banking resources in the state.

UBNY is the second largest of 21 banking organizations competing in the Mid-Hudson banking market[2] and holds 11.8 percent ($143 million) of total deposits in commercial banks in that market through 11 banking offices. Bank is the ninth largest banking organization in the market and holds 3.8 percent of market deposits through its seven offices. Upon consummation of the proposal, UBNY would rank as the largest banking organization in the market with 15.6 percent of market deposits.

1. All banking data are as of December 31, 1980.

2. The Mid-Hudson market includes Dutchess and Ulster Counties and the Newburgh (or northeastern) area of Orange County.

Although such a combination of size and market shares might normally raise some concern about the elimination of significant existing competition, the Board notes that several facts in the record in this case indicate that these factors alone do not accurately reflect the effects of this application on existing competition. Following consummation of the proposal, the Mid-Hudson banking market would continue to be one of the least concentrated banking markets in New York State. The effects of the proposal on competition are further mitigated by the toehold presence in the market of three of the nation's 15 largest banking organizations. As the Board has noted on previous occasions, the competitive influence of these large firms cannot always be measured by their market shares alone, especially with respect to their ability to serve commercial customers.[3]

The Board also has considered the presence of savings and loan associations and mutual savings banks in the market. Although the Board continues to view commercial banking as the relevant line of commerce in determining the competitive effects of a proposal, the Board has stated that it may be appropriate in particular cases to take into consideration direct competition from thrifts in specific areas when evaluating various competitive influences.[4] In view of the absolute size and significant deposit-taking role of thrifts in the Mid-Hudson market, as well as their expanded powers, the Board believes that the influence of thrift institutions further diminishes the adverse competitive effects of the proposal. 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 Mid-Hudson market to be 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 considered satisfactory, particularly in view of the fact that consummation of the proposal would result in the injection of new capital into Bank. Bank's access to Applicant's managerial and financial resources will increase Bank's lending capabilities and broaden the range and quality of its services. Considerations relating to the convenience and needs of the community to be served thus are regarded as being sufficient to outweigh any adverse competitive effects resulting from the proposal. Based on the foregoing and other facts of record, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be 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 New York, pursuant to delegated authority.

By order of the Board of Governors, effective October 5, 1981.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Rice, and Gramley. Voting against this action: Governor Teeters.

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

Orders Under Sections 3 and 4 of Bank Holding Company Act

State Street Boston Corporation, Boston, Massachusetts

Worcester Bancorp, Inc., Worcester, Massachusetts

Order Approving Acquisition of Shares of a Bank Holding Company

State Street Boston Corporation ("Applicant"), Boston, Massachusetts, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under sections 3 and 4 of the Bank Holding Company Act (12 U.S.C. §§ 1842 and 1843) to acquire 16.6 percent of the voting shares of Worcester Bancorp, Inc. ("Worcester") Worcester, Massachusetts, an unaffiliated bank holding company. As a result of consummation of this transaction, Applicant would indirectly acquire an interest in Worcester's banking subsidiaries.[1] Also, Applicant would indirectly acquire an interest in Worcester's nonbanking subsidiaries, Wornat Development Corporation and Wornat Insurance Agency, Inc., both of Worcester, Massachusetts. These corporations engage, respectively, in the business of mort-

3. *The Bank of New York* (Empire National Bank), 66 FEDERAL RESERVE BULLETIN 807 (1980).

4. Id.; *Fidelity Union Bancorporation*, 66 FEDERAL RESERVE BULLETIN 576 (1980); *United Bank Corporation of New York* (Schenectady Trust Company), 66 FEDFRAL RESERVE BULLETIN 61, 63 (1979).

1. Worcester's five banking subsidiaries are First National Bank of Amherst, Amherst; Worcester County National Bank, Worcester; The Peoples National Bank of Marlborough, Marlborough; Franklin County Trust Company, Greenfield; and First National Bank of Cape Cod, Orleans; all in Massachusetts.

gage banking activities for the purpose of conducting an orderly liquidation of assets, and selling credit-related insurance. Such activities have been determined by the Board to be closely related to banking. 12 C.F.R. §§ 225.4(a)(1) and (9).

Notice of these applications, affording opportunity for persons to submit comments and views, has been given in accordance with sections 3 and 4 of the Bank Holding Company 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 secton 3(c) of the Bank Holding Company Act (12 U.S.C. § 1842(c)) and the considerations specified in section 4(c)(8) of the Bank Holding Company Act.

An acquisition of less than a controlling interest in a bank is not a normal acquisition for a bank holding company. Although the Bank Holding Company Act contemplates investments between 5 and 25 percent of a bank's voting shares, the Board believes such proposals must be carefully analyzed in light of all of the factors enumerated in the Bank Holding Company Act. More particularly, section 3 of the Bank Holding Company Act requires that in every case involving the acquisition of more than 5 percent of the stock of a bank or bank holding company, the Board must analyze the competitive, financial, managerial, future prospects, and convenience and needs considerations; section 4 of the Bank Holding Company Act similarly requires that in every case involving the acquisition of more than 5 percent of the shares of a nonbank company, the Board must analyze all of the aspects of the applications in order to determine whether the acquisition can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. The Board has considered all such factors with regard to the applications, even though Applicant's proposal involves a minority interest in Worcester's voting shares and those shares will be placed in trust.

Applicant, the fourth largest commercial banking organization in Massachusetts, controls three subsidiary banks with 36 offices having aggregate deposits of $1.8 billion, representing 9.4 percent of the total deposits of commercial banks in Massachusetts.[2] Worcester, the seventh largest commercial banking organization in Massachusetts, controls five subsidiary banks with 52 offices having aggregate deposits of $710 million, representing 3.5 percent of the total deposits of commercial banks in Massachusetts. Applicant and Worcester, if considered as a combined banking organization, would rank as the third largest in the state with aggregate deposits of $2.6 billion, representing 12.9 percent of the total deposits of commercial banks in Massachusetts, and the subject combination would increase the concentration of banking resources of the top five commercial banking organizations in Massachusetts.

Applicant's and Worcester's subsidiary banks are direct competitors in three Massachusetts banking markets. Applicant's three subsidiary banks operate in the Boston, Cape Cod, and Fitchburg-Leominster banking markets, while Worcester's five subsidiary banks operate in the Boston, Cape Cod, Fitchburg-Leominster, Worcester, Athol, Greenfield, and Amherst-Northampton banking markets. Thus, Applicant and Worcester are direct competitors in the Boston, Cape Cod, and Fitchburg-Leominster banking markets. In the Boston banking market, Applicant ranks as the fourth largest of 72 commercial banking organizations in the market, with $1.6 billion in market deposits, representing 10.9 percent of total commercial bank deposits. Worcester ranks 43rd in the Boston banking market with total market deposits of $24.0 million, and a 0.2 percent market share. In the Fitchburg-Leominster market, Applicant ranks as the smallest of five commercial banking organizations in the market, with deposits of $3.9 million and 3.1 percent market share; Worcester ranks second with deposits of $37.1 million and a 29.1 percent market share. In the Cape Cod banking market, Applicant ranks sixth of eight commercial banking organizations in the market, with deposits of $29.6 million and a 8.1 percent market share; Worcester ranks fourth with deposits of $45.4 million and a 12.4 percent market share. Thus, a combination of Applicant and Worcester would, on its face, appear to eliminate some existing competition in these three banking markets.

Based upon the above and other relevant information of record, the Board believes that if Applicant and Worcester were considered as a combined organization, statewide concentration of banking resources would be increased, and the combination of Applicant and Worcester would apparently eliminate some existing competition in three relevant banking markets. There are, however, several unique factors associated with this proposal that mitigate any competitive consequences. Such factors include: a plan requiring the immediate transfer of the shares of Worcester acquired by Applicant to a trust administered by an independent corporate trustee; a trust designed to ensure that Applicant does not exercise a controlling influence over Worcester; the fact that Applicant's option to purchase the subject 16.6 percent interest in Worcester was obtained in an effort to acquire control of Worcester, such effort being terminated at this time in light of Worcester's decision to accept the bid of another large Massachusetts bank holding company

2. All banking data are as of June 30, 1981.

(Shawmut Corporation ("Shawmut"), Boston, Massachusetts); and the fact that this application involves an acquisition of shares to be held in a trust for a limited time certain. The Board finds that because of these unique facts and circumstances, the competitive impact of the acquisition is minimized, and therefore the anticompetitive effects would not be so serious as to warrant denial of the subject application. Moreover, the Board recognizes that this factual pattern is unlikely to occur in the future and, therefore, this decision is not intended to reflect a Board predisposition to favor the structuring of proposals along these lines in the future.[3]

With respect to potential competition, the four banking markets of Worcester where Applicant does not operate, (i.e., Worcester, Athol, Greenfield, and Amherst-Northampton), do not appear attractive for de novo entry and, moreover, Applicant's banks are restricted by law from branching into such areas. Applicant's proposal does raise some concerns regarding the elimination of probable future competition in the Worcester banking market because Worcester is the largest banking organization in that market, and because Applicant is a sizeable organization in the state. The effects of this acquisition are mitigated by the fact that this investment represents less than a controlling interest in Worcester, Applicant's ownership will be of limited duration, and there are a substantial number of thrift institutions competing to some extent with commercial banks in the market. Thus, consummation of the transaction would not result in any adverse effects upon probable future competition in any relevant market.

The financial and managerial resources and future prospects of Applicant, Worcester, and their subsidiaries are considered generally satisfactory and consistent with approval in the context of the particular facts pertaining to this application.[4] In addition, the Board concludes that considerations relating to the convenience and needs of the communities to be served are consistent with approval in the subject case. Based upon the foregoing and other considerations reflected in the record, the Board's judgment is that under the standards set forth in section 3 of the Bank Holding Company Act, the proposed acquisition, considered in the context of all the unique facts and circumstances associated therewith, is in the public interest and that the application should be approved.

Applicant's proposal is also subject to the requirements of section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) and section 225.4 of the Board's Regulation Y (12 C.F.R. § 225.4) because Applicant would, upon consummation of the subject proposal, acquire an indirect interest in Worcester's nonbank subsidiaries. The activities of these nonbank companies were determined to be permissible for bank holding companies at the time Worcester received Board approval for their acquisition and they have not changed their activities since that time. Furthermore, there is no evidence in the record indicating that consummation of this proposal, under the unique set of circumstances associated therewith, would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest. Based upon the foregoing and other considerations reflected in the record, the Board has determined that the balance of the public interest factors that must be considered under section 4(c)(8) supports approval of Applicant's proposal, and the application to indirectly acquire an interest in Worcester's nonbank subsidiaries in this particular situation should be approved.

In approving these applications the Board finds, in the context of the unique facts and circumstances associated therewith, and under the standards set forth in both sections 3 and 4 of the Bank Holding Company Act, that the proposal is unlikely to have an adverse effect on the public interest at the present time and that the application should be approved. However, Applicant's banking and nonbanking activities remain subject to Board review, and the Board retains the authority to require Applicant to modify or terminate any such activities or holdings if the Board at any time determines that its activities or continued holding of shares is likely to result in adverse effects on the public interest.

On the basis of the record, the applications are approved for the reasons summarized above. The transaction shall not be consummated before thirty days after 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 Boston acting pursuant to delegated authority.

The determination as to Worcester's nonbanking subsidiaries is subject to the conditions set forth in § 225.4(c) of Regulation Y, and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Bank Holding

3 In the event that circumstances change so Applicant would acquire control of Worcester, Applicant would be required to submit an application for such acquisition, and the Board would reexamine the competitive considerations as well as all other relevant factors in view of the new set of facts and circumstances, absent the mitigating factors enumerated above.

4. In fact, consummation of this particular proposal may result in financial benefits as Applicant stands to gain a significant profit from the sale of its Worcester shares, and has committed to use all such profits to increase the equity capital of its subsidiary banks.

Company Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof.

By order of the Board of Governors, effective October 13, 1981.

Voting for this action: Vice Chairman Schultz* and Governors Partee, Teeters, Rice, and Gramley. Absent and not voting: Chairman Volcker and Governor Wallich. *Vice Chairman Schultz abstained from that portion of this action dealing with the indirect acquisition by Applicant of Wornat Insurance Agency, Inc.

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

Orders Under Section 4 of Bank Holding Company Act

Educators Investment Company of Kansas, Emporia, Kansas

J.R. Montgomery Bancorporation, Lawton, Oklahoma

James B. Chambers Memorial, Wheeling, West Virginia

Investment Corporation of America, Inc., River Forest, Illinois

Bostates Investment Co., Tulsa, Oklahoma

Charter Bancorporation, Inc., Northfield, Illinois

Commerce Group Kearney, Inc., Lincoln, Nebraska

Fremont Bancshares, Inc., Fremont First National Co., Lincoln, Nebraska

Merchants Corporation, Bangor, Maine

Determination Regarding "Grandfather Privileges" of Certain Bank Holding Companies

Section 4 of the Bank Holding Company Act (12 U.S.C. § 1843) provides certain privileges ("grandfather privileges") with respect to nonbanking activities of a company that, by virtue of the 1970 amendments to the act, became subject to the act. Pursuant to section 4(a)(2) of the act, a "company covered in 1970" may continue to engage, either directly or through a subsidiary, in nonbanking activities that such a company was lawfully engaged in on June 30, 1968 (or on a date subsequent to June 30, 1968, in the case of activities carried on as a result of the acquisition by such company or subsidiary, pursuant to a binding written contract entered into on or before June 30, 1968, of another company engaged in such activities at the time of the acquisition), and has been continuously engaged in since June 30, 1968 (or such subsequent date).

Section 4(a)(2) of the act provides, inter alia, that the Board may terminate such grandfather privileges if, having due regard to the purposes of the act, the Board determines that such action is necessary to prevent an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. With respect to a company that controls a bank with assets in excess of $60 million on or after December 31, 1970, the Board is required to make such a determination within two years.

On the evidence before it, the Board makes the following findings: Each of the companies named below became a bank holding company as a result of the 1970 amendments to the act by virtue of its ownership of its subsidiary bank, and is regarded as "a company covered in 1970" as that term is defined in section 2(b) of the act. From the record, it has been determined that each of the companies has been engaged continuously in the nonbanking activities indicated since prior to June 30, 1968, and that each of these activities appears to be eligible for indefinite grandfather privileges.

Company	Subsidiary Bank and Total Banking Assets	Grandfathered Activities
Educators Investment Company of Kansas, Inc. Emporia, Kansas	Citizens National Bank and Trust Company, Emporia, Kansas—$73 million as of September 30, 1979	Development of oil gas interests held on June 30, 1968
J. R. Montgomery Bancorporation, Lawton, Oklahoma	City National Bank & Trust Co., Lawton, Oklahoma—$48 1 million as of September 30, 1980	Operating and managing motion picture theatres held on June 30, 1968 and sublease of property to affiliated bank
James B Chambers Memorial, Wheeling, West Virginia	The First National Bank & Trust Company of Wheeling, Wheeling, West Virginia—$82 million as of December 31, 1979	Acting as charitable trust and making loans to corporations and individuals
Investment Corporation of America, Inc., River Forest, Illinois	River Forest State Bank and Trust Company, River Forest, Illinois—$128.1 as of December 31, 1980.	Commercial finance

Company	Subsidiary Bank and Total Banking Assets	Grandfathered Activities
Bostates Investment Co., Tulsa, Oklahoma	Boulder Bank and Trust Co., Tulsa, Oklahoma—$74.2 million as of September 30, 1980	None[1]
Charter Bancorporation, Inc., Northfield, Illinois	Bank of Wheaton, Wheaton, Illinois—$90 million as of September 30, 1980	None[1]
Commerce Group Kearney, Inc., Lincoln, Nebraska	First National Bank & Trust Co. of Kearney, Kearney, Nebraska—$79.5 million as of September 30, 1980	None[1]
Fremont Bancshares, Inc. Fremont First National Co., Lincoln, Nebraska	First National Bank & Trust Co. of Fremont, Fremont, Nebraska—$85.1 million as of September 30, 1980	None[1]
Merchants Corporation, Bangor, Maine	Merchants National Bank of Bangor, Bangor, Maine—$63.2 as of September 30, 1980	None[1]

On the basis of the foregoing and all the facts before the Board, it appears that the volume, scope and nature of the activities of the above-mentioned bank holding companies described herein do not demonstrate an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. Thus, there appears to be no reason to require these bank holding companies to terminate their grandfathered activities. The Board's judgment is that, at this time, termination of the grandfather privileges of the above-mentioned companies is not necessary in order to prevent an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. This determination does not authorize the entry into any new activity or product extension that was not engaged in on June 30, 1968, and continuously thereafter, or any activity that is not subject to this determination. Moreover, companies may not acquire new investments not held on June 30, 1968, except where such new investments would be necessary to preserve the value of the companies' grandfathered interest.[2]

A significant alteration in the nature or extent of the activities engaged in by any of these companies, or a change in location thereof, will be cause for a reevaluation by the Board of the activities of that bank holding company under the provisions of section 4(a)(2) of the act; that is, whenever the alteration or change is such that the Board finds that a termination of the grandfather privileges is necessary to prevent an undue concentration of resources or any other adverse consequences at which the act is directed. No merger, consolidation, acquisition of assets other than in the ordinary course of business, or acquisition of any interest in a going concern, to which these bank holding companies or any of their nonbank subsidiaries is a party, may be consummated without prior approval of the Board. Further, the provision of any credit, property, or service by any of these bank holding companies or subsidiary thereof shall not be subject to any condition which, if imposed by a bank, would constitute an unlawful tie-in arrangement under section 106 of the Bank Holding Company Act Amendments of 1970.

This determination herein does not preclude a later review by the Board of the nonbank activities of these bank holding companies and a future determination by the Board in favor of termination of grandfather benefits of these companies. This determination is subject to the Board's authority to require modification or termination of the activities of these bank holding companies or any of their nonbanking subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the act, and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective October 20, 1981.

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

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

Orders Under Bank Merger Act

Isabella Bank and Trust, Mount Pleasant, Michigan

Order Approving Merger of Banks

Isabella Bank and Trust, Mount Pleasant, Michigan ("Applicant"), has applied to the Board pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)), for approval to merge with The Blanchard State Bank, Blanchard, Michigan ("Bank"), under the charter and title of Applicant. As an incident to the proposed

1. Was not engaged in any nonbanking activities pursuant to section 4(a)(2) of the act as of June 30, 1968.

2. *The Republic National Bank of Dallas*, 59 FEDERAL RESERVE BULLETIN 768 (1973).

merger, the existing offices of Bank would become branch offices of the resulting bank.

As required by the Bank Merger Act, notice of the proposed transaction has been published and reports on competitive factors have been requested from the Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation. 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 the act.

Applicant is the 102nd largest banking organization in Michigan with $69.7 million in deposits, representing 0.17 percent of total deposits held by commercial banks in the state. Bank is the 328th largest bank in the state, with deposits of $12.3 million, representing 0.03 percent of total deposits held by commercial banks in the state.[1] Consummation of the proposed merger would not significantly increase Applicant's share of deposits in Michigan, and accordingly, would not have an appreciable effect on the concentration of banking resources in the state.

Applicant is the largest bank in the Isabella-Clare banking market,[2] with 27.0 percent of commercial bank deposits in the market. Bank's main office is the seventh largest banking organization in the Isabella-Clare banking market and holds $6.1 million in deposits, representing 2.6 percent of commercial bank deposits in the market. Bank's other office, located in Six Lakes, Michigan, is the eighth largest banking organization in the Montcalm County banking market[3] and holds approximately $5.2 million in deposits, representing 2.9 percent of the commercial bank deposits in that market. Upon consummation of the proposed merger, Applicant would hold approximately 29.6 percent of commercial bank deposits in the Isabella-Clare banking market.

While the combined market shares of Applicant and Bank might normally raise some concern about the elimination of existing competition, the Board notes that several facts in the record in this case indicate that market shares alone do not accurately reflect the effects of this application on existing competition. The Board notes that Applicant's share of market deposits has declined over the past several years and Bank's market share in the Isabella-Clare banking market has declined even more substantially over the same period. Moreover, the aggregate share of deposits held by the four and seven largest banking organizations in the Isabella-Clare banking market has also declined significantly. While the Board continues to view commercial banking as the relevant line of commerce in determining the competitive effects of a proposal, the Board notes that numerous savings and loan associations and credit unions operate in the Isabella-Clare banking market and that the activities of these institutions further diminish the competitive effects of this proposal. Accordingly, the Board finds that consummation of the proposal will have only slightly adverse effects on existing competition in the Isabella-Clare banking market.

Bank's office in Six Lakes, Michigan competes in the Montcalm County banking market, which is adjacent to the Isabella-Clare banking market. Applicant currently maintains no offices in the Montcalm County banking market, and the Board concludes that consummation would not result in the loss of any significant amount of existing or potential competition in that market. In this regard, the Board notes that Bank is not a dominant organization within the Montcalm County banking market; of the market's eight banking organizations it ranks last, with less than three percent of the commercial bank deposits in the market.

The financial and managerial resources and future prospects of Applicant and Bank are considered satisfactory. In connection with the proposed transaction, Applicant intends to provide Bank with assistance in trust services, data processing, foreign currency transactions, and solicitation of credit card customers. Considerations relating to the convenience and needs of the communities to be served thus are regarded sufficient to outweigh any slightly adverse competitive effects resulting from the proposal. Based on the foregoing and other facts of record, the Board has determined that consummation of the transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be 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 Chicago, pursuant to delegated authority.

By order of the Board of Governors, effective October 7, 1981.

Voting for this action: Chairman Volcker and Governors Schultz, Wallich, Partee, Rice, and Gramley. Voting against this action: Governor Teeters.

(Signed) WILLIAM W. WILES,
[SEAL] *Secretary of the Board.*

1. All banking data cited in this paragraph are as of December 31, 1980. All other banking data are as of June 30, 1980.

2. The Isabella-Clare banking market is approximated by Clare and Isabella Counties, Michigan.

3. The Montcalm County banking market is approximated by Montcalm County, Michigan plus Spencer and Oakfield townships in Kent County, Michigan.

Orders Approving Applications Under the Bank Holding Company Act and Bank Merger Act

By the Board of Governors

During October 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)
Bank Securities, Inc., Albuquerque, New Mexico	Mimbres Valley Bank, Deming, New Mexico	October 6, 1981
Colonial Banc Corp, Eaton, Ohio	Eaton National Bank and Trust Co., Eaton, Ohio	October 22, 1981
First International Bancshares, Inc., Dallas, Texas	First International Bank Galleria, N.A., Dallas, Texas	October 9, 1981

Section 4

Applicant	Nonbanking company (or activity)	Effective date
Commerce Group, Inc., Commerce Group Grand Island, Inc.; Commerce Group Hastings, Inc.; Commerce Group Kearney, Inc.; Commerce Group North Platte, Inc.; Commerce Group West Point, Inc. all of Lincoln, Nebraska	to engage in reinsurance activities related to extensions of credit by lending subsidiaries of the Applicants	October 1, 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
ABN Company, Inc., Wilmington, Delaware	LaSalle National Corporation, Chicago, Illinois	Chicago	October 8, 1981
Allied Bancshares, Inc., Houston, Texas	Community Bank, Houston, Texas	Dallas	October 16, 1981
Allied Bancshares, Inc., Houston, Texas	Pasadena National Bank, Pasadena, Texas	Dallas	October 16, 1981
Allied Bancshares, Inc., Houston, Texas	Interstate Bank, Houston, Texas	Dallas	October 16, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Bancorp of Huntingdon, Inc., Huntingdon, Tennessee	Bank of Huntingdon, Huntingdon, Tennessee	St. Louis	October 15, 1981
BancShares Corporation, Luling, Louisiana	Bank of St. Charles and Trust Company, Luling, Louisiana	Atlanta	October 14, 1981
Brookhollow Bancshares, Inc., Dallas, Texas	Brookhollow National Bank, Dallas, Texas	Dallas	October 7, 1981
CNB Bancorp, Inc., Decatur, Illinois	The Citizens National Bank of Decatur, Decatur, Illinois	Chicago	October 23, 1981
CVB Financial Corp., Chino, California	Chino Valley Bank, Chino, California	San Francisco	October 5, 1981
Cairo/Moberly Bancshares, Inc., Moberly, Missouri	Bank of Cairo and Moberly, Moberly, Missouri	St. Louis	September 30, 1981
Capital Bankshares Corporation, Atlanta, Georgia	Capital City Bank, Hapeville, Georgia	Atlanta	October 23, 1981
Central Banking Company, Swainsboro, Georgia	The Central Bank, Swainsboro, Georgia	Atlanta	October 13, 1981
Chaffee Bancorporation, Inc., Chaffee, Missouri	Bank of Chaffee, Chaffee, Missouri	St. Louis	October 2, 1981
Citizens Financial Corporation, Beaumont, Texas	Citizens National Bank of Beaumont, Beaumont, Texas	Dallas	October 19, 1981
Clinton Bancshares, Inc., Clinton, Minnesota	Clinton State Bank, Clinton, Minnesota	Minneapolis	October 16, 1981
Commerce Group, Inc., Lincoln, Nebraska	Commerce Savings Columbus, Inc., Columbus, Nebraska	Kansas City	September 28, 1981
Cumberland Bancorp, Inc., Burkesville, Kentucky	Bank of Cumberland, Burkesville, Kentucky	St. Louis	October 1, 1981
Dakota County Bancshares, Inc., Mendota Heights, Minnesota	Dakota County State Bank, Mendota Heights, Minnesota	Minneapolis	October 8, 1981
Emory Bancshares, Inc., Emory, Texas	The First National Bank of Emory, Emory, Texas	Dallas	October 1, 1981
First Bancorp of N.H., Inc., Manchester, New Hampshire	Granite State National Bank, Somersworth, New Hampshire	Boston	October 13, 1981
First City Financial Corporation, Hobbs, New Mexico	First National Bank of Lea County, Hobbs, New Mexico First City National Bank, Carsbad, New Mexico	Dallas	October 2, 1981
First Equity Bancshares, Inc., Stewartsville, Missouri	First Bank of Stewartsville, Stewartsville, Missouri	Kansas City	October 16, 1981
First Etowah Bancorp Inc., Glencoe, Alabama	First Citizens Bank of Etowah, Glencoe, Alabama	Atlanta	October 22, 1981
First Northbrook Bancorp, Inc., Northbrook, Illinois	First National Bank of Northbrook, Northbrook, Illinois	Chicago	October 16, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
First Ogallala Investment, Inc., Ogallala, Nebraska	The First National Bank in Ogallala, Ogallala, Nebraska	Kansas City	October 16, 1981
First Prairie Corp., Prairie City, Iowa	The First National Bank of Prairie City, Prairie City, Iowa	Chicago	September 29, 1981
First Russellville Bankstock, Inc., Russellville, Arkansas	First National Bank of Russellville, Russellville, Arkansas	St. Louis	October 23, 1981
First Southwest Corporation, McComb, Mississippi	First Bank of Southwest Mississippi, McComb, Mississippi	Atlanta	October 16, 1981
First Virginia Banks, Inc., Falls Church, Virginia	The Covington National Bank, Covington, Virginia	Richmond	October 12, 1981
Flagler Bankshares, Inc., Flagler, Colorado	The First National Bank of Flagler, Flagler, Colorado	Kansas City	October 16, 1981
GRP, Inc., Atlanta, Georgia	First Bank & Trust Co., Marietta, Georgia	Atlanta	October 16, 1981
Galena Bancorp, Inc., Galena, Illinois	Galena State Bank and Trust Company, Galena, Illinois	Chicago	September 29, 1981
Gaylord Bancshares, Inc., Gaylord, Kansas	First National Bank of Gaylord, Gaylord, Kansas	Kansas City	October 9, 1981
Grimes County Capital Corporation, Iola, Texas	Iola State Bank, Iola, Texas	Dallas	October 6, 1981
Hawkeye Bancorporation, Des Moines, Iowa	Security State Bank, Mount Ayr, Iowa	Chicago	October 23, 1981
Hernando Banking Corporation, Brooksville, Florida	Hernando State Bank, Brooksville, Florida	Atlanta	October 2, 1981
Holyrood Bancshares, Inc., Holyrood, Kansas	The Bank of Holyrood, Holyrood, Kansas	Kansas City	October 16, 1981
Kellonto Bankshares Corporation, Elgin, Iowa	Elgin State Bank, Elgin, Iowa	Chicago	October 23, 1981
LaSalle National Corporation, Chicago, Illinois	LaSalle National Bank, Chicago, Illinois	Chicago	October 8, 1981
Liberty Bancorporation, Inc., Powers Lake, North Dakota	Liberty State Bank, Powers Lake, North Dakota	Minneapolis	October 9, 1981
McLean Bank Holding Company, Garrison, North Dakota	Garrison State Bank, Garrison, North Dakota Bank of Turtle Lake, Turtle Lake, North Dakota The Farmers Security Bank, Washburn, North Dakota	Minneapolis	October 2, 1981
Marshall Bancshares, Inc., Marshall, Arkansas	The Citizens Bank, Marshall, Arkansas	St. Louis	October 13, 1981
Maynard Bancshares, Inc., Maynard, Minnesota	Security State Bank of Maynard, Maynard, Minnesota	Minneapolis	October 6, 1981
Metcalf Bancshares, Inc., Overland Park, Kansas	Metcalf State Bank, Overland Park, Kansas	Kansas City	September 29, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Midwest National Corporation, Indianapolis, Indiana	Midwest National Bank, Indianapolis, Indiana	Chicago	October 2, 1981
Montrose Savings Bancshares, Inc., Montrose, Missouri	Montrose Savings Bank, Montrose, Missouri	Kansas City	October 16, 1981
New Mexico Banquest Corporation, Santa Fe, New Mexico	San Juan National Bank, Farmington, New Mexico	Kansas City	October 9, 1981
Overton Bancshares, Inc., Fort Worth, Texas	Overton Park National Bank, Fort Worth, Texas	Dallas	October 9, 1981
Pine City Bancorporation, Inc., Pine City, Minnesota	Pine City State Bank, Pine City, Minnesota	Minneapolis	October 16, 1981
Plaza Commerce Bancorp, San Jose, California	Plaza Bank of Commerce, San Jose, California	San Francisco	October 11, 1981
Portis Bancorporation, Inc., Portis, Kansas	First State Bank, Portis, Kansas	Kansas City	October 2, 1981
Prescott State Bank Holding Company, Inc., Prescott, Kansas	Prescott State Bank, Prescott, Kansas	Kansas City	October 2, 1981
Preston Bancshares, Inc., Preston, Iowa	Farmers Savings Bank, Preston, Iowa	Chicago	October 9, 1981
Ridgway Bancorp., Inc., Ridgway, Illinois	Gallatin County State Bank, Ridgway, Illinois	St. Louis	October 16, 1981
S.T.D. Investments, Inc., Mindenmines, Missouri	Bank of Minden, Mindenmines, Missouri	Kansas City	October 2, 1981
Scandia American Bancorporation, Inc., Stanley, North Dakota	Scandia American Bank, Stanley, North Dakota	Minneapolis	October 9, 1981
Schrage Ltd., Plainfield, Iowa	Farmers State Bank, Plainfield, Iowa	Chicago	October 26, 1981
Security Bancorp, Stanton, Iowa	Security State Bank, Stanton, Iowa	Chicago	October 16, 1981
Security Richland Bancorporation, Miles City, Montana	Richland National Bank, Sidney, Montana	Minneapolis	October 16, 1981
Service Bancshares, Limited, Tonkawa, Oklahoma	Service Bancorporation, Inc., Tonkawa, Oklahoma The Service Bank of Tonkawa, Tonkawa, Oklahoma	Kansas	October 16, 1981
Southwest Bancorp, Inc., Stillwater, Oklahoma	Stillwater National Bank and Trust Company, Stillwater, Oklahoma	Kansas City	September 24, 1981
Southwest Independent Bancorp, Inc., Grand Prairie, Texas	Grand Prairie State Bank, Grand Prairie, Texas	Dallas	September 30, 1981
Suburban Bancorporation, Inc., Eden Prairie, Minnesota	Suburban National Bank, Eden Prairie, Minnesota	Minneapolis	October 26, 1981
Suburban Bankshares, Inc., Lake Worth, Florida	Suburban Bank, Lake Worth, Florida	Atlanta	October 16, 1981

Section 3—Continued

Applicant	Bank(s)	Reserve Bank	Effective date
Town and Country Bancshares, Inc., Stephenville, Texas	Town and Country Bank, Stephenville, Texas	Dallas	October 5, 1981
Tri City Bankshares Corporation, Oak Creek, Wisconsin	First National Bank, Eagle River, Wisconsin	Chicago	October 2, 1981
Warren Bancshares, Inc., Warren, Minnesota	Peoples State Bank of Warren, Warren, Minnesota	Minneapolis	October 8, 1981
Washington Bancorp, Inc., Franklinton, Louisiana	Washington Bank & Trust Company, Franklinton, Louisiana	Atlanta	October 6, 1981
Wilshire Bancshares, Inc., Oklahoma City, Oklahoma	Wilshire Bank, Oklahoma City, Oklahoma	Kansas City	October 5, 1981
Wyatt Bancorp, Inc., LaPorte, Indiana	Farmers State Bank of Wyatt, Wyatt, Indiana	Chicago	October 7, 1981
Ysleta Bancshares, Inc., El Paso, Texas	Bank of Ysleta, El Paso, Texas	Dallas	October 16, 1981

Sections 3 and 4

Applicant	Bank(s)	Nonbanking company (or activity)	Reserve Bank	Effective date
The Dai-Ichi Kangyo Bank, Ltd., Tokyo, Japan	Japan California Bank, Los Angeles, California	C.F. Overseas, Inc., San Francisco, California	San Francisco	October 22, 1981
Syracuse Financial Company, Syracuse, Kansas	First National Bank of Syracuse, Syracuse, Kansas	sale of general insurance in a community of less than 5,000 population	Kansas City	October 9, 1981
The Tokai Bank, Limited, Nagoya, Japan	Continental Bank, Alhambra, California	Continental Loan, Alhambra, California; Continental Thrift, Alhambra, California	San Francisco	October 22, 1981

Section 4

Applicant	Nonbanking company (or activity)	Effective date
Allied Bancshares, Inc., Houston, Texas	Interservice Life Insurance Company, Pasadena, Texas	October 16, 1981
Citicorp, New York, New York	Mercantile Mortgage Company, St. Louis, Missouri	October 5, 1981

ORDERS APPROVED UNDER BANK MERGER ACT

By the Board of Governors

Applicant	Bank(s)	Effective date
Mimbres Valley Bank, Deming, New Mexico	New Bank of Mimbres Valley, Deming, New Mexico	October 6, 1981

By Federal Reserve Banks

Applicant	Bank(s)	Reserve Bank	Effective date
First Virginia Bank-Alleghany, Covington, Virginia	The Covington National Bank, Covington, Virginia	Richmond	October 12, 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.*

American Bankers Association v. *Federal Home Loan Bank Board, et al.*, filed August 1981, U.S.D.C. for the District of Columbia.

The National Bank of Davis, et al. v. *Charles E. Lord, et al.*, filed July 1981, U.S.C.A. for the Fourth Circuit.

Bank Stationers Association, Inc., et al. v. *Board of Governors*, filed July 1981, U.S.D.C. for the Northern District of Georgia.

Public Interest Bounty Hunters v. *Board of Governors, et al.*, filed June 1981. U.S.D.C. for the Northern District of Georgia.

Edwin F. Gordon v. *John Heimann, et al.*, filed May 1981, U.S.C.A. for the Fifth Circuit.

Louis J. Roussell v. *Board of Governors*, filed May 1981, U.S.C.A. for the District of Columbia.

Wilshire Oil Company of Texas v. *Board of Governors, et al.*, filed April 1981, U.S.C.A. for the Third Circuit.

People of the State of Arkansas v. *Board of Governors, et al.*, filed March 1981, U.S.C.A. for the Western District of Arkansas.

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.

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.

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.

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 Colorado.

Edwin F. Gordon v. *Board of Governors, et al.*, filed August 1980, U.S.C.A. for the Fifth Circuit.

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. *Comptroller of the Currency and Federal Reserve Board*, filed April 1980, U.S.D.C. for the District of Columbia.

County National Bancorporation and TGB Co. v. *Board of Governors*, filed September 1979, U.S.C.A. for the Eighth Circuit.

Donald W. Riegle, Jr. v. *Federal Open Market Committee*, filed July 1979, U.S.D.C. for the District of Columbia.

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

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

Darnell Hilliard v. *G. William Miller, et al.*, filed September 1976, U.S.C.A. for the District of Columbia.

David Merrill, et al. v. *Federal Open Market Committee*, filed May 1975, U.S.D.C. for the District of Columbia.

Financial and Business Statistics

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FEDERAL FINANCE

1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1980	1981			1981				
	Q4	Q1	Q2	Q3	May	June	July	Aug	Sept
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in percent)[1]								
Reserves of depository institutions									
1 Total	16 7	2 7	3 3	6 6	8 5	−5 8	7 9	8 3	22 0
2 Required	15 5	4 0	4.3	5 9	7.1	−8 1	7 9	9 8	18 4
3 Nonborrowed	7 2	7 7	−3 3	10 6	−19 4	0	19.8	16 9	21 7
4 Monetary base[2]	10 8	4 9	5 5	5 3	8 6	−.3	8.2	5 0	4.3
Concepts of money and liquid assets[3]									
5 M1–A	8.2	−20 8	−5.3	−3.7	−5.6	−9.9	−2.0	3.0	−7.6
6 M1–B	10 8	4.9	8 7	0.2	−6.1	−7 5	3.6	7.3r	−2 8
7 M2	8.1	8.3	10.6	7.1	3.7	4 1	7 4	11 6r	6.3
8 M3	11 3	12.4	10 6	10.2	8 7	10 6	8 7	13 4r	8 2
9 L	11 4	12.9	8.4	n.a.	10.9	10 9	8 9	n.a.	n.a
Time and savings deposits									
Commercial banks									
10 Total	15.4	17 0	10 0	17 3	19 2	17 2	16 8	20 8r	7 8
11 Savings[4]	1.5	−30.5	−11.9	−19.6	−16.0	−24.0	−11.5	−29 9	−21 7
12 Small-denomination time[5]	16 2	30 2	13 4	21 0	15.8	22 0	14 5	30 9r	20 1
13 Large-denomination time[6]	25.4	37 5	20 0	34 7	44 3	35 8	34 8	36 5r	10 4
14 Thrift institutions[7]	9.7	5.3	4	−1.7	2.7	0.3	−5.3	−2.0r	1.5
15 Total loans and securities at commercial banks[8]	14 6	11 8	5 5	8 0	11 7	5 8r	5 6r	10 3	10 6
	1980	1981			1981				
	Q4	Q1	Q2	Q3	June	July	Aug.	Sept.	Oct.
	Interest rates (levels, percent per annum)								
Short-term rates									
16 Federal funds[9]	15.85	16.57	17.78	17 58	19.10	19 04	17 82	15 87	15 08
17 Discount window borrowing[10]	11.78	13.00	13.62	14.00	14.00	14.00	14.00	14.00	14.00
18 Treasury bills (3-month market yield)[11]	13 61	14.39	14.91	15.05	14 73	14 95	15 51	14 70	13 54
19 Commercial paper (3-month)[11,12]	15 26	15 34	16 15	16 78	16 32	17 00	17 23	16 09	14 85
Long-term rates									
Bonds									
20 U.S. government[13]	12.23	12.74	13.49	14.51	13.20	13.92	14.52	15.07	15.13
21 State and local government[14]	9.59	9.97	10.69	12 11	10.67	11 14	12 26	12 92	12.83
22 Aaa utility (new issue)[15]	13.49	14.45	15.41	16.82	14.76	16.30	......	17.21	16.94
23 Conventional mortgages[16]	14.62	15.10	16.15	17.50	16.40	16.70	17.50	18.30	n.a

1. Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter. Growth rates are adjusted for discontinuities in series that result from changes in Regulation D.

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. M1–A: 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; (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks; and (3) traveler's checks of nonbank issuers

M1–B: M1–A 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

M2: M1–B 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.

M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.

L: M3 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 negotiable order of withdrawal (NOW) and automatic transfer service (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 Unweighted average of offering rates quoted by at least five dealers.

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.

NOTE. Reserve series have been revised to adjust for discontinuities associated with the transitional phase-in of reserve requirements under the Monetary Control Act of 1980

M3 has been revised to incorporate additional data for term repurchase agreements

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						
	Aug.	Sept.	Oct.	Sept. 16	Sept. 23	Sept 30	Oct. 7	Oct. 14	Oct. 21	Oct. 28
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**146,892**	**145,511**	**145,960**	**145,435**	**146,358**	**145,069**	**144,964**	**145,245**	**148,600**	**145,678**
2 U.S government securities[1]	124,522	123,685	123,497	123,252	124,255	123,356	121,883	123,327	125,444	123,457
3 Bought outright	123,950	123,685	123,273	123,252	124,255	123,356	121,883	123,327	124,450	123,457
4 Held under repurchase agreements	572	0	224	0	0	0	0	0	994	0
5 Federal agency securities	8,785	8,671	8,700	8,661	8,661	8,661	8,661	8,657	8,856	8,646
6 Bought outright	8,694	8,671	8,652	8,661	8,661	8,661	8,661	8,657	8,646	8,646
7 Held under repurchase agreements	91	0	48	0	0	0	0	0	210	0
8 Acceptances	102	0	58	0	0	0	0	0	257	0
9 Loans	1,408	1,473	1,149	1,349	1,446	1,448	1,146	1,110	1,255	1,187
10 Float	2,796	3,206	3,285	3,821	3,485	2,758	4,119	2,978	3,507	3,031
11 Other Federal Reserve assets	9,279	8,476	9,271	8,354	8,511	8,846	9,155	9,173	9,280	9,358
12 Gold stock	11,154	11,154	11,152	11,154	11,154	11,152	11,152	11,152	11,152	11,152
13 Special drawing rights certificate account	3,068	3,126	3,318	3,068	3,068	3,318	3,318	3,318	3,318	3,318
14 Treasury currency outstanding	13,627	13,648	13,641	13,627	13,627	13,727	13,636	13,640	13,640	13,643
ABSORBING RESERVE FUNDS										
15 Currency in circulation	138,472	138,525	138,476	139,371	138,232	137,497	137,929	139,164	138,812	138,117
16 Treasury cash holdings	450	453	455	453	455	454	456	458	457	450
Deposits, other than reserves, with Federal Reserve Banks										
17 Treasury	3,208	3,155	3,339	2,997	3,352	3,421	3,545	2,957	3,743	3,069
18 Foreign	280	284	353	270	240	291	378	329	350	318
19 Other	503	592	611	590	536	721	664	577	624	595
20 Required clearing balances	26	54	74	52	58	63	65	72	77	78
21 Other Federal Reserve liabilities and capital	4,778	4,849	5,171	4,815	4,824	4,974	5,214	5,184	5,300	5,030
22 Reserve accounts[2]	27,023	25,527	25,592	24,737	26,510	25,844	24,817	24,613	27,348	26,134
	End-of-month figures			Wednesday figures						
	1981			1981						
	Aug.	Sept.	Oct.	Sept 16	Sept. 23	Sept. 30	Oct 7	Oct. 14	Oct 21	Oct 28
SUPPLYING RESERVE FUNDS										
23 **Reserve bank credit outstanding**	**145,731**	**147,585**	**143,917**	**146,816**	**147,994**	**147,585**	**139,089**	**148,045**	**153,425**	**145,522**
24 U.S government securities[1]	124,522	124,330	123,005	123,105	124,740	124,330	116,307	123,989	127,854	121,495
25 Bought outright	124,522	124,330	123,005	123,105	124,740	124,330	116,307	123,989	124,747	121,495
26 Held under repurchase agreements	0	0	0	0	0	0	0	0	3,107	0
27 Federal agency securities	8,694	8,661	8,646	8,661	8,661	8,661	8,661	8,646	9,173	8,646
28 Bought outright	8,694	8,661	8,646	8,661	8,661	8,661	8,661	8,646	8,646	8,646
29 Held under repurchase agreements	0	0	0	0	0	0	0	0	527	0
30 Acceptances	0	0	0	0	0	0	0	0	801	0
31 Loans	1,254	2,486	924	1,616	2,509	2,486	1,560	2,593	3,315	1,885
32 Float	2,229	2,811	1,690	4,862	3,260	2,811	3,333	3,459	2,786	4,084
33 Other Federal Reserve assets	9,032	9,297	9,652	8,572	8,824	9,297	9,228	9,358	9,496	9,412
34 Gold stock	11,154	11,152	11,152	11,154	11,154	11,152	11,152	11,152	11,152	11,152
35 Special drawing rights certificate account	3,068	3,318	3,318	3,068	3,068	3,318	3,318	3,318	3,318	3,318
36 Treasury currency outstanding	14,234	14,315	13,651	13,627	13,627	14,315	13,640	13,640	13,640	13,651
ABSORBING RESERVE FUNDS										
37 Currency in circulation	138,534	138,508	138,137	139,241	138,073	138,508	138,807	139,583	138,796	138,552
38 Treasury cash holdings	450	457	447	450	456	457	459	459	456	449
Deposits, other than reserves, with Federal Reserve Banks										
39 Treasury	2,595	2,520	3,550	3,925	3,649	3,520	3,665	3,024	3,723	2,842
40 Foreign	256	420	547	211	215	420	214	293	290	264
41 Other	502	843	573	696	443	843	630	565	628	568
42 Required clearing balances	45	63	82	52	58	63	65	72	77	78
43 Other Federal Reserve liabilities and capital	4,805	5,379	5,112	4,640	4,746	5,379	4,766	5,015	5,174	4,831
44 Reserve accounts[2]	27,000	27,180	23,590	25,450	28,203	27,180	18,593	27,144	32,391	26,060

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. Excludes required clearing balances

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									
	1980	1981								
	Dec.	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
1 Reserve balances with Reserve Banks[1]	26,664	26,591	26,722	27,173	26,822	26,819	27,172	27,023	25,527	25,592
2 Total vault cash (estimated)	18,149	17,824	17,327	17,189	17,773	18,198	18,273	18,438	18,927	18,810
3 Vault cash at institutions with required reserve balances[2]	12,602	12,187	11,687	11,687	12,124	12,396	12,504	12,585	12,966	12,881
4 Vault cash equal to required reserves at other institutions	704	763	1,237	1,204	1,310	1,350	1,319	1,364	2,041	2,054
5 Surplus vault cash at other institutions[3]	4,843	4,874	4,403	4,298	4,339	4,452	4,450	4,489	3,920	3,875
6 Reserve balances + total vault cash[4]	44,940	44,524	44,155	44,451	44,683	45,100	45,507	45,513	44,499	44,430
7 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	40,097	39,650	39,752	40,153	40,344	40,648	41,057	41,024	40,579	40,555
8 Required reserves (estimated)	40,067	39,448	39,372	40,071	40,213	40,098	40,675	40,753	40,179	40,438
9 Excess reserve balances at Reserve Banks[4,6]	30	202	380	82	131	550	382	271	400	117
10 Total borrowings at Reserve Banks	1,617	1,278	1,004	1,343	2,154	2,038	1,751	1,408	1,473	1,149
11 Seasonal borrowings at Reserve Banks	116	148	197	161	259	291	248	220	222	152
12 Extended credit at Reserve Banks	n a	n a	n a	n a	n a	n a	n a.	79	301	442
	Weekly averages of daily figures for week ending									
	Aug 26	Sept 2	Sept 9	Sept 16	Sept 23	Sept 30	Oct 7	Oct 14	Oct 21	Oct 28
13 Reserve balances with Reserve Banks[1]	27,780	26,872	24,497	24,737	26,510	25,844	24,817	24,613	27 348	26,134
14 Total vault cash (estimated)	17,995	18,689	19,160	19,390	17,608	19,618	19,391	19,499	17,619	18,558
15 Vault cash at institutions with required reserve balances[2]	12,164	12,705	13,146	13,135	12,205	13,453	13,323	13,154	12,115	12,767
16 Vault cash equal to required reserves at other institutions	1,448	1,459	2,068	2,156	1,909	2,196	2,144	2,235	1,890	1,959
17 Surplus vault cash at other institutions[3]	4,383	4,525	3,946	4,099	3,494	3,969	3,924	4,110	3,614	3,832
18 Reserve balances + total vault cash[4]	45,826	45,609	43,705	44,175	44,163	45,502	44,246	44,137	44,992	44,716
19 Reserve balances + total vault cash used to satisfy reserve requirements[4,5]	41,443	41,084	39,759	40,076	40,669	41,533	40,322	40,027	41,378	40,884
20 Required reserves (estimated)	41,281	40,831	39,307	39,823	40,391	41,009	40,105	39,742	41,245	40,625
21 Excess reserve balances at Reserve Banks[4,6]	162	253	452	253	278	524	217	285	133	259
22 Total borrowings at Reserve Banks	1,726	1,448	1,585	1,349	1,446	1,448	1,146	1,110	1,255	1,187
23 Seasonal borrowings at Reserve Banks	246	246	217	205	230	233	115	158	155	147
24 Extended credit at Reserve Banks	155	190	236	287	325	387	413	423	444	464

1. As of Aug. 13, 1981 excludes required clearing balances of all 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 which exclude required clearing balances 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 which exclude required clearing balances 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								
	Sept 2	Sept 9	Sept 16	Sept 23	Sept 30	Oct 7	Oct 14	Oct 21	Oct 28
One day and continuing contract									
1 Commercial banks in United States	47,564	53,070	54,730	47,157	45,275	51,268	50,532	49,736	45,189
2 Other depository institutions, foreign banks and foreign official institutions, and U.S government agencies	15,414	15,234	16,375	16,742	16,895r	16,513	16,376	18,215	17,671
3 Nonbank securities dealers	2,879	2,325	3,050	3,441	3,125	2,840	3,317	3,318	3,994
4 All other	21,194	20,431	20,564	19,693	19,106r	19,003	18,434	19,021	19,409
All other maturities									
5 Commercial banks in United States	3,281	3,106	3,019	3,237	3,396r	3,604	4,190	3,347	3,185
6 Other depository institutions, foreign banks and foreign official institutions, and U S government agencies	6,860	7,283	7,107	7,708	7,191	7,108	7,382	7,559	7,451
7 Nonbank securities dealers	4,485	4,470	3,987	4,216	4,676	4,808	4,485	4,544	4,506
8 All other	9,351	9,526	9,854	9,898	10,185r	8,937	10,126	9,181	9,758
MEMO Federal funds and resale agreement loans in maturities of one day or continuing contract									
9 Commercial banks in United States	16,550	17,103	19,335	16,151	17,438r	16,745	18,469	17,741	16,077
10 Nonbank securities dealers	2,623	2,883	3,001	2,740	2,939r	3,365	3,205	3,204	2,688

1 Banks with assets of $1 billion or more as of Dec 31, 1977

1.14 FEDERAL RESERVE BANK INTEREST RATES

Percent per annum

Current and previous levels

Federal Reserve Bank	Short-term adjustment credit and seasonal credit[1]			Other extended credit[2]						
				First 60 days of borrowing		Next 90 days of borrowing		After 150 days		Effective date for current rates
	Rate on 10/31/81	Effective date	Previous rate	Rate on 10/31/81	Previous rate	Rate on 10/31/81	Previous rate	Rate on 10/31/81	Previous rate	
Boston	14	5/5/81	13	14	15	15	15	16	15	9/4/81
New York	14	5/5/81	13	14	15	15	15	16	15	8/20/81
Philadelphia	14	5/5/81	13	14	15	15	15	16	15	8/20/81
Cleveland	14	5/5/81	13	14	15	15	15	16	15	8/25/81
Richmond	14	5/5/81	13	14	15	15	15	16	15	8/21/81
Atlanta	14	5/5/81	13	14	15	15	15	16	15	8/21/81
Ohio	14	5/8/81	13	14	15	15	15	16	15	8/27/81
St Louis	14	5/5/81	13	14	15	15	15	16	15	8/25/81
Minneapolis	14	5/5/81	13	14	15	15	15	16	15	8/21/81
Kansas City	14	5/5/81	13	14	15	15	15	16	15	8/27/81
Dallas	14	5/5/81	13	14	15	15	15	16	15	8/20/81
San Francisco	14	5/5/81	13	14	15	15	15	16	15	8/21/81

Range of rates in recent years[3]

Effective date	Range (or level)-All F R. Banks	F R Bank of N Y
In effect Dec 31, 1972	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
1974 - Apr 25	7½- 8	8
30	8	8
Dec. 9	7¾-8	7¾
16	7¾	7¾
1975— Jan 6	7¼–7¾	7¾
10	7¼- 7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6

Effective date	Range (or level) – All F R. Banks	F R Bank of N Y
1976- Jan 19	5½–6	5½
23	5½	5½
Nov 22	5¼- 5½	5¼
26	5¼	5¼
1977– Aug 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept 2	5¾	5¾
Oct 26	6	6
1978 Jan 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7 7¼	7¼
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

Effective date	Range (or level)— All F R Banks	F.R Bank of N Y
1979 - 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
1981— May 5	13–14	14
May 8	14	14
In effect Oct 31, 1981	14	14

1 Effective Oct 12, 1981, a 2 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 moving 13-week period which includes the current week and the 12 preceding weeks The rate for seasonal credit is unaffected by the surcharge

2 Applicable to advances when exceptional circumstances or practices involve only a particular depository institution and to advances when an institution is under sustained liquidity pressures See section 201 3(b)(2) of Regulation A

3 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*

In 1980 and 1981, the Federal Reserve applied a surcharge to short-term adjustment credit borrowings by institutions with deposits of $500 million or more that 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, the surcharge was subsequently raised to 3 percent on Dec 5, 1980 and to 4 percent on May 5, 1981 The surcharge was reduced to 3 percent effective Sept 22, 1981 and to 2 percent effective Oct 12 As of Oct 1, the formula for applying the surcharge was changed from a calendar quarter to a moving 13-week period

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	
	Percent	Effective date
Net demand[2]		
0–2	7	12/30/76
2–10	9½	12/30/76
10–100	11¾	12/30/76
100–400	12¾	12/30/76
Over 400	16¼	12/30/76
Time and savings[2,3]		
Savings	3	3/16/67
Time[4]		
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

Type of deposit, and deposit interval	Depository institution requirements after implementation of the Monetary Control Act[5]	
	Percent	Effective date
Net transaction accounts[6]		
$0–$25 million	3	11/13/80
Over $25 million	12	11/13/80
Nonpersonal time deposits[7]		
By original maturity		
Less than 4 years	3	11/13/80
4 years or more	0	11/13/80
Eurocurrency liabilities		
All types	3	11/13/80

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 Apr. 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 Oct 31, 1981		Previous maximum		In effect Oct 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	5¼	(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 12-month all savers certificates	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
15 2½ years or more	(15)	(15)	(16)	(16)	(15)	(15)	(16)	(16)

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 Mar. 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 October for commercial banks and thrift institutions were as follows Oct 6, 14.468; Oct. 10, 13.750, Oct 20, 14.045, Oct 27, 13 869 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 Oct. 1, 1981, depository institutions are authorized to issue all savers certificates (ASCs) with a 1-year maturity and an annual investment yield equal to 70 percent of the average investment yield for 52-week U.S. Treasury bills as determined by the auction of 52-week U S Treasury bills held immediately before the calendar week in which the certificate is issued A maximum lifetime exclusion of $1,000 ($2,000 on a joint return) from gross income is generally authorized for interest income from ASCs. The annual investment yields for ASCs issued in October (in percent) were as follows Oct. 1, 12.61, Oct. 4, 12.14.

15. Effective Aug 1, 1981, commercial banks may pay interest on any variable ceiling nonnegotiable time deposit with an original maturity of 2½ years to less than 4 years at a rate not to exceed ¼ of 1 percent below the average 2½-year yield for U S Treasury securities as determined and announced by the U.S. Treasury Department immediately before the date of deposit. Mutual savings banks and savings and loan associations may pay interest on these certificates at a rate not to exceed the average 2½ -year yield for U.S Treasury securities as determined and announced by the Treasury Department immediately before the date of deposit If the announced average 2½-year yield for U.S. Treasury securities is less than 9.50 percent, commercial banks may pay 9 25 percent and mutual savings banks and savings and loan associations, 9 50 percent for these deposits. These deposits have no required minimum denomination, and interest may be compounded on them. The ceiling rates of interest at which they may be offered vary biweekly The maximum allowable rates in October (in percent) for commercial banks were as follows: Oct 10, 15.40, Oct 27, 15.30; and for thrift institutions: Oct 10, 15.65; Oct. 27, 15 55.

16. Between Jan. 1, 1980, and Aug. 1, 1981, commercial banks, mutual savings banks, and savings and loan associations were authorized to offer variable ceiling nonnegotiable time deposits with no required minimum denomination and with maturities of 2½ years or more Effective Jan. 1, 1980, the maximum rate for commercial banks was ¾ percentage point below the average yield on 2½-year U.S Treasury securities; the ceiling rate for thrift institutions was 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 for savings and loan associations and commercial banks, savings and loan associations, and mutual savings banks was increased ½ percentage point. The temporary ceiling was retained, and a minimum ceiling of 9.25 percent for commercial banks and 9.50 percent for savings and loan associations and mutual savings banks was established

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	1981						
				Mar	Apr	May	June	July	Aug	Sept
U.S. GOVERNMENT SECURITIES										
Outright transactions (excluding matched sale-purchase transactions)										
Treasury bills										
1 Gross purchases	16,628	15,998	7,668	1,607	1,141	790	295	1,325	1,713	1,753
2 Gross sales	13,725	6,855	7,331	0	0	0	90	0	333	945
3 Exchange	0	0	0	0	0	0	0	0	0	0
4 Redemptions	2,033	2,900	3,389	0	0	0	0	100	0	500
Others within 1 year[1]										
5 Gross purchases	1,184	3,203	912	0	115	0	0	122	0	0
6 Gross sales	0	0	0	0	0	0	0	0	0	0
7 Maturity shift	-5,170	17,339	12,427	878	522	2,900	833	1,073	2,807	628
8 Exchange	0	-11,308	-18,251	-1,385	-261	-1,281	-823	-351	-2,430	-599
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	0	469	0	0	607	0	0
11 Gross sales	0	0	0	0	0	0	0	0	0	0
12 Maturity shift	-178	-12,693	-8,909	-878	-522	-1,724	-833	-1,073	-820	-628
13 Exchange		7,508	13,412	1,385	261	681	823	351	1,724	599
5 to 10 years										
14 Gross purchases	1,526	523	703	0	164	0	0	64	0	0
15 Gross sales	0	0	0	0	0	0	0	0	0	0
16 Maturity shift	2,803	-4,646	-3,092	0	0	-1,176	0	0	-1,987	0
17 Exchange		2,181	2,970	0	0	300	0	0	400	0
Over 10 years										
18 Gross purchases	1,063	454	811	0	89	0	0	182	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	0	0	300	0	0	305	0
All maturities[1]										
22 Gross purchases	24,591	22,325	12,232	1,607	1,977	790	295	2,301	1,713	1,753
23 Gross sales	13,725	6,855	7,331	0	0	0	90	0	333	945
24 Redemptions	2,033	5,500	3,389	0	0	0	0	100	0	500
Matched transactions										
25 Gross sales	511,126	627,350	674,000	32,003	37,251	45,658	51,106	69,972	54,329	52,055
26 Gross purchases	510,854	624,192	675,496	30,441	37,295	43,492	52,607	69,309	55,917	51,555
Repurchase agreements										
27 Gross purchases	151,618	107,051	113,902	1,623	9,458	1,219	3,509	23,217	7,199	0
28 Gross sales	152,436	106,968	113,040	1,246	9,835	1,219	3,509	21,599	8,817	0
29 Net change in U.S. government securities	7,743	6,896	3,869	422	1,644	-1,376	1,706	3,155	1,350	-192
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	15	2	*	26	*	*	33
Repurchase agreements										
33 Gross purchases	40,567	37,321	28,895	494	1,211	186	691	5,182	864	0
34 Gross sales	40,885	36,960	28,863	437	1,268	186	691	4,822	1,225	0
35 Net change in federal agency obligations	-426	681	555	42	-58	0	-26	360	-360	-33
BANKERS ACCEPTANCES										
36 Outright transactions, net	0	0	0	0	0	0	0	0	0	0
37 Repurchase agreements, net	-366	116	73	298	-298	0	0	453	-453	0
38 Net change in bankers acceptances	-366	116	73	298	-298	0	0	453	-453	0
39 **Total net change in System Open Market Account**	**6,951**	**7,693**	**4,497**	**762**	**1,287**	**-1,376**	**1,680**	**3,968**	**536**	**-225**

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		
	Sept. 30	Oct. 7	Oct. 14	Oct. 21	Oct. 28	Aug.	Sept	Oct.
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,152	11,152	11,152	11,152	11,152	11,154	11,152	11,152
2 Special drawing rights certificate account	3,318	3,318	3,318	3,318	3,318	3,068	3,318	3,318
3 Coin	400	402	401	403	403	384	400	418
Loans								
4 To depository institutions	2,486	1,560	2,593	3,315	1,885	1,254	2,486	924
5 Other	0	0	0	0	0	0	0	0
Acceptances								
6 Held under repurchase agreements	0	0	0	801	0	0	0	0
Federal agency obligations								
7 Bought outright	8,661	8,661	8,646	8,646	8,646	8,694	8,661	8,646
8 Held under repurchase agreements	0	0	0	527	0	0	0	0
U.S. government securities								
Bought outright								
9 Bills	46,930	38,907	46,589	47,347	44,095	47,122	46,930	45,605
10 Notes	59,429	59,429	59,429	59,429	59,429	59,429	59,429	59,429
11 Bonds	17,971	17,971	17,971	17,971	17,971	17,971	17,971	17,971
12 Total[1]	124,330	116,307	123,989	124,747	121,495	124,522	124,330	123,005
13 Held under repurchase agreements	0	0	0	3,107	0	0	0	0
14 Total U S. government securities	124,330	116,307	123,989	127,854	121,495	124,522	124,330	123,005
15 Total loans and securities	**135,477**	**126,528**	**135,228**	**141,143**	**132,026**	**134,470**	**135,477**	**132,575**
16 Cash items in process of collection	9,824	9,662	12,381	9,316	10,035	7,606	9,824	7,954
17 Bank premises	487	488	488	490	491	484	487	491
Other assets								
18 Denominated in foreign currencies[2]	5,567	5,589	5,589	5,601	5,607	5,713	5,567	5,717
19 All other[3]	3,243	3,151	3,281	3,405	3,314	2,835	3,243	3,444
20 Total assets	**169,468**	**160,290**	**171,838**	**174,828**	**166,346**	**165,714**	**169,468**	**165,069**
LIABILITIES								
21 Federal Reserve notes	125,050	126,028	126,803	126,015	125,752	125,134	125,050	125,351
Deposits								
22 Depository institutions	27,243	18,658	27,216	32,468	26,138	27,045	27,243	23,672
23 U S. Treasury—General account	3,520	3,665	3,024	3,723	2,842	2,595	3,520	3,550
24 Foreign—Official accounts	420	214	293	290	264	256	420	547
25 Other	843	630	565	628	568	502	843	573
26 Total deposits	**32,026**	**23,167**	**31,098**	**37,109**	**29,812**	**30,398**	**32,026**	**28,342**
27 Deferred availability cash items	7,013	6,329	8,922	6,530	5,951	5,377	7,013	6,264
28 Other liabilities and accrued dividends[4]	2,440	1,936	2,208	2,355	2,000	1,801	2,440	2,114
29 Total liabilities	**166,529**	**157,460**	**169,031**	**172,009**	**163,515**	**162,710**	**166,529**	**162,071**
CAPITAL ACCOUNTS								
30 Capital paid in	1,257	1,258	1,258	1,261	1,268	1,256	1,257	1,268
31 Surplus	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203
32 Other capital accounts	479	369	346	355	360	545	479	527
33 Total liabilities and capital accounts	**169,468**	**160,290**	**171,838**	**174,828**	**166,346**	**165,714**	**169,468**	**165,069**
34 MEMO: Marketable U.S government securities held in custody for foreign and international account	91,462	90,842	91,163	90,490	90,482	92,025	91,462	90,857
	Federal Reserve note statement							
35 Federal Reserve notes outstanding (issued to bank)	149,794	149,941	150,070	150,382	150,613	149,051	149,794	150,552
36 LESS: Held by bank[5]	24,744	23,913	23,267	24,367	24,861	23,917	24,744	25,201
37 Federal Reserve notes, net	125,050	126,028	126,803	126,015	125,752	125,134	125,050	125,351
Collateral for Federal Reserve notes								
38 Gold certificate account	11,152	11,152	11,152	11,152	11,152	11,154	11,152	11,152
39 Special drawing rights certificate account	3,318	3,318	3,318	3,318	3,318	3,068	3,318	3,318
40 Other eligible assets	0	204	0	0	0	0	0	0
41 U.S. government and agency securities	110,580	111,354	112,333	111,545	111,282	110,912	110,580	110,881
42 Total collateral	**125,050**	**126,028**	**126,803**	**126,015**	**125,752**	**125,134**	**125,050**	**125,351**

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 special investment account at Chicago of Treasury bills maturing within 90 days

4 Includes exchange-translation account reflecting the monthly revaluation at market exchange rates of foreign-exchange commitments.

5. 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		
	Sept 30	Oct 7	Oct 14	Oct 21	Oct 28	Aug 31	Sept 30	Oct. 30
1 Loans—Total	2,486	1,560	2,593	3,315	1,885	1,254	2,486	924
2 Within 15 days	2,440	1,473	2,480	3,282	1,834	1,169	2,440	843
3 16 days to 90 days	46	87	113	33	51	85	46	81
4 91 days to 1 year	0	0	0	0	0	0	0	0
5 Acceptances—Total	0	0	0	801	0	0	0	0
6 Within 15 days	0	0	0	801	0	0	0	0
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	124,330	116,307	123,989	127,854	121,495	124,522	124,330	123,005
10 Within 15 days[1]	4,218	4,577	4,209	7,825	4,421	3,589	4,218	2,692
11 16 days to 90 days	24,805	18,166	25,311	25,622	22,648	24,422	24,805	26,464
12 91 days to 1 year	32,896	31,153	32,058	31,996	32,015	34,071	32,896	31,438
13 Over 1 year to 5 years	34,689	34,689	34,689	34,689	34,689	34,718	34,689	34,689
14 Over 5 years to 10 years	11,519	11,519	11,519	11,519	11,519	11,519	11,519	11,519
15 Over 10 years	16,203	16,203	16,203	16,203	16,203	16,203	16,203	16,203
16 Federal agency obligations—Total	8,661	8,661	8,646	9,173	8,646	8,694	8,661	8,646
17 Within 15 days[1]	200	136	153	690	71	195	200	71
18 16 days to 90 days	522	621	630	574	741	553	522	741
19 91 days to 1 year	1,631	1,596	1,572	1,631	1,465	1,692	1,631	1,465
20 Over 1 year to 5 years	4,730	4,730	4,713	4,690	4,781	4,638	4,730	4,781
21 Over 5 years to 10 years	977	977	1,005	1,015	1,015	1,015	977	1,015
22 Over 10 years	601	601	573	573	573	601	601	573

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	1978	1979	1980	1981				
				May	June	July	Aug	Sept
	Debits to demand deposits[1] (seasonally adjusted)							
1 All commercial banks	40,297 8	49,775.0	63,013.4	74,800.5	78,745.3	83,356.8	89,723.4	85,571.0
2 Major New York City banks	15,008.7	18,512.7	25,192 5	29,610.9	32,262 4	37,282.6	41,877 2	37,477.2
3 Other banks	25,289.1	31,262 3	37,820 9	45,189.6	46,482.8	46,074 2	47,846.3	48,093 8
	Debits to savings deposits[2] (not seasonally adjusted)							
4 ATS/NOW[3]	17.1	83 3	158 4	693.3	808.8	798.2	745.0	820.2
5 Business[4]	56.7	77 3	93 4	112 0	113.8	120 6	118 1	122 0
6 Others[5]	359.7	515 2	605 3	518.3	586.4	605 5	595.5	577 0
7 All accounts	432.9	675 8	857.2	1,323 6	1,509.0	1,524 3	1,458.6	1,519.2
	Demand deposit turnover[1] (seasonally adjusted)							
8 All commercial banks	139 4	163 5	201.6	260.9	281 3	296.1	316 8	303.3
9 Major New York City banks	541.9	646 2	813.7	975.1	1,085.4	1,288.6	1,338.1	1,204 4
10 Other banks	96.8	113 3	134.3	176.3	185.8	182.4	189.9	191.6
	Savings deposit turnover[2] (not seasonally adjusted)							
11 ATS/NOW[3]	7 0	7.8	9 7	13.5	15 2	14 7	13.5	14.5
12 Business[4]	5 1	7.2	9 3	11.7	12.3	13 2	13.5	14.3
13 Others[5]	1 7	2.7	3.4	3.3	3.7	3.9	3.9	3.9
14 All accounts	1 9	3.1	4 2	6.0	6.9	6.9	6.7	7.1

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	1981 May	1981 June	1981 July	1981 Aug.	1981 Sept
	Seasonally adjusted								
MEASURES[1]									
1 M1-A	331.4	354.8	372.7	387.7	364.9	361.9	361.3	362.2	359.9
2 M1-B	336.4	364.2	390.5	415.6	431.5	428.8	430.1	432.7[r]	431.7
3 M2	1,296.4	1,404.2	1,525.2	1,669.4	1,743.4	1,749.3	1,760.1	1,777.1[r]	1,786.6
4 M3	1,462.5	1,625.9	1,775.6	1,965.1	2,060.8	2,079.0	2,094.0	2,117.3[r]	2,131.8
5 L[2]	1,722.7	1,936.8	2,151.7	2,378.4	2,480.1	2,502.7	2,521.3	n.a.	n.a.
COMPONENTS									
6 Currency	88.6	97.4	106.1	116.1	119.8	119.9	120.8	121.2	121.1
7 Demand deposits	239.7	253.9	262.8	267.4	240.7	237.9	236.4	236.7	234.4
8 Travelers checks[3]	3.1	3.5	3.8	4.2	4.4	4.2	4.1	4.3	4.4
9 Savings deposits	486.5	475.5	416.5	393.0	361.1	354.0	349.1	340.7[r]	334.3
10 Small-denomination time deposits[4]	453.8	533.3	652.7	756.8	798.4	807.7	811.3	822.0[r]	831.0
11 Large-denomination time deposits[5]	145.1	194.0	219.7	256.8	277.2	287.3	290.3	296.6[r]	298.5
	Not seasonally adjusted								
MEASURES[1]									
12 M1-A	340.1	364.2	382.5	397.7	359.4	361.1	363.5	360.7[r]	359.9
13 M1-B	345.1	373.6	400.6	425.9	424.4	428.4	432.9	431.2[r]	432.2
14 M2	1,299.0	1,409.0	1,531.3	1,675.2	1,737.5	1,751.5	1,765.0	1,773.5	1,783.2
15 M3	1,467.7	1,634.8	1,786.0	1,975.6	2,054.0	2,075.6	2,094.6	2,110.7[r]	2,126.2
16 L[2]	1,726.7	1,943.9	2,159.4	2,385.0	2,478.0	2,501.4	2,520.1	n.a.	n.a.
COMPONENTS									
17 Currency	90.3	99.4	108.3	118.4	119.3	119.9	121.4	121.4[r]	121.0
18 Demand deposits	247.0	261.5	270.8	275.4	235.9	237.0	237.4	234.5	234.4
19 Travelers checks[3]	2.9	3.3	3.5	3.9	4.2	4.3	4.7	4.7	4.5
20 Other checkable deposits[6]	5.0	9.4	18.2	28.3	65.3	67.6	69.7	70.8	72.6
21 Overnight RPs and Eurodollars[7]	18.6	23.9	25.4	32.4	38.3	39.7	39.2	40.2	36.4
22 Money market mutual funds	3.8	10.3	43.6	75.8	118.1	122.8	134.3	145.4	156.9
23 Savings deposits	483.1	472.6	413.9	390.2	359.7	355.4	352.9	343.7[r]	337.1
24 Small-denomination time deposits[1]	451.3	531.7	651.4	755.2	801.0	808.9	809.6	816.8[r]	824.4
25 Large-denomination time deposits[5]	147.7	198.1	223.9	261.4	276.3	281.6	286.0	293.6[r]	296.2

1 Composition of the money stock measures is as follows

M1-A: 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; (2) currency outside the Treasury, Federal Reserve Banks, and the vaults of commercial banks, and (3) travelers checks of nonbank issuers.

M1-B: M1-A 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

M2: M1-B 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

M3: M2 plus large-denomination time deposits at all depository institutions and term RPs at commercial banks and savings and loan associations.

2 L: M3 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 Outstanding amount of U.S. dollar-denominated travelers checks of nonbank issuers.

4. Small-denomination time deposits are those issued in amounts of less than $100,000.

5 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

6 Includes ATS and NOW balances at all institutions, credit union share draft balances, and demand deposits at mutual savings banks

7 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 AND MEMBER BANK DEPOSITS[1]

Billions of dollars, averages of daily figures

Item	1978 Dec	1979 Dec	1980 Dec.	1981 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug	Sept
	Seasonally adjusted											
1 **Total reserves[2]**	**41.16**	**43.46**	**40.13**	**40.06**	**39.88**	**40.19**	**40.32**	**40.76**	**40.75**	**41.00**	**41.48**	**41.12**
2 Nonborrowed reserves	40.29	41.98	38.44	38.67	38.58	39.19	38.99	38.54	38.72	39.32	40.06	39.67
3 Required reserves	40.93	43.13	39.66	39.75	39.61	39.94	40.20	40.59	40.50	40.75	41.28	40.80
4 Monetary base[3]	142.0	153.6	159.5	160.1	160.4	161.2	162.2	163.5	163.7	164.8	165.7	164.6
5 **Member bank deposits subject to reserve requirements[4]**	**616.1**	**644.5**	**701.8**	**703.8**	**704.3**	**703.4**	**711.3**	**715.1**	**720.8**	**728.2**	**740.2**	**744.6**
6 Time and savings	428.7	451.2	504.0	517.5	523.4	524.7	531.1	538.1	545.6	553.8	565.3	570.9
Demand												
7 Private	185.1	191.5	195.9	184.1	178.8	176.7	177.4	174.7	173.3	172.2	172.6	171.5
8 U.S. government	2.2	1.8	1.9	2.3	2.1	2.0	2.8	2.3	1.9	2.2	2.3	2.1
	Not seasonally adjusted											
9 Monetary base[3]	144.6	156.2	162.4	161.0	158.8	159.5	161.6	162.6	163.3	165.4	165.4	163.9
10 **Member bank deposits subject to reserve requirements[4]**	**624.0**	**652.7**	**710.3**	**712.6**	**701.5**	**702.9**	**713.5**	**710.0**	**719.7**	**727.7**	**734.7**	**741.6**
11 Time and savings	429.6	452.1	505.0	520.6	524.9	527.8	531.6	538.1	545.0	552.7	562.5	568.1
Demand												
12 Private	191.9	198.6	203.2	189.9	174.5	173.0	178.9	169.8	172.2	173.0	170.3	171.0
13 U.S. government	2.5	2.0	2.1	2.1	2.1	2.1	3.0	2.1	2.5	2.0	1.9	2.5

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 balances with Federal Reserve Banks plus vault cash at institutions with required reserve balances plus vault cash equal to required reserves at other institutions

3. 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.

4. 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		1978 Dec	1979 Dec.	1980 Dec	1981	
				Aug.	Sept				Aug.	Sept
	Seasonally adjusted					Not seasonally adjusted				
1 **Total loans and securities[2]**	**1,013.4[3]**	**1,134.6[4]**	**1,237.2[5]**	**1,302.8**	**1,314.2**	**1,022.5[3]**	**1,145.0[4]**	**1,248.8[5]**	**1,302.2**	**1,316.1**
2 U.S. Treasury securities	93.3	93.8	110.7	119.4	117 6	94 5	95.0	112 1	117.0	115 6
3 Other securities	173.2[3]	191 8	213 9	221.9	223 9	173 9[3]	192.6	214 8	221.5	224 0
4 Total loans and leases[2]	746.9[3]	848.9[4]	912 7[5]	961 5	972 7	754 2[3]	857.4[4]	922.0[5]	963 8	976 6
5 Commercial and industrial loans	246.1[6]	291 1[4]	324.9[5]	349 7	355 1	47.7[6]	293.0[4]	327 0[5]	349 4	355 0
6 Real estate loans	210 5	241.3[4]	260.6[5]	275 3[r]	277 4	210.9	241.8[4]	261.1[5]	276.1[r]	278 8
7 Loans to individuals	164.7	184 9	175 2	173.8	n a	165 6	186 0	176 2	175.4	n.a.
8 Security loans	19.3	18 6	17.6	17.7	18 5	20 6	19.8	18.8	17.8	18.6
9 Loans to nonbank financial institutions	27.1[8]	28 8[4]	28.7[5]	29.7	29 3	27.6[8]	29.3[4]	29.2[5]	30.0	29 8
10 Agricultural loans	28.2	31 1	31 6	33.0	33 2	28 1	30 9	31.4	33.7	33.8
11 Lease financing receivables	7.5	9.3	10.9	12.4	12 5	7.5	9.3	10.9	12.4	12 5
12 All other loans	43.6[3]	44 0	63 3	69.8[r]	n a.	46.2[3]	47.3	67.3	69.0	n a
MEMO:										
13 **Total loans and securities plus loans sold[2,9]**	**1,017.1[3]**	**1,137.6[4 10]**	**1,239.9[5]**	**1,305.4**	**1,316.9**	**1,026.2[3]**	**1,148.0[4,10]**	**1,251.5[5]**	**1,304.9**	**1,318.8**
14 Total loans plus loans sold[2,9]	750.6[3]	851.9[4 10]	915.4[5]	964 1	975 4	757.9[3]	860 4[4,10]	924 7[5]	966 4	979 3
15 Total loans sold to affiliates[9]	3.7	3.0[8,10]	2.7	2.6	2.7	3 7	3 0[8,10]	2 7	2 6	2 7
16 Commercial and industrial loans plus loans sold[9]	248.0[6,11]	293 1[4 10]	326 6[5]	351.7	357 2	249 6[6,11]	295.0[4,10]	328 8[5]	351.4	357.0
17 Commercial and industrial loans sold[9]	1.9[11]	2 0[10]	1.8	2.0	2 0	1.9[11]	2.0[10]	1 8	2 0	2 0
18 Acceptances held	6 6	8.2	8.2	9 3	9 4	7 3	9 1	8 8	8 9	8.9
19 Other commercial and industrial loans	239 5	282.9	316 7	340 3	345 8	240 4	283 9	318 2	340 5	346.1
20 To U.S. addressees[12]	226 0	264.1	295.2	314.6	320 2	225 9	264.1	295 2	315.2	320.8
21 To non-U.S addressees	13 5	18 8	21 5	25.7	25 6	14.5	19.8	23.0	25 3	25 3
22 Loans to foreign banks	21.5	18 5	23.1	22.4	23 7	23.2	20.0	24.8	22.2	23.4

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. 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.
6. As of Dec. 31, 1978, commercial and industrial loans were reduced $0 1 billion as a result of reclassifications.
7. An accounting procedure change by one bank reduced commercial and industrial loans by $0 1 billion as of Apr. 1, 1981.
8 As of Dec 1, 1978, nonbank financial loans were reduced $0 1 billion as the result of reclassification
9 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
10 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.
11 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
12 United States includes the 50 states and the District of Columbia.

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

1.24 MAJOR NONDEPOSIT FUNDS OF COMMERCIAL BANKS[1]

Monthly averages, billions of dollars

Source	December outstanding			Outstanding in 1981								
	1978	1979	1980	Jan	Feb	Mar.	Apr	May	June	July	Aug.	Sept
Total nondeposit funds												
1 Seasonally adjusted[2]	91.2	121.1	121.2	124.7	122.2	117.2	111.6	118.0	120.3	119.4	120.6	117.5
2 Not seasonally adjusted	90.2	119.8	120.6	122.1	121.5	116.9	111.1	122.5	121.0	120.1	123.6	121.6
Federal funds, RPs, and other borrowings from nonbanks[3]												
3 Seasonally adjusted	80.7	90.0	110.3	113.7	111.2	110.9	109.8	107.1	112.4	111.8	108.9	107.0
4 Not seasonally adjusted	79.7	88.7	109.7	111.1	110.4	110.7	109.4	111.5	113.2	112.5	111.9	111.1
5 Net balances due to foreign-related institutions, not seasonally adjusted	6.8	28.1	8.2	8.2	8.2	3.5	-.9	8.2	5.0	4.9	9.1	7.8
6 Loans sold to affiliates, not seasonally adjusted[4,5]	3.7	3.0	2.7	2.8	2.8	2.8	2.7	2.8	2.8	2.7	2.6	2.7
MEMO												
7 Domestically chartered banks net positions with own foreign branches, not seasonally adjusted[6]	-10.2	6.5	-14.7	-16.2	-14.7	-17.0	-21.3	-13.6	-14.6[r]	-14.6[r]	-10.2	-12.3
8 Gross due from balances	24.9	22.8	37.5	37.5	36.3	38.8	43.0	43.4[r]	42.5	45.0[r]	43.7	44.5
9 Gross due to balances	14.7	29.3	22.8	21.2	21.6	21.8	21.7	29.8	27.8	30.4	33.5	32.2
10 Foreign-related institutions net positions with directly related institutions, not seasonally adjusted[7]	17.0	21.6	22.9	24.4	22.9	20.5	20.4	21.8	19.6	19.5	19.3	20.0
11 Gross due from balances	14.3	28.9	32.5	31.5	31.8	31.9	33.8	34.9	35.5	33.7	34.0	35.1
12 Gross due to balances	31.3	50.5	55.4	55.9	54.7	52.3	54.1	56.7	55.2	53.2	53.3	55.2
Security RP borrowings												
13 Seasonally adjusted[8]	45.0	49.7	65.0	69.7	68.1	68.2	68.3	65.7	72.4	71.4	68.8	67.2
14 Not seasonally adjusted	43.8	48.4	63.3	66.0	66.2	66.8	66.8	69.0	72.0	71.0	70.7	70.2
U.S. Treasury demand balances[9]												
15 Seasonally adjusted	8.7	8.9	8.4	7.0	8.3	11.9	12.4	14.3	10.9	11.8	9.2	8.9
16 Not seasonally adjusted	10.3	9.7	9.0	8.0	8.2	10.4	12.2	12.5	12.4	10.7	7.5	11.2
Time deposits, $100,000 or more[10]												
17 *Seasonally adjusted*	213.0	227.1	265.8	277.0	282.5	281.1	284.3	294.8	303.6	312.4	322.0	324.9
18 Not seasonally adjusted	217.9	232.8	272.4	282.0	287.0	285.9	283.7	293.6	298.4	304.6	314.6	320.0

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. Movement of federal funds, RPs, and other borrowings from nonbanks (lines 3 and 4) is based on fluctuations in security RP borrowings (lines 13 and 14) and borrowings from unaffiliated foreign sources (not shown) after October 1980

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									
	Dec	Jan.	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct.
DOMESTICALLY CHARTERED COMMERCIAL BANKS[1]											
1 Loans and securities, excluding interbank	1,177.1	1,166.0	1,167.0	1,169.5	1,187.8	1,194.6	1,205.3	1,213.2	1,220.6	1,241.8	1,239.3
2 Loans, excluding interbank	851.4	840.2	839.0	840.6	855.4	862.4	872.2	879.2	886.8	904.4	901.0
3 Commercial and industrial	281.5	277.6	276.3	277.5	285.4	287.9	293.1	295.8	299.0	306.1	307.6
4 Other	569.9	562.6	562.7	563.1	570.1	574.5	579.1	583.4	587.9	598.3	593.4
5 U.S. Treasury securities	111.2	112.0	113.7	112.9	115.8	114.9	116.1	115.8	114.0	112.4	114.0
6 Other securities	214.6	213.8	214.3	216.0	216.6	217.3	216.9	218.2	219.8	225.0	224.3
7 Cash assets, total	194.2	159.3	165.9	167.9	181.8	180.3	169.8	161.1	173.2	195.3	154.7
8 Currency and coin	19.9	18.7	18.6	17.8	18.8	19.5	19.1	19.6	20.2	19.3	19.8
9 Reserves with Federal Reserve Banks	28.2	25.2	30.4	31.8	38.3	25.2	25.4	27.0	25.4	26.8	25.3
10 Balances with depository institutions	63.0	54.9	54.6	55.1	57.3	62.0	60.7	56.8	66.0	73.6	54.1
11 Cash items in process of collection	83.0	60.5	62.3	63.3	67.4	73.6	64.6	57.7	61.6	75.6	55.5
12 Other assets[2]	165.6	155.8	160.1	163.4	167.7	158.8	168.6	158.8	164.2	180.0	171.3
13 Total assets/total liabilities and capital	**1,537.0**	**1,481.0**	**1,493.0**	**1,500.9**	**1,537.3**	**1,533.7**	**1,543.7**	**1,533.2**	**1,557.9**	**1,617.1**	**1,565.3**
14 Deposits	1,187.4	1,128.7	1,132.0	1,136.5	1,151.7	1,170.3	1,165.9	1,160.8	1,182.2	1,225.6	1,177.7
15 Demand	432.2	351.1	345.5	345.3	356.8	360.7	350.9	333.6	342.5	378.1	323.9
16 Savings	201.3	211.9	214.3	220.5	222.7	220.9	220.7	219.8	218.0	217.6	214.9
17 Time	553.8	565.7	572.3	570.7	572.2	588.7	594.3	607.3	621.7	629.9	638.8
18 Borrowings	156.4	156.4	163.2	163.8	179.5	155.7	169.3	159.3	163.7	175.8	173.3
19 Other liabilities	79.0	76.7	80.3	80.6	81.8	82.3	81.8	86.3	89.8	91.5	89.4
20 Residual (assets less liabilities)	114.2	119.3	117.5	120.0	124.3	125.4	126.7	126.7	122.1	124.3	125.0
MEMO											
21 U.S. Treasury note balances included in borrowing	9.5	9.5	8.5	10.2	16.9	5.5	17.4	7.2	6.9	15.3	13.9
22 Number of banks	14,693	14,689	14,696	14,701	14,713	14,719	14,719	14,719	14,720	14,720	14,740
ALL COMMERCIAL BANKING INSTITUTIONS[3]											
23 Loans and securities, excluding interbank	1,262.4			1,253.8			1,290.7				
24 Loans, excluding interbank	932.5			920.9			953.3				
25 Commercial and industrial	330.6			329.3			343.2				
26 Other	601.9			591.6			610.1				
27 U.S. Treasury securities	113.6			115.2			118.5				
28 Other securities	216.3			217.7			218.9				
29 Cash assets, total	218.6			193.6			211.5				
30 Currency and coin	20.0			17.8			19.1				
31 Reserves with Federal Reserve Banks	29.0			32.7			26.6				
32 Balances with depository institutions	85.0			77.9			98.2				
33 Cash items in process of collection	84.7			65.3			67.6				
34 Other assets[2]	222.7			225.5			234.3				
35 Total assets/total liabilities and capital	**1,703.7**			**1,673.0**			**1,736.5**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
36 Deposits	1,239.9			1,190.6			1,236.7				
37 Demand	453.6			367.4			389.4				
38 Savings	201.6			220.7			220.9				
39 Time	584.7			602.5			626.4				
40 Borrowings	210.4			223.3			230.6				
41 Other liabilities	135.5			137.2			140.7				
42 Residual (assets less liabilities)	117.9			121.9			128.6				
MEMO.											
43 U.S. Treasury note balances included in borrowing	9.5			10.2			17.4				
44 Number of banks	15,120			15,147			15,188				

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 the last day of the quarter.

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								
	Sept 2	Sept 9	Sept. 16	Sept 23	Sept. 30p	Oct. 7p	Oct. 14p	Oct. 21p	Oct. 28p
1 Cash items in process of collection	53,952	56,525	58,636	51,874	62,212	47,086	58,835	46,977	44,620
2 Demand deposits due from banks in the United States	20,743	23,504	22,972	21,282	25,731	6,930	7,207	6,537	7,028
3 All other cash and due from depository institutions	33,734	29,636	34,576	34,576	33,370	25,826	34,414	38,317	32,772
4 **Total loans and securities**	**585,652**	**587,229**	**586,916**	**581,035**	**596,593**	**594,495**	**594,214**	**593,666**	**585,827**
Securities									
5 U.S Treasury securities	38,856	39,399	39,370	38,075	37,783	38,363	37,826	37,668	38,417
6 Trading account	6,868	7,397	7,499	6,477	6,132	6,601	6,338	6,219	6,906
7 Investment account, by maturity	31,988	32,002	31,871	31,598	31,650	31,762	31,488	31,450	31,511
8 One year or less	9,519	9,519	9,395	9,240	9,625	9,704	9,597	9,548	9,632
9 Over one through five years	18,995	18,966	18,934	18,825	18,504	18,475	18,304	18,332	18,281
10 Over five years	3,473	3,517	3,543	3,532	3,522	3,583	3,586	3,569	3,598
11 Other securities	78,692	77,794	77,553	77,363	79,496	78,304	78,119	77,964	78,034
12 Trading account	3,720	2,722	2,425	2,341	4,278	2,985	2,622	2,430	2,327
13 Investment account	74,972	75,072	75,128	75,022	75,218	75,319	75,497	75,534	75,707
14 U S government agencies	16,374	16,317	16,206	16,128	16,086	16,183	16,091	16,173	16,142
15 States and political subdivisions, by maturity	55,732	55,889	56,047	56,048	56,292	56,286	56,532	56,540	56,722
16 One year or less	7,450	7,541	7,626	7,597	7,852	7,949	7,964	8,024	7,969
17 Over one year	48,282	48,348	48,421	48,451	48,440	48,337	48,568	48,516	48,754
18 Other bonds, corporate stocks and securities	2,866	2,866	2,875	2,846	2,839	2,849	2,873	2,821	2,843
Loans									
19 Federal funds sold[1]	29,065	31,358	30,668	28,385	32,978	33,963	33,012	31,717	28,272
20 To commercial banks	21,187	23,633	22,700	20,811	24,071	22,976	24,425	23,504	19,283
21 To nonbank brokers and dealers in securities	5,977	5,798	6,121	5,940	6,910	7,496	6,472	6,179	5,824
22 To others	1,902	1,927	1,847	1,634	1,997	3,490	2,115	2,034	3,165
23 Other loans, gross	451,358	451,025	451,687	449,580	458,545	456,182	457,613	458,704	453,509
24 Commercial and industrial	184,974	184,083	185,181	184,955	188,057	188,094	188,339	188,342	187,404
25 Bankers acceptances and commercial paper	3,721	3,149	3,082	2,897	3,702	3,444	3,664	3,692	3,603
26 All other	181,254	180,934	182,099	182,058	184,356	184,650	184,675	184,649	183,800
27 U.S. addressees	173,706	173,495	174,784	174,636	177,001	177,224	177,217	177,233	176,508
28 Non-U.S. addressees	7,548	7,439	7,315	7,422	7,355	7,426	7,458	7,416	7,293
29 Real estate	120,293	120,551	121,023	121,312	121,588	121,809	122,158	122,382	122,553
30 To individuals for personal expenditures	72,335	72,480	72,583	72,824	72,992	73,072	73,101	73,106	73,290
To financial institutions									
31 Commercial banks in the United States	6,837	7,258	6,724	6,378	6,849	6,477	6,897	6,726	6,502
32 Banks in foreign countries	9,790	10,444	9,811	9,822	10,434	9,868	10,408	9,676	9,380
33 Sales finance, personal finance companies, etc	10,614	10,223	10,266	9,861	10,428	10,281	10,318	10,183	9,798
34 Other financial institutions	16,523	16,415	16,296	15,806	15,864	16,066	15,973	15,854	15,616
35 To nonbank brokers and dealers in securities	5,992	5,277	5,464	5,243	7,595	6,977	5,626	4,996	5,870
36 To others for purchasing and carrying securities[2]	2,624	2,625	2,566	2,577	2,604	2,590	2,595	2,619	2,613
37 To finance agricultural production	5,977	5,942	5,965	5,986	5,976	5,976	5,986	5,929	5,904
38 All other	15,399	15,727	15,806	14,816	16,158	14,971	16,211	18,890	14,579
39 LESS: Unearned income	5,964	5,969	5,980	5,990	5,855	5,932	5,967	5,967	5,970
40 Loan loss reserve	6,355	6,378	6,383	6,379	6,353	6,384	6,389	6,420	6,435
41 Other loans, net	439,039	438,677	439,324	437,211	446,336	443,866	445,256	446,316	441,104
42 Lease financing receivables	10,512	10,526	10,503	10,515	10,581	10,557	10,563	10,573	10,628
43 All other assets	90,839	94,109	92,178	90,364	96,054	97,085	97,279	92,487	93,482
44 **Total assets**	**795,433**	**801,529**	**805,782**	**789,646**	**824,542**	**781,979**	**802,512**	**788,557**	**774,358**
Deposits									
45 Demand deposits	187,392	193,958	197,483	183,524	209,231	169,147	182,836	167,626	163,399
46 Mutual savings banks	640	677	646	567	691	762	712	608	592
47 Individuals, partnerships, and corporations	127,974	130,941	133,744	123,787	135,882	127,244	137,064	127,784	123,721
48 States and political subdivisions	4,532	4,136	4,698	4,734	5,137	4,661	4,425	4,417	4,140
49 U.S. government	1,106	1,975	3,102	2,488	2,196	1,662	1,417	1,167	1,562
50 Commercial banks in the United States	36,984	38,651	37,841	34,355	44,134	18,552	21,350	18,665	18,016
51 Banks in foreign countries	7,451	8,640	8,559	8,912	10,794	8,014	9,320	7,898	8,211
52 Foreign governments and official institutions	1,427	2,315	1,685	1,774	1,551	1,054	884	931	1,216
53 Certified and officers' checks	7,276	6,622	7,208	6,906	8,847	7,198	7,662	6,157	5,941
54 Time and savings deposits	349,910	347,990	347,188	348,214	349,196	354,145	352,540	350,895	350,803
55 Savings	76,204	76,668	76,338	74,966	75,388	76,029	75,478	75,096	74,568
56 Individuals and nonprofit organizations	72,672	73,082	72,838	71,487	71,885	72,433	71,937	71,591	71,066
57 Partnerships and corporations operated for profit	3,007	3,052	2,967	2,949	2,935	2,959	2,945	2,939	2,954
58 Domestic governmental units	502	508	511	509	546	615	574	544	525
59 All other	24	26	22	20	22	22	22	22	22
60 Time	273,705	271,322	270,850	273,248	273,809	278,116	277,063	275,799	276,234
61 Individuals, partnerships, and corporations	239,801	237,809	237,427	239,516	240,298	244,384	243,410	242,125	242,838
62 States and political subdivisions	19,686	19,479	19,263	19,530	19,205	19,332	19,470	19,505	19,477
63 U.S. government	238	269	243	230	209	209	228	250	238
64 Commercial banks in the United States	8,509	8,411	8,638	8,789	8,870	9,043	8,869	8,802	8,594
65 Foreign governments, official institutions, and banks	5,470	5,355	5,279	5,183	5,227	5,149	5,085	5,117	5,087
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,240	744	700	1,423	1,412	854	1,839	2,398	953
67 Treasury tax-and-loan notes	3,093	997	7,194	8,237	12,082	5,071	6,501	9,577	9,856
68 All other liabilities for borrowed money[3]	129,203	135,706	130,711	124,385	125,805	128,690	135,453	132,099	124,771
69 Other liabilities and subordinated notes and debentures	71,746	69,206	69,670	71,262	73,585	70,745	69,917	72,555	71,254
70 **Total liabilities**	**742,583**	**748,601**	**752,946**	**737,046**	**771,312**	**728,652**	**749,086**	**735,150**	**721,035**
71 Residual (total assets minus total liabilities)[4]	52,850	52,928	52,836	52,600	53,229	53,327	53,426	53,407	53,323

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. 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								
	Sept 2	Sept 9	Sept 16	Sept 23	Sept 30p	Oct 7p	Oct 14p	Oct 21p	Oct. 28p
1 Cash items in process of collection	50,878	53,109	55,190	48,925	59,068	44,210	54,977	43,858	41,972
2 Demand deposits due from banks in the United States	20,081	22,720	22,272	20,647	25,094	6,342	6,591	5,958	6,455
3 All other cash and due from depository institutions	31,717	27,644	32,339	32,272	31,131	23,955	32,029	35,978	30,528
4 **Total loans and securities**	**546,969**	**548,335**	**547,984**	**542,339**	**557,688**	**555,115**	**555,020**	**554,737**	**547,039**
Securities									
5 U.S. Treasury securities	35,456	35,967	35,947	34,666	34,322	34,995	34,348	34,255	35,014
6 Trading account	6,798	7,323	7,424	6,415	6,017	6,515	6,247	6,148	6,826
7 Investment account, by maturity	28,658	28,644	28,523	28,251	28,306	28,480	28,101	28,107	28,188
8 One year or less	8,595	8,572	8,462	8,333	8,668	8,813	8,602	8,608	8,723
9 Over one through five years	16,922	16,903	16,866	16,720	16,428	16,396	16,224	16,241	16,178
10 Over five years	3,141	3,169	3,194	3,198	3,210	3,270	3,274	3,258	3,287
11 Other securities	72,385	71,499	71,270	71,053	73,101	71,962	71,735	71,586	71,657
12 Trading account	3,661	2,673	2,373	2,277	4,112	2,928	2,556	2,364	2,253
13 Investment account	68,724	68,826	68,896	68,776	68,988	69,034	69,178	69,222	69,404
14 U S government agencies	15,184	15,129	15,022	14,944	14,911	14,980	14,925	14,995	14,974
15 States and political subdivision, by maturity	50,843	51,001	51,169	51,156	51,409	51,374	51,552	51,578	51,760
16 One year or less	6,664	6,766	6,858	6,829	7,111	7,211	7,188	7,259	7,245
17 Over one year	44,180	44,235	44,311	44,327	44,298	44,163	44,364	44,318	44,514
18 Other bonds, corporate stocks and securities	2,697	2,696	2,705	2,676	2,668	2,680	2,701	2,649	2,671
Loans									
19 Federal funds sold[1]	25,594	27,792	27,006	24,940	29,800	30,088	29,601	28,456	25,138
20 To commercial banks	18,407	20,631	19,671	17,997	21,457	19,826	21,597	20,738	16,666
21 To nonbank brokers and dealers in securities	5,319	5,272	5,516	5,342	6,374	6,900	5,919	5,700	5,338
22 To others	1,867	1,889	1,819	1,602	1,969	3,362	2,085	2,018	3,135
23 Other loans, gross	424,831	424,398	425,095	423,020	431,648	429,359	430,666	431,798	426,601
24 Commercial and industrial	175,968	175,083	176,178	175,985	178,951	179,006	179,241	179,194	178,230
25 Bankers acceptances and commercial paper	3,592	3,025	2,972	2,799	3,596	3,358	3,576	3,600	3,502
26 All other	172,376	172,058	173,207	173,186	175,355	175,647	175,665	175,594	174,728
27 U.S addressees	164,903	164,694	165,968	165,842	168,078	168,296	168,283	168,259	167,510
28 Non-U S addressees	7,473	7,364	7,239	7,344	7,277	7,351	7,382	7,335	7,218
29 Real estate	113,620	113,870	114,315	114,587	114,850	115,070	115,396	115,627	115,798
30 To individuals for personal expenditures	63,412	63,494	63,620	63,833	63,953	64,022	64,020	64,044	64,209
To financial institutions									
31 Commercial banks in the United States	6,718	7,123	6,608	6,269	6,666	6,298	6,700	6,578	6,336
32 Banks in foreign countries	9,711	10,374	9,729	9,733	10,360	9,797	10,307	9,589	9,306
33 Sales finance, personal finance companies, etc	10,471	10,088	10,130	9,726	10,287	10,141	10,177	10,048	9,675
34 Other financial institutions	16,086	15,958	15,840	15,358	15,424	15,639	15,550	15,435	15,210
35 To nonbank brokers and dealers in securities	5,921	5,212	5,407	5,184	7,533	6,921	5,572	4,939	5,801
36 To others for purchasing and carrying securities[2]	2,393	2,391	2,334	2,343	2,368	2,356	2,360	2,372	2,374
37 To finance agricultural production	5,822	5,787	5,812	5,834	5,823	5,823	5,834	5,777	5,752
38 All other	14,709	15,017	15,120	14,168	15,432	14,284	15,509	18,194	13,908
39 LESS: Unearned income	5,324	5,326	5,334	5,340	5,212	5,286	5,322	5,318	5,319
40 Loan loss reserve	5,973	5,995	6,001	6,000	5,972	6 003	6,009	6,041	6,051
41 Other loans, net	413,535	413,077	413,760	411,679	420,464	418,069	419,336	420,439	415,230
42 Lease financing receivables	10,214	10,229	10,206	10,217	10,281	10,259	10,263	10,273	10,326
43 All other assets	87,954	91,213	89,339	87,559	93,038	94,231	94,470	89,722	90,595
44 **Total assets**	**747,814**	**753,250**	**757,331**	**741,958**	**776,301**	**734,112**	**753,350**	**740,525**	**726,915**
Deposits									
45 Demand deposits	175,591	181,826	185,102	171,915	197 087	157,572	170,392	156,015	152,193
46 Mutual savings banks	606	645	618	548	664	734	683	589	572
47 Individuals, partnerships, and corporations	118,748	121,508	124,212	114,925	126,446	118,114	127,306	118,609	114,820
48 States and political subdivisions	4,077	3,646	4,167	4,094	4,538	4,182	3,918	3,910	3,691
49 U S government	979	1,800	2,690	2,051	2,007	1,498	1,281	998	1,406
50 Commercial banks in the United States	35,442	37,042	36,363	33,044	42,656	17,131	19,702	17,278	16,707
51 Banks in foreign countries	7,377	8,548	8,491	8,855	10,715	7,946	9,260	7,837	8,140
52 Foreign governments and official institutions	1,388	2,314	1,684	1,772	1,550	1,052	883	929	1,208
53 Certified and officers' checks	6,974	6,324	6,879	6,624	8,510	6,916	7,360	5,864	5,649
54 Time and savings deposits	327,312	325,326	324,538	325,516	326,588	331,216	329,668	328,054	328,112
55 Savings	70,368	70,810	70,515	69,248	69,630	70,230	69,742	69,396	68,907
56 Individuals and nonprofit organizations	67,106	67,495	67,279	66,032	66,385	66,906	66,468	66,156	65,666
57 Partnerships and corporations operated for profit	2,776	2,823	2,742	2,726	2,712	2,731	2,720	2,713	2,727
58 Domestic governmental units	462	467	471	469	511	571	533	506	492
59 All other	24	26	22	20	22	22	22	22	22
60 Time	256,944	254,516	254,023	256,268	256,959	260,986	259,926	258,657	259,205
61 Individuals, partnerships, and corporations	225,208	223,122	222,685	224,631	225,491	229,341	228,359	227,214	227,900
62 States and political subdivisions	17,898	17,713	17,560	17,827	17,540	17,632	17,766	17,663	17,768
63 U S government	228	258	233	220	199	199	218	240	228
64 Commercial banks in the United States	8,138	8,067	8,265	8,408	8,502	8,666	8,499	8,424	8,223
65 Foreign governments, official institutions, and banks	5,470	5,355	5,279	5,183	5,227	5,149	5,085	5,117	5,087
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	1,210	714	700	1,395	1,257	814	1,839	2,398	938
67 Treasury tax-and-loan notes	2,812	912	6,702	7,590	11,123	4,681	6,030	8,826	9,092
68 All other liabilities for borrowed money[3]	121,504	127,524	122,878	116,846	118,658	121,000	127,325	124,530	117,194
69 Other liabilities and subordinated notes and debentures	70,009	67,500	68,022	69,543	71,815	69,018	68,154	70,797	69,540
70 **Total liabilities**	**698,438**	**703,802**	**707,942**	**692,805**	**726,529**	**684,302**	**703,409**	**690,619**	**677,070**
71 Residual (total assets minus total liabilities)[4]	49,376	49,448	49,389	49,153	49,772	49,810	49,941	49,906	49,845

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. 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								
	Sept 2	Sept 9	Sept 16	Sept. 23	Sept. 30p	Oct. 7p	Oct. 14p	Oct 21p	Oct. 28p
1 Cash items in process of collection	18,348	16,510	19,666	18,204	25,164	13,193	17,243	13,159	12,832
2 Demand deposits due from banks in the United States	14,893	14,854	16,283	15,392	18,738	1,113	1,277	1,010	1,178
3 All other cash and due from depository institutions	7,492	6,709	6,997	7,227	7,190	4,183	8,578	9,196	6,292
4 Total loans and securities[1]	**132,689**	**132,670**	**133,352**	**132,343**	**139,236**	**135,190**	**136,320**	**139,219**	**131,785**
Securities									
5 U.S. Treasury securities[2]	...	...	...	...	...	...	...	...	...
6 Trading account[2]	...	...	...	...	...	...	...	...	...
7 Investment account, by maturity	8,328	8,352	8,300	8,203	8,320	8,386	8,248	8,176	8,133
8 One year or less	1,892	1,891	1,851	1,850	1,900	1,932	1,890	1,858	1,877
9 Over one through five years	5,571	5,582	5,584	5,488	5,552	5,575	5,480	5,441	5,374
10 Over five years	865	880	865	865	867	879	877	877	881
11 Other securities[2]	...	...	...	...	...	...	...	...	...
12 Trading account[2]	...	...	...	...	...	...	...	...	...
13 Investment account	14,352	14,438	14,487	14,498	14,554	14,579	14,629	14,587	14,718
14 U S government agencies	2,446	2,447	2,435	2,442	2,405	2,390	2,386	2,354	2,345
15 States and political subdivision, by maturity	11,152	11,236	11,290	11,294	11,380	11,406	11,450	11,490	11,615
16 One year or less	1,765	1,846	1,867	1,867	1,936	1,961	1,906	1,973	1,934
17 Over one year	9,387	9,389	9,423	9,426	9,444	9,445	9,544	9,517	9,682
18 Other bonds, corporate stocks and securities	754	756	762	762	769	783	793	742	758
Loans									
19 Federal funds sold[3]	7,025	6,785	7,416	7,616	9,517	7,752	8,091	8,922	6,849
20 To commercial banks	3,276	2,998	3,943	4,331	5,166	3,832	4,308	5,276	3,131
21 To nonbank brokers and dealers in securities	2,704	2,786	2,593	2,446	3,262	2,681	2,758	2,708	2,488
22 To others	1,045	1,001	880	838	1,089	1,239	1,025	938	1,229
23 Other loans, gross	106,340	106,484	106,538	105,412	110,166	107,835	108,732	110,920	105,486
24 Commercial and industrial	54,196	53,702	54,184	53,880	54,658	54,872	54,942	55,055	54,267
25 Bankers acceptances and commercial paper	1,118	931	944	708	999	917	1,038	1,092	1,069
26 All other	53,078	52,770	53,240	53,172	53,659	53,955	53,905	53,963	53,198
27 U.S. addressees	50,678	50,395	50,868	50,780	51,325	51,506	51,443	51,502	50,819
28 Non-U S addressees	2,400	2,376	2,371	2,392	2,334	2,449	2,462	2,461	2,378
29 Real estate	16,798	16,825	16,947	17,007	17,037	17,122	17,151	17,145	17,201
30 To individuals for personal expenditures	10,431	10,503	10,604	10,621	10,654	10,686	10,696	10,708	10,717
31 To financial institutions Commercial banks in the United States	1,523	2,011	1,647	1,824	1,950	1,877	1,899	2,138	1,807
32 Banks in foreign countries	4,814	5,334	4,864	4,992	5,236	4,747	5,151	4,784	4,428
33 Sales finance, personal finance companies, etc	4,532	4,355	4,351	4,121	4,584	4,403	4,424	4,278	3,939
34 Other financial institutions	4,804	4,784	4,669	4,622	4,626	4,684	4,676	4,630	4,464
35 To nonbank brokers and dealers in securities	3,729	3,333	3,476	2,960	5,191	4,235	3,271	2,912	3,389
36 To others for purchasing and carrying securities[4]	609	601	593	596	618	596	590	605	619
37 To finance agricultural production	324	319	326	333	320	324	308	320	313
38 All other	4,579	4,717	4,876	4,458	5,291	4,290	5,624	8,346	4,342
39 LESS. Unearned income	1,359	1,379	1,384	1,380	1,328	1,343	1,359	1,354	1,366
40 Loan loss reserve	1,997	2,009	2,005	2,007	1,993	2,019	2,021	2,031	2,034
41 Other loans, net	102,984	103,095	103,149	102,026	106,845	104,473	105,352	107,534	102,086
42 Lease financing receivables	2,259	2,263	2,269	2,274	2,302	2,278	2,279	2,282	2,280
43 All other assets[5]	37,577	39,227	38,041	36,871	39,266	39,874	41,308	37,006	38,326
44 Total assets	**213,259**	**212,232**	**216,608**	**212,310**	**231,896**	**195,830**	**207,004**	**201,872**	**192,694**
Deposits									
45 Demand deposits	63,299	64,376	68,456	64,514	80,131	45,872	51,384	47,018	44,901
46 Mutual savings banks	294	330	336	286	368	408	340	316	285
47 Individuals, partnerships, and corporations	30,759	30,766	33,764	30,976	35,068	30,005	33,940	31,712	30,150
48 States and political subdivisions	449	451	388	509	669	616	516	524	334
49 U S government	184	511	828	558	496	339	369	177	367
50 Commercial banks in the United States	21,915	21,228	22,018	20,612	28,952	4,016	4,428	4,854	4,104
51 Banks in foreign countries	5,664	6,688	6,695	7,135	8,864	6,395	7,456	6,200	6,532
52 Foreign governments and official institutions	1,115	2,017	1,438	1,469	1,294	813	652	695	943
53 Certified and officers' checks	2,918	2,384	2,990	2,968	4,420	3,281	3,683	2,539	2,186
54 Time and savings deposits	62,651	62,097	62,353	62,542	63,317	64,342	64,169	63,979	64,220
55 Savings	9,069	9,152	9,137	8,944	9,016	9,120	9,084	8,982	8,926
56 Individuals and nonprofit organizations	8,723	8,792	8,783	8,598	8,641	8,719	8,699	8,607	8,572
57 Partnerships and corporations operated for profit	252	262	254	249	250	251	250	248	244
58 Domestic governmental units	91	94	97	95	120	146	132	125	108
59 All other	3	3	3	2	3	3	2	2	2
60 Time	53,582	52,945	53,216	53,598	54,301	55,222	55,085	54,997	55,294
61 Individuals, partnerships, and corporations	46,308	45,824	46,237	46,676	47,124	47,920	47,693	47,524	48,033
62 States and political subdivisions	1,916	1,886	1,875	1,946	1,963	2,039	2,119	2,112	2,149
63 U.S. government	81	72	54	40	36	36	45	60	45
64 Commercial banks in the United States	2,690	2,647	2,628	2,615	2,770	2,848	2,831	2,822	2,582
65 Foreign governments, official institutions, and banks	2,587	2,517	2,421	2,322	2,408	2,379	2,396	2,479	2,485
Liabilities for borrowed money									
66 Borrowings from Federal Reserve Banks	900	...	475	1,235	...	...	1,450	2,135	850
67 Treasury tax-and-loan notes	718	153	1,897	2,168	2,870	1,217	1,632	2,510	2,579
68 All other liabilities for borrowed money[6]	40,097	41,783	39,971	37,379	40,690	40,349	44,702	40,686	36,053
69 Other liabilities and subordinated notes and debentures	29,047	27,287	27,011	28,147	28,177	27,283	26,973	28,968	27,570
70 Total liabilities	**196,712**	**195,696**	**200,164**	**195,986**	**215,186**	**179,062**	**190,311**	**185,296**	**176,173**
71 Residual (total assets minus total liabilities)[7]	16,547	16,536	16,444	16,324	16,710	16,768	16,694	16,576	16,520

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. 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								
	Sept. 2	Sept 9	Sept. 16	Sept. 23	Sept. 30^p	Oct. 7^p	Oct. 14^p	Oct. 21^p	Oct. 28^p
BANKS WITH ASSETS OF $750 MILLION OR MORE									
1 Total loans (gross) and securities adjusted[1]	569,948	568,685	569,855	566,215	577,882	577,358	575,248	575,823	572,447
2 Total loans (gross) adjusted[1]	452,400	451,492	452,931	450,777	460,603	460,691	459,303	460,191	455,966
3 Demand deposits adjusted[2]	95,350	96,806	97,904	94,807	100,689	101,846	101,233	100,816	99,201
4 Time deposits in accounts of $100,000 or more	181,369	178,763	177,949	180,114	180,499	182,700	181,142	179,526	179,802
5 Negotiable CDs	131,432	129,090	128,248	130,026	130,947	132,644	131,317	129,626	129,768
6 Other time deposits	49,937	49,672	49,701	50,088	49,552	50,056	49,825	49,900	50,034
7 Loans sold outright to affiliates[3]	2,718	2,686	2,666	2,734	2,770	2,676	2,665	2,688	2,745
8 Commercial and industrial	1,989	1,999	1,956	2,037	2,035	2,005	2,013	2,050	2,102
9 Other	729	686	710	696	735	671	652	637	643
BANKS WITH ASSETS OF $1 BILLION OR MORE									
10 Total loans (gross) and securities adjusted[1]	533,141	531,902	533,039	529,414	540,748	540,280	538,052	538,780	535,408
11 Total loans (gross) adjusted[1]	425,300	424,436	425,821	423,694	433,325	433,322	431,970	432,938	428,737
12 Demand deposits adjusted[2]	88,292	89,875	90,859	87,894	93,355	94,733	94,432	93,880	92,108
13 Time deposits in accounts of $100,000 or more	171,902	169,258	168,428	170,447	170,986	173,083	171,554	169,929	170,327
14 Negotiable CDs	125,011	122,674	121,803	123,478	124,441	126,068	124,753	123,059	123,300
15 Other time deposits	46,890	46,584	46,624	46,969	46,545	47,015	46,801	46,870	47,027
16 Loans sold outright to affiliates[3]	2,643	2,611	2,590	2,649	2,687	2,592	2,581	2,605	2,662
17 Commercial and industrial	1,930	1,942	1,899	1,972	1,972	1,940	1,948	1,985	2,036
18 Other	714	669	691	676	715	652	633	620	626
BANKS IN NEW YORK CITY									
19 Total loans (gross) and securities adjusted[1,4]	131,246	131,050	131,150	129,574	135,442	132,844	133,492	135,191	130,246
20 Total loans (gross) adjusted[1]	108,566	108,259	108,364	106,873	112,568	109,878	110,616	112,428	107,396
21 Demand deposits adjusted[2]	22,851	26,127	25,944	25,140	25,520	28,324	29,344	28,828	27,598
22 Time deposits in accounts of $100,000 or more	42,085	41,431	41,617	41,992	42,739	43,387	43,243	43,084	43,360
23 Negotiable CDs	31,292	30,767	30,923	31,170	31,853	32,406	32,408	32,042	32,232
24 Other time deposits	10,793	10,664	10,694	10,822	10,887	10,981	10,834	11,042	11,127

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

1.291 LARGE WEEKLY REPORTING BRANCHES AND AGENCIES OF FOREIGN BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	Sept 2	Sept. 9	Sept. 16	Sept 23	Sept. 30p	Oct. 7p	Oct. 14p	Oct. 21p	Oct. 28p
1 *Cash and due from depository institutions*	23,233	21,232	24,826	23,488	29,713	7,412	6,822	6,913	7,062
2 Total loans and securities	61,829	62,136	63,443	65,694	66,139	63,242	62,809	61,551	62,900
3 U S Treasury securities	1,760	1,782	1,897	1,951	1,815	1,605	1,572	1,540	1,544
4 Other securities	1,005	1,003	1,028	1,020	1,015	1,017	1,026	1,022	1,033
5 Federal funds sold[1]	4,192	3,436	3,631	5,033	3,941	3,636	4,284	4,009	4,520
6 To commercial banks in U S.	3,823	3,164	3,430	4,888	3,783	3,311	4,141	3,896	4,342
7 To others	369	272	201	146	158	325	143	114	179
8 Other loans, gross	54,871	55,916	56,887	57,691	59,368	56,984	55,928	54,979	55,802
9 Commercial and industrial	27,460	28,211	28,506	28,607	29,687	28,661	28,087	27,553	27,500
10 Bankers acceptances and commercial paper	4,035	3,975	3,949	3,805	4,016	3,971	3,954	3,948	4,001
11 All other	23,426	24,236	24,557	24,802	25,671	24,690	24,133	23,605	23,499
12 U S. addressees	13,850	14,436	14,764	14,793	15,575	14,663	14,145	13,769	13,725
13 Non-U S addressees	9,575	9,800	9,792	10,009	10 097	10 026	9,988	9,836	9,774
14 To financial institutions	19,370	19,627	20,037	20,657	20,818	19,760	19,540	19,407	19,998
15 Commercial banks in U S	11,253	11,460	11,936	12,369	12,439	12,182	12,206	12,246	12,709
16 Banks in foreign countries	7,766	7,813	7,756	7,950	8,034	7,219	7,015	6,859	6,990
17 Nonbank financial institutions	351	354	345	337	345	359	320	303	299
18 For purchasing and carrying securities	588	613	756	631	928	913	693	542	707
19 All other	7,452	7,464	7,589	7,796	7,934	7,650	7,608	7,476	7,597
20 Other assets (claims on nonrelated parties)	10,632	10,472	10,943	10,980	11,101	10,683	10,850	11,121	10,986
21 Net due from related institutions	9,252	9,218	9,520	9,941	9,756	9,768	10,159	9,924	10,192
22 Total assets	104,946	103,058	108,731	110,103	116,709	91,105	90,642	89,510	91,141
23 Deposits or credit balances[2]	41,550	40,308	44,532	42,683	47,293	25,821	25,635	24,898	25,501
24 Credit balances	2,330	2,025	2,688	2,016	2,380	504	340	322	541
25 Demand deposits	17,432	16,633	19,695	17,550	21,348	2,383	2,569	2,463	2,322
26 Individuals, partnerships, and corporations	922	945	931	813	1,157	887	909	912	883
27 Other	16,510	15,689	18,763	16,737	20,190	1,496	1,660	1,551	1,439
28 Total time and savings	21,788	21,650	22,150	23,117	23,565	22,935	22,726	22,113	22,638
29 Individuals, partnerships, and corporations	18,125	18,105	18,576	19,526	19,757	19,212	19,070	17,609	18,318
30 Other	3,663	3,544	3,574	3,591	3,808	3,722	3,655	4,504	4,320
31 Borrowings[3]	29,914	30,904	31,139	31,946	32,393	31,588	31,531	31,816	31,896
32 Federal funds purchased[4]	4,054	4,558	5,596	5,089	5,268	5,013	4,800	4,700	4,871
33 From commercial banks in U S	3,287	3,746	4,742	4,012	4,416	4,293	4,008	3,788	3,918
34 From others	767	813	854	1,077	852	720	792	911	953
35 Other liabilities for borrowed money	25,859	26,345	25,543	26,856	27,125	26,575	26,730	27,116	27,025
36 To commercial banks in U S	21,687	22,358	21,653	22,447	22,764	22,442	22,741	23,065	22,996
37 To others	4,172	3,987	3,890	4,409	4,361	4,134	3,990	4,050	4,029
38 Other liabilities to nonrelated parties	10,792	10,645	11,098	11,068	11,263	10,874	11,205	11,208	11,137
39 Net due to related institutions	22,691	21,200	21,963	24,406	25,759	22,822	22,271	21,589	22,607
40 Total liabilities	104,946	103,058	108,731	110,103	116,709	91,105	90,642	89,510	91,141
MEMO									
41 Total loans (gross) and securities adjusted[5]	46,753	47,512	48,077	48,438	49,916	47,748	46,462	45,409	45,849
42 Total loans (gross) adjusted[5]	43,987	44,728	45,152	45,467	47,086	45,126	43,865	42,847	43,272

1 Includes securities purchased under agreements to resell
2. Balances due to other than directly related institutions
3 Borrowings from other than directly related institutions
4 Includes securities sold under agreements to repurchase
5. Excludes loans and federal funds transactions with commercial banks in U.S.

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

Millions of dollars

Industry classification	Outstanding					Net change during				
	1981					1981		1981		
	June 24	June 29	Aug 26	Sept 30	Oct 28[p]	Q2	Q3	Aug	Sept	Oct [p]
1 Durable goods manufacturing	25,274	25,370	25,629	26,100	25,914	620	826	259	471	-186
2 Nondurable goods manufacturing	20,618	20,175	22,478	23,400	22,062	1,217	2,782	2,303	922	1,338
3 Food, liquor, and tobacco	4,404	4,095	4,392	4,433	4,312	176	28	297	40	-121
4 Textiles, apparel, and leather	4,920	4,994	5,068	5,076	4,863	569	156	74	8	214
5 Petroleum refining	3,412	3,546	3,587	3,956	3,719	430	544	40	370	-238
6 Chemicals and rubber	4,049	3,791	5,500	5,751	5,056	211	1,702	1,709	251	-695
7 Other nondurable goods	3,832	3,749	3,931	4,184	4,113	182	351	182	253	-71
8 Mining (including crude petroleum and natural gas)	18,194	19,658	20,019	21,288	21,729	2,444	3,093	361	1,269	441
9 Trade	26,107	26,462	26,406	26,994	27,514	490	887	-56	588	520
10 Commodity dealers	1,499	1,601	1,659	1,657	1,666	-451	158	58	2	8
11 Other wholesale	12,087	12,405	12,377	12,617	12,634	212	529	28	240	17
12 Retail	12,520	12,456	12,370	12,720	13,215	728	200	86	351	495
13 Transportation, communication, and other public utilities	20,824	21,027	21,418	21,865	21,741	851	1,041	391	448	124
14 Transportation	8,196	8,251	8,283	8,468	8,433	89	272	32	185	35
15 Communication	3,542	3,545	3,580	3,532	3,574	381	-10	35	-48	42
16 Other public utilities	9,086	9,231	9,555	9,865	9,735	381	779	324	310	-130
17 Construction	6,984	7,108	7,132	7,252	7,261	758	268	24	120	8
18 Services	24,546	24,521	24,774	25,314	25,340	934	768	254	539	26
19 All other[2]	15,177	15,444	15,562	15,864	15,950	4	687	118	302	85
20 **Total domestic loans**	**157,724**	**159,765**	**163,418**	**168,078**	**167,510**	**7,311**	**10,354**	**3,653**	**4,659**	**-567**
21 MEMO. Term loans (original maturity more than 1 year) included in domestic loans	83,402	84,401	86,147	86,412	84,630	4,104	3,010	1,746	265	-1,783

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 Dec 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	Commercial banks									
	1975 Dec	1976 Dec.	1977 Dec	1978 Dec	1979[2]	1980				1981
					Dec	Mar	June	Sept	Dec.	Mar.[3]
1 **All holders—Individuals, partnerships, and corporations**	**236.9**	**250.1**	**274.4**	**294.6**	**302.2**	**288.4**	**288.6**	**302.0**	**315.5**	**280.8**
2 Financial business	20.1	22.3	25.0	27.8	27.1	28.4	27.7	29.6	29.8	30.8
3 Nonfinancial business	125.1	130.2	142.9	152.7	157.7	144.9	145.3	151.9	162.3	144.3
4 Consumer	78.0	82.6	91.0	97.4	99.2	97.6	97.9	101.8	102.4	86.7
5 Foreign	2.4	2.7	2.5	2.7	3.1	3.1	3.3	3.2	3.3	3.4
6 Other	11.3	12.4	12.9	14.1	15.1	14.4	14.4	15.5	17.2	15.6
	Weekly reporting banks									
	1975 Dec	1976 Dec.	1977 Dec.	1978 Dec	1979[4]	1980				1981
					Dec.	Mar	June	Sept	Dec	Mar.[3]
7 **All holders—Individuals, partnerships, and corporations**	**124.4**	**128.5**	**139.1**	**147.0**	**139.3**	**133.6**	**133.9**	**140.6**	**147.4**	**133.2**
8 Financial business	15.6	17.5	18.5	19.8	20.1	20.1	20.2	21.2	21.8	21.9
9 Nonfinancial business	69.9	69.7	76.3	79.0	74.1	69.1	69.2	72.4	78.3	69.8
10 Consumer	29.9	31.7	34.6	38.2	34.3	34.2	33.9	36.0	35.6	30.6
11 Foreign	2.3	2.6	2.4	2.5	3.0	3.0	3.1	3.1	3.1	3.2
12 *Other*	6.6	7.1	7.4	7.5	7.8	7.2	7.5	7.9	8.6	7.7

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 Demand deposit ownership data for March 1981 are subject to greater than normal errors reflecting unusual reporting difficulties associated with funds shifted to NOW accounts authorized at year-end 1980 For the household category, the $15.7 billion decline in demand deposits at all commercial banks between December 1980 and March 1981 has an estimated standard error of $4.8 billion.

4 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.	1981 Mar	1981 Apr.	1981 May	1981 June	1981 July	1981 Aug	1981 Sept
	Commercial paper (seasonally adjusted)										
1 **All issuers**	**65,051**	**83,438**	**112,087ʳ**	**123,597ʳ**	**130,529ʳ**	**132,117ʳ**	**139,228ʳ**	**145,737ʳ**	**151,013ʳ**	**157,121ʳ**	**165,379**
Financial companies[2]											
Dealer-placed paper[3]											
2 Total	8,796	12,181	17,161ʳ	19,236ʳ	21,880ʳ	23,497ʳ	24,144ʳ	25,933ʳ	26,006ʳ	27,813ʳ	30,213
3 Bank-related	2,132	3,521	2,874	3,561	4,163	4,437	4,800	4,750	5,267	6,037	6,161
Directly placed paper[4]											
4 Total	40,574	51,647	64,748	67,888	69,461	69,537	71,842	74,952	79,571	80,769	83,311
5 Bank-related	7,102	12,314	17,598	22,382	21,604	22,858	23,880	24,107	26,104	25,153	26,426
6 Nonfinancial companies[5]	15,681	19,610	30,178ʳ	36,473ʳ	39,188ʳ	39,083ʳ	43,242ʳ	44,852ʳ	45,436ʳ	48,539ʳ	51,855
	Bankers dollar acceptances (not seasonally adjusted)										
7 **Total**	**25,450**	**33,700**	**45,321**	**54,744**	**60,089**	**62,320**	**60,551**	**63,427**	**63,721**	**64,577**	**66,281**
Holder											
8 Accepting banks	10,434	8,579	9,865	10,564	10,117	10,781	10,132	11,595	10,505	9,959	10,064
9 Own bills	8,915	7,653	8,327	8,963	8,735	9,626	9,049	10,207	9,437	9,214	9,083
10 Bills bought	1,519	927	1,538	1,601	1,382	1,155	1,082	1,389	1,068	745	982
Federal Reserve Banks											
11 Own account	954	1	704	776	298	0	0	0	453	0	0
12 Foreign correspondents	362	664	1,382	1,791	1,372	1,383	1,255	1,272	1,459	1,451	1,243
13 Others	13,700	24,456	33,370	41,614	48,303	50,156	49,164	50,560	51 303	53,167	54,974
Basis											
14 Imports into United States	6,378	8,574	10,270	11,776	13,292	13,634	12,775	12,996	13,059	13,313	14,034
15 Exports from United States	5,863	7,586	9,640	12,712	13,451	13,368	13,057	13,388	13,296	13,774	14,705
16 All other	13,209	17,540	25,411	30,257	33,347	35,319	34,768	37,043	37,365	37,490	37,542

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
1981—Apr. 2	17.00	1981—July 8	20.50	1980—July	11 48	1981—Apr	17 15
24	17.50	Sept. 15	20 00	Aug.	11 12	May	19 61
30	18 00	22	19.50	Sept	12.23	June	20 03
May 4	19.00	Oct. 5	19 00	Oct	13.79	July	20.39
11	19 50	13	18.00	Nov	16 06	Aug	20.50
19	20.00			Dec.	20 35	Sept	20.08
22	20.50			1981—Jan.	20 16	Oct	18 45
June 3	20.00			Feb.	19.43		
				Mar	18.05		

1.34 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 3–8, 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)	$24,597,283	$826,223	$641,885	$674,174	$2,112,392	$769,926	$19,572,683
2 Number of loans	165,324	118,581	20,112	10,549	11,494	1,212	3,376
3 Weighted-average maturity (months)	1 6	3.1	3 5	3.1	3 4	3 2	1 2
4 Weighted-average interest rate (percent per annum)	21.11	20.76	21 18	21.36	21 37	21 85	21.06
5 Interquartile range[1]	20 37–22 00	18 81–22.93	18 81–23 16	19 56–23.25	19 99–22 86	20 84–22 85	20.37–21.76
Percentage of amount of loans							
6 With floating rate	34 5	25 2	39 0	48 0	59.3	71.8	30 1
7 Made under commitment	50 8	24 7	26 4	38.7	49 1	69 3	52.6
8 With no stated maturity	18 5	8 8	10.9	23 1	21.7	32 6	18 2
LONG-TERM COMMERCIAL AND INDUSTRIAL LOANS							
9 Amount of loans (thousands of dollars)	$3,889,453		$344,172		$313,708	$189,351	$3,042,222
10 Number of loans	22,151		19,603		1,841	282	425
11 Weighted-average maturity (months)	57 6		26 9		39.2	48 7	63 5
12 Weighted-average interest rate (percent per annum)	20 62		19 77		20.70	21.45	20.65
13 Interquartile range[1]	20 50–21 50		17 50–21.94		19 56–22.25	20 50–23 52	20 50–21 11
Percentage of amount of loans							
14 With floating rate	79.2		31.3		68 8	80 3	85.7
15 Made under commitment	75 1		23.4		44.8	77.9	83 9
CONSTRUCTION AND LAND DEVELOPMENT LOANS							
16 Amount of loans (thousands of dollars)	$1,253,985	$94,295	$160,298	$105,325	$508,226	$385,840	
17 Number of loans	18,932	11,067	4,048	1,454	2,110	253	
18 Weighted-average maturity (months)	8 7	8.6	2.1	6 1	6.5	15.7	
19 Weighted-average interest rate (percent per annum)	20.26	20.34	20 03	19.80	19.23	21.81	
20 Interquartile range[1]	18 00–22 50	17.81–23.11	18 39–22.06	18.00–22 39	16.50–21 19	21.27–22 71	
Percentage of amount of loans							
21 With floating rate	44.4	41.1	14 7	31 6	25.9	85 5	
22 Secured by real estate	93 4	96.7	87.6	94 9	96 7	90.2	
23 Made under commitment	46.6	54.6	46.1	36 9	25 3	75 5	
24 With no stated maturity	13 3	9.4	3 0	57.8	2 7	20 2	
Type of construction							
25 1- to 4-family	22 3	78.6	56 6	26 1	6 6	14 0	
26 Multifamily	24 0	3 4	1.5	55 6	35 3	15 0	
27 Nonresidential	53.7	18 0	41 9	18.3	58.2	71 0	
	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
LOANS TO FARMERS							
28 Amount of loans (thousands of dollars)	$918,222	$145,418	$143,283	$118,786	$143,410	$78,547	$288,779
29 Number of loans	56,842	40,267	9,823	3,583	2,209	591	369
30 Weighted-average maturity (months)	5 0	5.6	5.2	5 0	6 2	5 2	3 8
31 Weighted-average interest rate (percent per annum)	19 57	18.82	19.06	18 93	19 60	19 74	20 41
32 Interquartile range[1]	18 11–20.62	17.72–19 82	17 96–20.23	17 72–19.90	18 68–20.40	17 98–21.50	19 00–22.13
By purpose of loan							
33 Feeder livestock	19.63	19.43	19.64	19.33	19.64	18.47	19.86
34 Other livestock	19.88	19.45	19.55	18 47	18 77	17.80	(2)
35 Other current operating expenses	19 48	18.68	18 86	19 14	19 62	20 50	20 47
36 Farm machinery and equipment	18.87	18.46	18.93	18.85	18.82	(2)	(2)
37 Other	20.11	19.00	19 62	17 91	19 97	21 12	21 98

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	1981				1981, week ending				
					July	Aug.	Sept	Oct	Oct. 2	Oct. 9	Oct 16	Oct 23	Oct. 30
	MONEY MARKET RATES												
1	Federal funds[1,2]	7.93	11 19	13 36	19.04	17.82	15.87	15.08	15.00	15.46	14 93	15.32	14.87
	Commercial paper[3,4]												
2	1-month	7 76	10.86	12.76	17.70	17 58	15 95	14 80	15 36	14.74	14.55	14 85	14.56
3	3-month	7 94	10 97	12.66	17 00	17.23	16.09	14.85	15.75	14 95	14.54	14.77	14 60
4	6-month	7.99	10.91	12.29	16.09	16.62	15.93	14.72	15.83	14 82	14.42	14.62	14 47
	Finance paper, directly placed[3,4]												
5	1-month	7 73	10.78	12.44	17 29	17.37	15.68	14 63	14 96	14 52	14 37	14 78	14 45
6	3-month	7.80	10 47	11 49	15 21	15.88	15 24	14.04	14.56	14 34	13.73	13.94	13.84
7	6-month	7.78	10.25	11 28	14 47	15.32	15.01	13.96	14.50	14 31	13.73	13.79	13 74
	Bankers acceptances[4,5]												
8	3-month	8.11	11 04	12.78	17 10	17.22	16.11	14.78	15 79	14 86	14.49	14.75	14 53
9	6-month	n.a.	n.a.	n a	16 15	16.56	15.80	14.62	15.70	14 71	14.38	14.52	14 39
	Certificates of deposit, secondary market[6]												
10	1-month	7.88	11 03	12 91	17 98	17.91	16.31	14.97	15.43	15 02	14.76	14.99	14 76
11	3-month	8.22	11.22	13 07	17 76	17.96	16.84	15.39	16 48	15 50	15.03	15 28	15.14
12	*6-month*	8.61	11.44	12 99	17 40	17.98	17.19	15.71	16 95	15 81	15.36	15 59	15.49
13	Eurodollar deposits, 3-month[2]	8.78	11.96	14 00	18 49	18.79	17.80	16.34	17.61	17 03	15.96	16 16	16 35
	U S Treasury bills[4]												
	Secondary market[7]												
14	3-month	7.19	10.07	11.43	14 95	15 51	14 70	13 54	14 37	13.81	13.41	13 37	13.14
15	6-month	7.58	10.06	11.37	14 74	15 52	14 92	13 82	14.72	13.98	13.64	13 82	13.43
16	1-year	7.74	9 75	10 89	13 91	14.70	14.53	13.62	14.54	13 71	13.42	13.60	13 36
	Auction average[8]												
17	3-month	7.221	10.041	11.506	14.699	15.612	14.951	13 873	14 669	14 206	13 526	13 613	13 352
18	6-month	7.572	10.017	11 374	14.402	15.548	15.057	14.013	14 932	14.218	13 500	13.795	13.619
19	1-year	7 678	9.817	10.748	13.735	14 542	15 056	14 580	. .	14.580	.	.....
	CAPITAL MARKET RATES												
	U.S. Treasury notes and bonds[9]												
	Constant maturities[10]												
20	1-year	8 34	10.67	12.05	15 72	16 72	16 52	15 38	16.52	15.53	15 14	15 34	15.02
21	2-year	8.34	10.12	11 77	15 35	16.28	16.46	15.54	16.55	15 69	15.34	15 50	15 24
22	2-½-year[11]	....	......	......	......	......	......	......	..	15 65	....	15 55	
23	3-year	8 29	9 71	11 55	15 15	16 00	16 22	15.50	16.36	15 59	15 21	15.50	15.34
24	5-year	8 32	9.52	11.48	14 79	15 56	15 93	15 41	16 11	15.39	15 14	15 45	15.36
25	7-year	8.36	9.48	11.43	14 49	15.22	15 65	15 33	15.95	15.31	15.08	15.37	15.33
26	10-year	8 41	9.44	11 46	14 28	14.94	15.32	15.15	15.68	15 02	14.88	15 21	15.25
27	20-year	8.48	9 33	11 39	13 92	14 52	15 07	15 13	15 55	14 98	14 92	15.18	15 27
28	30-year	8.49	9.29	11.30	13.59	14.17	14.67	14.68	15 07	14.49	14 45	14 77	14.87
	Composite[12]												
29	Over 10 years (long-term)	7.89	8.74	10 81	13 05	13.61	14.14	14.13	14 59	13 99	13.91	14.17	14 27
	State and local notes and bonds												
	Moody's series[13]												
30	Aaa	5.52	5.92	7.85	10.21	11 10	11.55	12 05	11.80	11 80	11 80	12 00	12.60
31	Baa	6.27	6.73	9.01	11.55	12 78	13 60	13 34	13 50	13.40	13 25	13.20	13 50
32	*Bond Buyer* series[14]	6.03	6.52	8 59	11.14	12.26	12.92	12.83	12.93	12 73	12 53	12 99	12 99
	Corporate bonds												
	Seasoned issues[15]												
33	All industries	9.07	10.12	12.75	15.18	15 60	16 16	16.20	16 57	16.22	15.98	16.15	16.31
34	Aaa	8.73	9.63	11 94	14.38	14.89	15.49	15 40	15.85	15 40	15.18	15 36	15.51
35	Aa	8.92	9.94	12.50	14.79	15 42	15.95	15 82	16 47	15.93	15 45	15.69	15.95
36	A	9 12	10.20	12.89	15.36	15 76	16 36	16 47	16 70	16.46	16 30	16.47	16.60
37	Baa	9 49	10.69	13 67	16 17	16 34	16.92	17.11	17.25[r]	17 09	16.99	17 09	17.16
	Aaa utility bonds[16]												
38	New issue	8 96	10 03	12 74	16 30	. .	17 21	16 94	....	16 94	....	.. .	.....
39	Recently offered issues	8.97	10.02	12 70	15.73	16.82	17.33	17.24	17.72[r]	16.96	17 21	17.38	17.32
	MEMO: Dividend/price ratio[17]												
40	Preferred stocks	8 25	9.07	10.57	12.43	12 63	13 01	13 09	13 06	13 25	12 92	13 12	13.06
41	Common stocks	5.28	5.46	5.25	5.18	5.16	5 69	5 65	5 81	5.57	5.64	5.66	5.72

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. 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). 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 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 weekly figure is calculated on a biweekly basis and is the average of five business days ending on the Monday following the calendar week. 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 of yields (to maturity or call) 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	1981 Mar.	Apr	May	June	July	Aug.	Sept	Oct.
	Prices and trading (averages of daily figures)										
Common stock prices											
1 New York Stock Exchange (Dec. 31, 1965 = 50)	53.76	55 67	68 06	76.46	77 60	76 28	76.80	74.98	75 24	68 37	69.40
2 Industrial	58 30	61.82	78.64	89 39	90 57	88.78	88.63	86.64	86 72	78.07	78 94
3 Transportation	43 25	45 20	60 52	77 09	80 63	76.78	76.71	74 42	73 27	63.67	65 65
4 Utility	39 23	36.46	37 35	37 78	38 34	38 27	39 23	38 90	40.22	38.17	38.87
5 Finance	56 74	58 65	64.28	72 82	74 59	74 65	79.79	74 97	73 76	69.38	75.58
6 Standard & Poor's Corporation (1941–43 = 10)[1]	96 11	107 94	118.71	133 19	134 43	131 73	132.28	129 13	129 63	118.27	119.84
7 American Stock Exchange (Aug 31, 1973 = 100)	144 56	186 56	300.94	347 07	363 09	365.52	369 64	364 33	364 60	313.60	308 81
Volume of trading (thousands of shares)											
8 New York Stock Exchange	28,591	32,233	44,867	53,387	54,124	45,272	50,517	43,930	44,489	46,042	46,233
9 American Stock Exchange	3,622	4,182	6,377	5,682	6,339	5,650	6,096	4,374	5,137	5,556	4,233
	Customer financing (end-of-period balances, in millions of dollars)										
10 **Regulated margin credit at brokers–dealers**[2]	**11,035**	**11,619**	**14,721**	**14,243**	**14,869**	**14,951**	**15,126**	**15,134**	**14,545**	**13,973**	n a
11 Margin stock[3]	10,830	11,450	14,500	14,020	14,630	14,700	14,870	14,870	14,270	13,710	
12 Convertible bonds	205	167	219	222	238	251	254	263	274	263	
13 Subscription issues	1	2	2	1	1	1	2	1	1	. . .	
Free credit balances at brokers[4]											
14 Margin-account	835	1,105	2,105	2,340	2,270	2,345	2,350	2,670	2,645	2,940	
15 Cash-account	2,510	4,060	6,070	6,530	6,440	6,150	6,650	6,470	6,640	6,555	
	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**	**100.0**	n a
By equity class (in percent)[5]											
17 Under 40	33 0	16 0	14.0	16 0	20 8	21 3	25.0	25.0	38.5	47 0	
18 40–49	28 0	29 0	30 0	28.0	26 8	25.3	29 0	29 0	24.0	22.0	
19 50–59	18 0	27 0	25 0	26.0	23.7	25.3	21 0	22 0	15 0	13.0	
20 60–69	10 0	14 0	14 0	14.0	12 6	12 7	11 0	11 0	10.0	8.0	
21 70–79	6 0	8.0	9 0	9 0	8 1	8 0	7.0	7.0	6 0	5 0	
22 80 or more	5 0	7.0	8 0	8 0	8.0	8.0	7 0	6 0	6 0	5.0	
	Special miscellaneous-account balances at brokers (end of period)										
23 **Total balances (millions of dollars)**[6]	**13,092**	**16,150**	**21,690**	**22,548**	**22,748**	**23,457**	**23,700**	**24,460**	**24,760**	**25,234**	n a.
Distribution by equity status (percent)											
24 Net credit status	41.3	44 2	47 8	50.9	49.3	50.2	53 2	53 8	53.5	55.0	
Debt status, equity of											
25 60 percent or more	45.1	47.0	44 4	41 5	41.7	41.0	38 4	37 9	37 0	33.0	
26 Less than 60 percent	13 6	8 8	7 7	7 6	9 0	8 8	8 4	8.3	9.5	12.0	

	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	1981								
			Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept[p]
	Savings and loan associations											
1 **Assets**	**523,542**	**578,962**	**629,829**	**631,228**	**634,405**	**636,859**	**639,827**	**644,603**	**646,704**	**648,793**	**651,986**	**654,089**
2 Mortgages	432,808	475,688	502,812	504,068	505,309	507,152	509,525	511,754	514,803	516,527	517,701	518,132
3 Cash and investment securities[1]	44,884	46,341	57,572	57,460	58,401	58,461	56,886	59,045	57,616	57,453	58,558	58,938
4 Other	45,850	56,933	69,445	69,700	70,695	71,246	72,416	73,804	74,285	74,813	75,727	77,019
5 **Liabilities and net worth**	**523,542**	**578,962**	**629,829**	**631,228**	**634,405**	**636,859**	**639,827**	**644,603**	**646,704**	**648,793**	**651,986**	**654,089**
6 Savings capital	430,953	470,004	510,959	512,946	515,250	518,990	516,071	517,628	517,632	514,103	512,745	514,800
7 Borrowed money	42,907	55,232	64,491	62,938	62,270	64,197	67,704	70,025	74,756	79,554	83,287	87,148
8 FHLBB	31,990	40,441	47,045	46,629	46,360	47,310	49,607	51,064	53,836	57,188	60,025	61,816
9 Other	10,917	14,791	16,309	15,910	16,887	18,097	18,097	18,961	20,920	22,366	23,262	25,332
10 Loans in process	10,721	9,582	8,120	7,833	7,756	7,840	7,840	7,997	8,008	7,766	7,382	7,016
11 Other	9,904	11,506	12,227	14,104	16,071	13,271	14,946	17,089	14,756	16,365	18,067	15,019
12 *Net worth*[2]	29,057	32,638	33,319	33,120	32,981	32,645	32,266	31,864	31,552	31,005	30,505	30,106
13 MEMO Mortgage loan commitments outstanding[3]	18,911	16,007	16,102	15,972	16,279	17,374	18,552	18,740	18,020	17,224	16,681	16,012
	Mutual savings banks[4]											
14 **Assets**	**158,174**	**163,405**	**171,564**	**171,891**	**172,349**	**173,232**	**172,837**	**173,776**	**174,387**	**174,637**	**175,072**	
Loans												
15 Mortgage	95,157	98,908	99,865	99,816	99,739	99,719	99,798	99,790	99,993	100,072	100,157	
16 Other	7,195	9,253	11,733	12,199	12,598	13,248	12,756	13,375	14,403	14,378	14,597	
Securities												
17 U.S. government[5]	4,959	7,658	8,949	9,000	9,032	9,203	9,262	9,296	9,230	9,363	9,375	
18 State and local government	3,333	2,930	2,390	2,378	2,376	2,359	2,314	2,328	2,337	2,297	2,335	
19 Corporate and other[6]	39,732	37,086	39,282	39,256	39,223	39,236	39,247	39,111	38,418	38,425	38,253	
20 Cash	3,665	3,156	4,334	4,133	4,205	4,238	4,172	4,513	4,473	4,654	4,814	
21 Other assets	4,131	4,412	5,011	5,107	5,177	5,231	5,288	5,364	5,534	5,449	5,541	n.a.
22 **Liabilities**	**158,174**	**163,405**	**171,564**	**171,891**	**172,349**	**173,232**	**172,837**	**173,776**	**174,387**	**174,637**	**175,072**	
23 Deposits	142,701	146,006	153,501	153,143	153,332	154,805	153,692	153,891	154,926	153,797	153,429	
24 Regular[7]	141,170	144,070	151,416	151,051	151,346	152,630	151,429	151,658	152,603	151,450	151,075	
25 Ordinary savings	71,816	61,123	53,971	52,737	52,035	53,049	52,331	51,212	51,594	50,647	49,149	
26 Time and other	69,354	82,947	97,445	98,314	99,311	99,581	99,098	100,447	101,009	100,803	101,926	
27 Other	1,531	1,936	2,086	2,092	1,986	2,174	2,264	2,232	2,323	2,347	2,354	
28 Other liabilities	4,565	5,873	6,695	7,426	7,753	7,265	8,103	8,922	8,634	10,179	11,119	
29 General reserve accounts	10,907	11,525	11,368	12,957	13,412	11,163	11,042	10,923	10,827	10,661	10,524	
30 MEMO. Mortgage loan commitments outstanding[8]	4,400	3,182	1,476	1,316	1,331	1,379	1,614	1,709	1,577	1,401	1,333	
	Life insurance companies											
31 **Assets**	***389,924***	***432,282***	***479,210***	***482,009***	***485,033***	***490,149***	**493,185**	**497,276**	**500,316**	**503,994**	**506,585**	
Securities												
32 Government	20,009	0,338	21,871	22,246	22,669	22,775	22,603	22,948	23,415	23,691	23,949	
33 United States[9]	4,822	4,888	5,838	6,429	6,774	6,807	6,502	6,787	7,119	7,359	7,544	
34 State and local	6,402	6,428	6,701	6,571	6,145	6,199	6,809	6,815	6,876	6,865	6,904	
35 Foreign[10]	8,785	9,022	9,332	9,246	9,250	9,269	9,292	9,346	9,420	9,467	9,501	
36 Business	198,105	222,332	238,059	240,959	241,675	243,996	245,841	247,437	248,737	250,186	250,371	n.a.
37 Bonds	162,587	178,371	190,693	194,777	195,251	196,514	198,397	199,818	201,402	203,016	204,501	
38 Stocks	35,518	39,757	47,366	46,182	46,424	47,482	47,444	47,619	47,335	41,170	45,870	
39 Mortgages	106,167	118,421	131,080	131,710	132,567	133,230	133,896	134,492	135,318	135,928	136,516	
40 Real estate	11,764	13,007	15,033	15,657	15,869	16,244	16,464	16,738	16,966	17,429	17,626	
41 Policy loans	30,146	34,825	41,411	41,988	42,574	43,231	43,772	44,292	44,970	45,591	46,252	
42 Other assets	23,733	27,563	31,702	29,449	29,679	30,673	30,609	31,369	30,910	31,169	31,971	
	Credit unions											
43 **Total assets/liabilities and capital**	**62,348**	**65,854**	**71,709**	**70,754**	**71,446**	**73,214**	**72,783**	**73,565**	**74,041**	**73,616**	**73,240**	**73,719**
44 Federal	34,760	35,934	39,801	39,142	39,636	40,624	40,207	40,648	40,948	40,510	40,233	40,513
45 State	27,588	29,920	31,908	31,612	31,810	32,590	32,576	32,917	33,093	33,106	33,007	33,206
46 Loans outstanding	50,269	53,125	47,774	47,309	47,451	47,815	47,994	48,499	49,064	49,507	49,976	50,169
47 Federal	27,687	28,698	25,627	25,272	25,376	25,618	25,707	26,038	26,422	26,661	26,974	27,137
48 State	22,582	24,426	22,147	22,037	22,075	22,197	22,287	22,461	22,642	22,846	23,002	23,032
49 Savings	53,517	56,232	64,399	63,874	64,357	65,744	65,495	65,988	66,472	65,854	65,138	65,686
50 Federal (shares)	29,802	35,530	36,348	35,915	36,236	36,898	36,684	36,967	37,260	36,819	36,373	36,584
51 State (shares and deposits)	23,715	25,702	28,051	27,959	28,121	28,846	28,811	29,021	29,212	29,035	28,765	29,102

For notes see bottom of page A30

1.38 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1979	Fiscal year 1980r	Fiscal year 1981	Calendar year 1980 H1	Calendar year 1980 H2	Calendar year 1981 H1	Calendar year 1981 July	Calendar year 1981 Aug.	Calendar year 1981 Sept.
U.S. budget									
1 Receipts[1]	465,940	520,056	602,612	270,864	262,152	318,899	48,142	47,976	60,594
2 Outlays[1,2]	493,635	579,603	660,544	289,905	310,972	334,710	58,486	53,095	53,698
3 Surplus, or deficit(−)	−27,694	−59,547	−57,932	−19,041	−48,821	−15,811	−10,343	−5,119	6,897
4 Trust funds	18,335	8,791	7,168	4,383	−2,551	5,797	−3,506	310	9,408
5 Federal funds[3]	−46,069	−67,752	−65,099	−23,418	−46,306	−21,608	−6,838	−5,429	−2,511
Off-budget entities (surplus, or deficit (−))									
6 Federal Financing Bank outlays	−13,261	−14,549	−20,769	−7,735	−7,552	−11,046	−2,429	−616	−3,129
7 Other[4]	793	303	−236	−522	376	−900	−348	−418	30
U.S. budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (−)	−40,162	−73,792	−78,937	−27,298	−55,998	−27,757	−13,120	−6,153	3,798
Source or financing									
9 Borrowing from the public	33,641	70,515	79,329	24,435	54,764	33,213	3,383	6,501	8,577
10 Cash and monetary assets (decrease, or increase (−))[5]	−408	−355	−1,878	−3,482	−6,730	2,873	5,570	1,330	−13,731
11 Other[6]	6,929	3,632	1,485	6,345	7,964	−8,328	4,168	−1,678	1,356
MEMO									
12 Treasury operating balance (level, end of period)	24,176	20,990	18,670	14,092	12,305	16,389	11,318	5,714	18,670
13 Federal Reserve Banks	6,489	4,102	3,520	3,199	3,062	2,923	2,922	2,595	3,520
14 Tax and loan accounts	17,687	16,888	15,150	10,893	9,243	13,466	8,396	3,119	15,150

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 1982*

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 1979	Fiscal year 1980[r]	Fiscal year 1981	Calendar year					
				1980		1981	1981		
				H1	H2	H1	July	Aug.	Sept.
RECEIPTS									
1 **All sources**[1]	**465,955**	**520,056**	**602,612**	**270,864**	**262,152**	**318,899**	**48,142**	**47,976**	**60,594**
2 Individual income taxes, net	217,841	244,069	285,551	119,988	131,962	142,889	24,439	21,615	30,882
3 Withheld	195,295	223,763	255,966	110,394	120,924	126,101	23,963	21,150	21,291
4 Presidential Election Campaign Fund	36	39	41	34	4	36	4	1	0
5 Nonwithheld	56,215	63,746	76,844	49,707	14,592	59,907	2,228	1,227	10,155
6 Refunds[1]	33,705	43,479	47,299	40,147	3,559	43,155	1,756	813	564
Corporation income taxes									
7 Gross receipts	71,448	72,380	73,733	43,434	28,579	44,048	2,721	2,397	10,040
8 Refunds	5,771	7,780	12,596	4,064	4,518	6,565	1,007	790	1,381
9 Social insurance taxes and contributions, net	141,591	160,747	186,426	86,597	77,262	102,911	15,206	18,190	14,516
10 Payroll employment taxes and contributions[2]	115,041	133,042	156,953	69,077	66,831	83,851	13,899	14,965	13,136
11 Self-employment taxes and contributions[3]	5,034	5,723	6,041	5,535	188	6,240	−723	0	524
12 Unemployment insurance	15,387	15,336	16,129	8,690	6,742	9,205	1,379	2,561	193
13 Other net receipts[4]	6,130	6,646	7,304	3,294	3,502	3,615	652	664	663
14 Excise taxes	18,745	24,329	40,839	11,383	15,332	21,945	3,997	4,052	3,597
15 Customs deposits	7,439	7,174	8,083	3,443	3,717	3,926	777	776	771
16 Estate and gift taxes	5,411	6,389	6,787	3,091	3,499	3,259	621	568	699
17 Miscellaneous receipts[5]	9,252	12,748	13,790	6,993	6,318	6,487	1,388	1,169	1500
OUTLAYS									
18 **All types**[1,6]	**493,635**	**579,603**	**660,544**	**289,905**	**310,972**	**334,710**	**58,486**	**53,095**	**53,698**
19 National defense	117,681	135,880	159,699	69,132	72,457	80,005	14,692	13,523	14,022
20 International affairs	6,091	10,472	11,051	4,602	5,430	5,999	378	785	982
21 General science, space, and technology	5,041	5,999	6,422	3,150	3,205	3,314	515	490	347
22 Energy	6,856	6,623	10,642	3,126	3,997	5,677	914	929	1,018
23 Natural resources and environment	12,091	14,130	13,783	6,668	7,722	6,476	1,164	1,194	1,131
24 Agriculture	6,238	4,951	5,598	3,193	1,892	3,101	−86	536	−407
25 Commerce and housing credit	2,565	7,795	3,995	3,878	3,163	1,940	−52	292	−639
26 Transportation	17,459	20,840	23,312	9,582	11,547	11,991	1,771	1,925	1,881
27 Community and regional development	9,482	9,917	9,265	5,302	5,370	4,621	677	618	641
28 Education, training, employment, social services	29,685	31,399	30,563	16,686	15,221	15,928	2,400	2,647	1,954
29 Health	49,614	58,165	69,324	29,299	31,263	34,708	6,141	5,838	6,599
30 Income security[1,6]	160,159	192,133	225,599	94,605	107,912	113,490	19,637	18,857	19,094
31 Veterans benefits and services	19,928	21,167	22,937	9,758	11,731	10,531	2,995	789	2,011
32 Administration of justice	4,153	4,554	4,721	2,291	2,299	2,344	386	397	397
33 General government	4,153	4,641	4,730	2,422	2,432	2,692	242	581	266
34 General-purpose fiscal assistance	8,372	8,306	6,621	3,940	4,191	3,015	1,234	28	179
35 Interest[7]	52,556	64,564	82,590	32,658	35,909	41,178	6,164	7,320	6,436
36 Undistributed offsetting receipts[7,8]	−18,489	−21,933	−30,306	−10,387	−14,769	−12,432	−688	−3,652	−2,216

1. Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, were 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 1982*.

1.40 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1979			1980				1981	
	June 30	Sept 30	Dec 31	Mar 31	June 30	Sept 30	Dec 31	Mar. 31	June 30
1 **Federal debt outstanding**	**812.2**	**833.8**	**852.2**	**870.4**	**884.4**	**914.3**	**936.7**	**970.9**	**977.4**
2 Public debt securities	804.9	826.5	845.1	863.5	877.6	907.7	930.2	964.5	971.2
3 Held by public	626.4	638.8	658.0	677.1	682.7	710.0	737.7	773.7	771.3
4 Held by agencies	178.5	187.7	187.1	186.3	194.9	197.7	192.5	190.9	199.9
5 Agency securities	7.3	7.2	7.1	7.0	6.8	6.6	6.5	6.4	6.2
6 Held by public	5.9	5.8	5.6	5.5	5.3	5.1	5.0	4.9	4.7
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**	**806.0**	**827.6**	**846.2**	**864.5**	**878.7**	**908.7**	**931.2**	**965.5**	**972.2**
9 Public debt securities	804.3	825.9	844.5	862.8	877.0	907.1	929.6	963.9	970.6
10 Other debt[1]	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6
11 MEMO Statutory debt limit	830.0	830.0	879.0	879.0	925.0	925.0	935.1	985.0	985.0

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	1977	1978	1979	1980	1981				
					June	July	Aug	Sept	Oct
1 **Total gross public debt**	**718.9**	**789.2**	**845.1**	**930.2**	**971.2**	**973.3**	**980.2**	**997.9**	**1,005.0**
By type									
2 Interest-bearing debt	715.2	782.4	844.0	928.9	969.9	972.1	978.9	996.5	999.5
3 Marketable	459.9	487.5	530.7	623.2	660.8	666.4	673.8	683.2	689.6
4 Bills	161.1	161.7	172.6	216.1	218.8	217.5	219.9	223.4	229.1
5 Notes	251.8	265.8	283.4	321.6	348.8	354.0	357.6	363.6	362.6
6 Bonds	47.0	60.0	74.7	85.4	93.2	94.9	96.3	96.2	97.9
7 Nonmarketable[1]	255.3	294.8	313.2	305.7	309.2	305.6	305.2	313.3	309.9
8 Convertible bonds[2]	2.2	2.2	2.2						
9 State and local government series	13.9	24.3	24.6	23.8	23.2	22.8	22.8	23.2	23.1
10 Foreign issues[3]	22.2	29.6	28.8	24.0	23.5	21.9	21.4	20.5	20.5
11 Government	21.0	28.0	23.6	17.6	17.1	16.3	15.7	15.5	15.5
12 Public	1.2	1.6	5.3	6.4	6.4	5.7	5.7	5.0	5.0
13 Savings bonds and notes	77.0	80.9	79.9	72.5	69.2	69.0	68.6	68.3	68.0
14 Government account series[4]	139.8	157.5	177.5	185.1	193.0	191.6	192.1	201.1	198.1
15 Non-interest-bearing debt	3.7	6.8	1.2	1.3	1.3	1.2	1.3	1.4	5.6
By holder[5]									
16 U.S. government agencies and trust funds	154.8	170.0	187.1	192.5	199.9	198.6	199.0		
17 Federal Reserve Banks	102.8	109.6	117.5	121.3	120.0	123.4	124.5		
18 Private investors	461.3	508.6	540.5	616.4	651.2	651.3	656.7		
19 Commercial banks	101.4	93.2	96.4	116.0	113.3	114.2	115.0		
20 Mutual savings banks	5.9	5.0	4.7	5.4	5.7	5.6	5.5		
21 Insurance companies	15.1	15.7	16.7	20.1	18.3	19.8	20.6	n.a.	n.a.
22 Other companies	20.5	19.6	22.9	25.7	38.7	37.8	38.0		
23 State and local governments	55.2	64.4	69.9	78.8	83.0	76.0	86.2		
Individuals									
24 Savings bonds	76.7	80.7	79.9	72.5	69.2	69.0	68.7		
25 Other securities	28.6	30.3	36.2	56.7	70.4	70.5	71.5		
26 Foreign and international[6]	109.6	137.8	124.4	127.7	143.3	139.0r	137.0		
27 Other miscellaneous investors[7]	49.7	58.9	90.1	106.9	111.4	109.4r	114.2		

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
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.
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	1979	1980	1981 July	1981 Aug	1979	1980	1981 July	1981 Aug
	All maturities				1 to 5 years			
1 **All holders**	**530,731**	**623,186**	**666,405**	**673,765**	**164,198**	**197,409**	**206,767**	**216,771**
2 U S government agencies and trust funds	11,047	9,564	9,225	9,015	2,555	1,990	1,166	1,368
3 Federal Reserve Banks	117,458	121,328	123,402	124,522	8,469	35,835	34,659	34,718
4 Private investors	402,226	492,294	533,778	540,228	133,173	159,585	170,942	180,685
5 Commercial banks	69,076	77,868	78,396	78,972	38,346	44,482	41,463	42,963
6 Mutual savings banks	3,204	3,917	4,181	4,096	1,668	1,925	2,049	2,069
7 Insurance companies	11,496	11,930	12,726	13,209	4,518	4,504	4,919	5,358
8 Nonfinancial corporations	8,433	7,758	5,938	5,366	2,844	2,203	1,197	1,292
9 Savings and loan associations	3,209	4,225	4,214	4,218	1,763	2,289	2,481	2,357
10 State and local governments	15,735	21,058	23,602	23,743	3,487	4,595	5,023	5,090
11 All others	291,072	365,539	404,714	410,624	80,546	99,577	113,809	121,556
	Total, within 1 year				5 to 10 years			
12 **All holders**	**255,252**	**297,385**	**312,707**	**314,506**	**50,440**	**56,037**	**64,934**	**58,214**
13 U.S. government agencies and trust funds	1,629	830	1,307	909	871	1,404	1,411	1,398
14 Federal Reserve Banks	63,219	56,858	59,530	62,082	12,977	13,458	13,280	11,519
15 Private investors	190,403	239,697	251,870	251,516	36,592	41,175	50,242	45,297
16 Commercial banks	20,171	25,197	27,554	28,435	8,086	5,793	6,101	4,397
17 Mutual savings banks	836	1,246	1,334	1,382	459	455	425	270
18 Insurance companies	2,016	1,940	2,029	2,186	2,815	3,037	3,257	2,787
19 Nonfinancial corporations	4,933	4,281	3,019	2,388	308	357	391	340
20 Savings and loan associations	1,301	1,646	1,582	1,661	69	216	84	129
21 State and local governments	5,607	7,750	8,817	8,679	1,540	2,030	2,332	2,338
22 All others	155,539	197,636	207,535	206,785	24,314	29,287	37,653	35,036
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**172,644**	**216,104**	**217,532**	**219,854**	**27,588**	**36,854**	**39,866**	**43,165**
24 U.S. government agencies and trust funds	0	1	1	1	4,520	3,686	3,685	4,027
25 Federal Reserve Banks	45,337	43,971	44,437	47,123	3,272	5,919	6,009	6,535
26 Private investors	127,306	172,132	173,094	172,730	19,796	27,250	30,172	32,602
27 Commercial banks	5,938	9,856	8,352	9,218	993	1,071	1,342	1,263
28 Mutual savings banks	262	394	354	343	127	181	192	203
29 Insurance companies	473	672	608	660	1,305	1,718	1,800	2,117
30 Nonfinancial corporations	2,793	2,363	1,333	941	218	431	798	849
31 Savings and loan associations	219	818	386	377	58	52	45	38
32 State and local governments	3,100	5,413	5,983	6,133	1,762	3,597	4,119	4,542
33 All others	114,522	152,616	156,079	155,059	15,332	20,200	21,877	23,590
	Other, within 1 year				Over 20 years			
34 **All holders**	**82,608**	**81,281**	**95,174**	**94,652**	**33,254**	**35,500**	**42,132**	**41,109**
35 U S. government agencies and trust funds	1,629	829	1,306	907	1,472	1,656	1,656	1,313
36 Federal Reserve Banks	17,882	12,888	15,093	14,959	9,520	9,258	9,924	9,669
37 Private investors	63,097	67,565	78,776	78,785	22,262	24,587	30,553	30,127
38 Commercial banks	14,233	15,341	19,202	19,217	1,470	1,325	1,935	1,914
39 Mutual savings banks	574	852	980	1,039	113	110	181	172
40 Insurance companies	1,543	1,268	1,421	1,526	842	730	721	760
41 Nonfinancial corporations	2,140	1,918	1,686	1,447	130	476	534	497
42 Savings and loan associations	1,081	828	1,196	1,284	19	21	22	34
43 State and local governments	2,508	2,337	2,833	2,546	3,339	3,086	3,319	3,094
44 All others	41,017	45,020	51,457	51,726	16,340	18,838	23,840	23,656

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 Aug 31, 1981: (1) 5,334 commercial banks, 457 mutual savings banks, and 725 insurance companies, each about 80 percent, (2) 408 nonfinancial corporations and 472 savings and loan associations, each about 50 percent; and (3) 489 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	1978	1979	1980	1981 July	1981 Aug	1981 Sept.	1981, week ending Wednesday Sept 16	Sept 23	Sept 30	Oct 7	Oct. 14	Oct 21
	Immediate delivery[1]												
1	U S government securities	10,285	13,183		21,615	23,901	24,881	27,217	26,689	23,347	30,669	28,485	24,554
	By maturity												
2	Bills	6,173	7,915		13,873	14,188	14,980	16,949	15,885	12,322	19,276	16,607	15,220
3	Other within 1 year	392	454		584	516	794	1,044	803	945	763	511	747
4	1–5 years	1,889	2,417		3,139	3,990	4,238	3,866	5,528	5,265	4,403	4,063	3,779
5	5–10 years	965	1,121		2,084	2,410	2,688	3,160	2,353	2,397	2,613	4,824	2,471
6	Over 10 years	867	1,276		1,937	2,797	2,181	2,197	2,121	2,418	3,615	2,479	2,337
	By type of customer												
7	U S government securities dealers	1,135	1,448		2,171	1,767	1,810	1,788	1,745	2,173	2,616	1,215	1,885
8	U.S government securities brokers	3,838	5,170	n a	10,222	11,555	11,922	13,816	12,972	9,911	14,706	14,266	11,931
9	All others[2]	5,312	6,564		9,223	10,579	11,149	11,612	11,972	11,263	13,347	13,004	10,738
10	Federal agency securities	1,894	2,723		3,060	3,136	2,786	4,440	3,399	3,283	3,558	3,471	3,227
11	Certificates of deposit	1,292	1,764		4,290	4,161	5,337	6,460	6,239	5,124	5,586	5,354	4,327
12	Bankers acceptances				1,655	1,420	1,844	2,015	2,121	1,976	2,197	2,118	1,771
13	Commercial paper				5,918	5,942	6,622	6,956	6,301	6,664	7,257	7,038	7,396
	Futures transactions[3]												
14	Treasury bills	n a	n a		3,893	3,619	3,764	4,916	3,453	3,420	3,581	3,886	3,847
15	Treasury coupons				1,160	1,337	1,840	1,760	1,945	1,975	1,634	1,590	1,499
16	Federal agency securities				143	237	169	254	191	160	132	173	246
	Forward transactions[4]												
17	U.S. government securities				369	612	359	431	310	170	227	429	173
18	Federal agency securities				911	1,123	1,269	1,640	1,106	899	1,294	1,673	1,372

1 Before 1981, data for immediate transactions include forward transactions

2. Includes, among others, all other dealers and brokers in commodities and securities, nondealer departments of commercial banks, foreign banking agencies, and the Federal Reserve System

3. Futures contracts are standardized agreements arranged on an organized exchange in which parties commit to purchase or sell securities for delivery at a future date.

4 Forward transactions are agreements arranged in the over-the-counter market in which securities are purchased (sold) for delivery after 5 business days from the date of the transaction for government securities (Treasury bills, notes, and bonds) or after 30 days for mortgage-backed agency issues

NOTES. 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, purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts

1.44 U.S. GOVERNMENT SECURITIES DEALERS Positions and Financing

Averages of daily figures, in millions of dollars

	Item	1978	1979	1980	1981 July	1981 Aug	1981 Sept	1981, week ending Wednesday Aug 26	Sept 2	Sept 9	Sept 16	Sept 23	Sept 30
					Positions								
	Net immediate[1]												
1	U.S. government securities	2,656	3,223		6,270	6,635	6,148	7,147	6,791	8,398	7,971	7,948	4,431
2	Bills	2.452	3 813		2,953	4,322	5,543	5,021	4,417	6,859	7,005	5,942	2,689
3	Other within 1 year	260	−325		−1,419	−2,181	−2,613	−2,303	−2,598	−2,867	−2,741	−2,522	−2,326
4	1–5 years	−92	−455		1,754	2,531	2,180	2,443	2,501	1,979	1,467	2,666	2,516
5	5–10 years	40	160		815	72	31	−172	466	523	243	−330	−702
6	Over 10 years	−4	30		2,167	1,892	2,081	2,158	2,005	1,904	1,996	2,192	2,254
7	Federal agency securities	606	1,471		3,041	2,984	2,341	1,972	1,987	2,359	2,700	2,135	2,040
8	Certificates of deposit	2,775	2,794	n.a	4,880	3,925	3,341	3,149	3,214	2,942	3,034	3,150	4,275
9	Bankers acceptances				1,927	1,475	1,440	1,186	1,498	1,358	1,383	1,262	1,741
10	Commercial paper				2,309	2,171	2,337	1,998	2,397	2,274	2,348	2,279	2,430
	Future positions												
11	Treasury bills				−8,352	−9,939	−9,786	−11,009	−11,106	−10,898	−10,113	−9,701	−8,055
12	Treasury coupons	n.a.	n.a.		−2,480	−2,598	−2,363	−2,638	−2,551	−2,002	−2,209	−2,549	−2,638
13	Federal agency securities				−946	−807	−661	−719	−724	−644	−703	−715	−562
	Forwards positions												
14	U.S. government securities				−523	−509	−565	−897	−662	−748	−537	−455	−492
15	Federal agency securities				91	−206	−254	−218	−85	−325	−294	−251	−196
					Financing[2]								
	Reverse repurchase agreements[3]												
16	Overnight and continuing				15,371	16,087	17,052	16,494	16,331	16,187	16,664	16,876	19,204
7	Term agreements				29,519	29,414	30,889	29,808	29,223	29,006	27,687	33,163	35,365
	Repurchase agreements[4]	n.a.	n a	n a									
18	Overnight and continuing				36,175	36,719	35,814	36,594	35,229	35,031	36,512	35,326	36,971
19	Term agreements				26,122	27,213	29,521	28,139	27,464	27,168	28,914	31,229	32,831

For notes see opposite page.

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1978	1979	1980	1981					
				Mar	Apr.	May	June	July	Aug.
1 **Federal and federally sponsored agencies**[1]	**137,063**	**163,290**	**193,229**	**198,828**	**200,434**	**205,020**	**208,961**	**213,690**[r]	**218,362**
2 Federal agencies	23,488	24,715	28,606	29,397	29,502	29,311	29,945	29,978	30,088
3 Defense Department[2]	968	738	610	576	566	556	546	536	526
4 Export-Import Bank[3,4]	8,711	9,191	11,250	11,881	11,868	11,850	12,423	12,401	12,385
5 Federal Housing Administration[5]	588	537	477	464	459	449	448	443	449
6 Government National Mortgage Association participation certificates[6]	3,141	2,979	2,817	2,817	2,775	2,775	2,715	2,715	2,715
7 Postal Service[7]	2,364	1,837	1,770	1,770	1,770	1,538	1,538	1,538	1,538
8 Tennessee Valley Authority	7,460	8,997	11,190	11,680	11,845	11,930	12,060	12,130	12,260
9 United States Railway Association[7]	356	436	492	209	219	213	215	215	215
10 Federally sponsored agencies[1]	113,575	138,575	164,623	169,431	170,932	175,709	179,016	183,712[r]	188,274
11 Federal Home Loan Banks	27,563	33,330	41,258	43,791	44,357	47,121	49,425	52,431	55,161
12 Federal Home Loan Mortgage Corporation	2,262	2,771	2,536	2,409	2,409	2,409	2,409	2,408	2,408
13 Federal National Mortgage Association	41,080	48,486	55,185	54,666	54,183	54,430	54,657	55,362	56,372
14 Federal Land Banks	20,360	16,006	12,365	11,507	10,583	10,583	10,583	10,317	10,317
15 Federal Intermediate Credit Banks	11,469	2,676	1,821	1,388	1,388	1,388	1,388	1,388	1,388
16 Banks for Cooperatives	4,843	584	584	584	220	220	220	220	220
17 Farm Credit Banks[1]	5,081	33,216	48,153	51,689	54,345	56,061	56,932	57,784	58,306
18 Student Loan Marketing Association[8]	915	1,505	2,720	3,395	3,445	3,495	3,400	3,800[r]	4,100
19 Other	2	1	1	2	2	2	2	2	2
MEMO:									
20 **Federal Financing Bank debt**[1,9]	**51,298**	**67,383**	**87,460**	**94,101**	**96,489**	**98,297**	**100,333**	**102,853**	**103,597**
Lending to federal and federally sponsored agencies									
21 Export-Import Bank[4]	6,898	8,353	10,654	11,346	11,346	11,346	11,933	11,933	11,933
22 Postal Service[7]	2,114	1,587	1,520	1,520	1,520	1,288	1,288	1,288	1,288
23 Student Loan Marketing Association[8]	915	1,505	2,720	3,395	3,445	3,495	3,400	3,800	4,100
24 Tennessee Valley Authority	5,635	7,272	9,465	9,955	10,120	10,205	10,335	10,405	10,535
25 United States Railway Association[7]	356	436	492	209	219	213	215	215	215
Other Lending[10]									
26 Farmers Home Administration	23,825	32,050	39,431	41,791	43,456	44,746	45,691	47,396	47,171
27 Rural Electrification Administration	4,604	6,484	9,196	10,443	10,652	10,988	11,346	11,604	11,861
28 Other	6,951	9,696	13,982	15,442	15,731	16,016	16,125	16,212	16,494

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

NOTES TO TABLE 1 44

1. Immediate positions are 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 (RPs) 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 to resell (reverse RPs) Before 1981, data for immediate positions include forward positions.

2 Figures cover financing involving U.S government and federal agency securities, negotiable CDs, bankers acceptances, and commercial paper.

3. Includes all reverse repurchase agreements, including those that have been arranged to make delivery on short sales and those for which the securities obtained have been used as collateral on borrowings, i.e., matched agreements

4. Includes both repurchase agreements undertaken to finance positions and "matched book" repurchase agreements

NOTE. Data for positions are averages of daily figures, in terms of par value, based on the number of trading days in the period. Positions are shown net and are on a commitment basis. Data for financing are based on Wednesday figures, in terms of actual money borrowed or lent.

1.46 NEW SECURITY ISSUES of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1978	1979	1980	1981 Mar r	Apr r	May r	June r	July	Aug
1 **All issues, new and refunding[1]**	**48,607**	**43,490**	**48,462**	**3,953**	**5,216**	**3,476**	**4,862**	**3,180**	**3,066**
Type of issue									
2 General obligation	17,854	12,109	14,100	1,256	1,360	1,321	1,387	1,064	954
3 Revenue	30,658	31,256	34,267	2,686	3,850	2,145	3,470	2,111	2,100
4 Housing Assistance Administration[2]	...	...	...	...	...	...	...	...	...
5 U S government loans	95	125	95	11	6	10	5	5	12
Type of issuer									
6 State	6,632	4,314	5,304	349	544	639	585	353	446
7 Special district and statutory authority	24,156	23,434	26,972	2,004	2,787	1,667	2,706	1,724	1,682
8 Municipalities, counties, townships, school districts	17,718	15,617	16,090	1,589	1,878	1,160	1,566	1,099	927
9 **Issues for new capital, total**	**37,629**	**41,505**	**46,736**	**3,919**	**5,036**	**3,463**	**4,781**	**3,167**	**2,408**
Use of proceeds									
10 Education	5,003	5,130	4,572	515	497	231	641	255	267
11 Transportation	3,460	2,441	2,621	239	137	427	160	537	110
12 Utilities and conservation	9,026	8,594	8,149	795	1,278	664	760	881	541
13 Social welfare	10,494	15,968	19,958	979	1,022	1,029	1,371	712	825
14 Industrial aid	3,526	3,836	3,974	541	1,341	459	747	358	266
15 Other purposes	6,120	5,536	7,462	850	761	653	1,102	424	399

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	1981 Feb	Mar.	Apr.	May	June	July	Aug
1 **All issues[1]**	**47,230**	**51,533**	**73,688**	**4,157**	**6,423**	**6,835**	**5,457**	**9,536**	**4,013**	**2,865**
2 **Bonds**	**36,872**	**40,208**	**53,199**	**2,834**	**4,275**	**4,597**	**3,080**	**5,601**	**2,256**	**1,413**
Type of offering										
3 Public	19,815	25,814	41,587	2,408	3,778	3,668	2,520	4,603	1,925	905
4 Private placement	17,057	14,394	11,612	426	497	929	560	998	331	508
Industry group										
5 Manufacturing	9,572	9,678	15,409	1,140	1,064	1,459	1,269	1,313	497	280
6 Commercial and miscellaneous	5,246	3,948	6,688	356	212	342	138	566	206	272
7 Transportation	2,007	3,119	3,329	45	172	142	49	584	131	65
8 Public utility	7,092	8,153	9,556	593	594	904	1,063	996	383	354
9 Communication	3,373	4,219	6,683	272	958	554	56	470	767	102
10 Real estate and financial	9,586	11,094	11,534	430	1,276	1,197	506	1,672	273	340
11 **Stocks**	**10,358**	**11,325**	**20,490**	**1,323**	**2,148**	**2,238**	**2,377**	**3,935**	**1,757**	**1,452**
Type										
12 Preferred	2,832	3,574	3,632	149	298	85	164	188	67	14
13 Common	7,526	7,751	16,858	1,174	1,850	2,153	2,213	3,747	1,690	1,438
Industry group										
14 Manufacturing	1,241	1,679	4,839	204	735	531	903	382	335	160
15 Commercial and miscellaneous	1,816	2,623	5,245	589	816	477	958	1,024	437	659
16 Transportation	263	255	549	81	17	146	47	18	29	87
17 Public utility	5,140	5,171	6,230	260	414	717	173	843	308	248
18 Communication	264	303	567	31	...	56	...	1,036	73	12
19 Real estate and financial	1,631	12,931	3,059	159	167	310	296	632	574	287

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	1981 Feb.	Mar	Apr	May	June	July	Aug	Sept
INVESTMENT COMPANIES[1]										
1 Sales of own shares[2]	7,495	15,266	1,347	1,696	2,000	1,785	1,910	1,639	1,457	1,426
2 Redemptions of own shares[3]	8,393	12,012	960	1,112	1,594	1,250	1,512	1,297	1,422	1,457
3 Net sales	−898	3,254	387	584	406	535	398	342	35	−31
4 Assets[4]	49,277	58,400	56,452	59,146	58,531	60,081	58,887	57,494	54,221	51,730
5 Cash position[5]	4,983	5,321	4,882	4,971	5,099	5,448	5,199	5,109r	5,058	3,414
6 Other	44,294	53,079	51,570	54,175	53,432	54,633	53,688	52,385	49,163	46,316

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 Q4	1980 Q1	1980 Q2	1980 Q3	1980 Q4	1981 Q1	1981 Q2
1 Corporate profits with inventory valuation and capital consumption adjustment	185.5	196.8	182.7	189.4	200.2	169.3	177.9	183.3	203.0	190.3
2 Profits before tax	223.3	255.3	245.5	255.4	277.1	217.9	237.6	249.5	257.0	229.0
3 Profits tax liability	82.9	87.6	82.3	87.2	94.2	71.5	78.5	85.2	87.7	76.4
4 Profits after tax	140.3	167.7	163.2	168.2	182.9	146.4	159.1	164.3	169.2	152.7
5 Dividends	44.6	50.1	56.0	51.6	53.9	55.7	56.7	57.7	59.6	62.0
6 Undistributed profits	95.7	117.6	107.2	116.6	129.0	90.7	102.4	106.6	109.6	90.6
7 Inventory valuation	−24.3	−42.6	−45.6	−50.8	−61.4	−31.1	−41.7	−48.4	−39.2	−24.0
8 Capital consumption adjustment	−13.5	−15.9	17.2	−15.1	−15.4	−17.6	−17.9	−17.8	−14.7	−14.7

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			1981	
						Q2	Q3	Q4	Q1	Q2
1 **Current assets**	**759.0**	**826.8**	**902.1**	**1,030.0**	**1,200.9**	**1,232.2**	**1,254.9**	**1,281.6**	**1,321.2**	**1,317.7**
2 Cash	82.1	88.2	95.8	104.5	116.1	111.5	113.4	121.0	120.5	118.5
3 U.S. government securities	19.0	23.4	17.6	16.3	15.6	14.0	16.4	17.3	17.0	18.3
4 Notes and accounts receivable	272.1	292.8	324.7	383.8	456.8	463.4	478.7	491.2	507.3	507.1
5 Inventories	315.9	342.4	374.8	426.9	501.7	525.0	524.5	525.4	542.8	540.0
6 Other	69.9	80.1	89.2	98.5	110.8	118.3	121.9	126.7	133.6	133.7
7 **Current liabilities**	**451.6**	**494.7**	**549.4**	**665.5**	**809.1**	**826.0**	**850.5**	**877.2**	**910.9**	**908.1**
8 Notes and accounts payable	264.2	281.9	313.2	373.7	456.3	462.8	477.0	498.3	504.0	500.8
9 Other	187.4	212.8	236.2	291.7	352.8	363.2	373.5	378.9	406.9	407.2
10 **Net working capital**	**307.4**	**332.2**	**352.7**	**364.6**	**391.8**	**406.2**	**404.3**	**404.4**	**410.3**	**409.6**
11 MEMO: Current ratio[1]	1.681	1.672	1.642	1.548	1.484	1.492	1.475	1.461	1.450	1.451

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[1]	1980			1981			
				Q2	Q3	Q4	Q1	Q2[1]	Q3[1]	Q4[1]
1 **Total nonfarm business**	**270.46**	**295.63**	**321.50**	**294.36**	**296.23**	**299.58**	**312.24**	**316.73**	**322.96**	**332.69**
Manufacturing										
2 Durable goods industries	51.07	58.91	62.92	59.38	58.19	59.77	61.24	63.10	63.07	64.06
3 Nondurable goods industries	47.61	56.90	63.87	56.32	58.21	58.86	63.27	62.40	65.65	64.05
Nonmanufacturing										
4 Mining	11.38	13.51	16.47	12.81	13.86	15.28	16.20	16.80	16.12	16.70
Transportation										
5 Railroad	4.03	4.25	4.43	4.06	3.98	4.54	4.23	4.38	4.22	4.84
6 Air	4.01	4.01	3.60	4.27	4.06	3.77	3.85	3.29	2.84	4.44
7 Other	4.31	3.82	4.12	3.76	4.18	3.39	3.66	4.04	4.00	4.60
Public utilities										
8 Electric	27.65	28.12	28.12	27.91	28.14	27.54	27.69	29.32	29.41	28.84
9 Gas and other	6.31	7.32	8.07	7.12	7.44	7.41	8.36	8.53	7.38	8.16
10 Trade and services	79.26	81.79	87.30	81.07	81.19	82.91	83.43	85.88	86.55	92.68
11 Communication and other[2]	34.83	36.99	41.89	37.66	36.97	36.11	40.32	39.02	43.70	44.31

1. Anticipated by business.
2. "Other" consists of construction; social services and membership organizations; and forestry, fisheries, and agricultural services.

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	1975	1976	1977	1978	1979	1980 Q2	1980 Q3	1980 Q4	1981 Q1	1981 Q2
ASSETS										
Accounts receivable, gross										
1 Consumer	36.0	38.6	44.0	52.6	65.7	70.2	71.7	73.6	76.1	79.0
2 Business	39.3	44.7	55.2	63.3	70.3	70.3	66.9	72.3	72.7	78.2
3 Total	75.3	83.4	99.2	116.0	136.0	140.4	138.6	145.9	148.7	157.2
4 LESS: Reserves for unearned income and losses	9.4	10.5	12.7	15.6	20.0	21.4	22.3	23.3	24.3	25.7
5 Accounts receivable, net	65.9	72.9	86.5	100.4	116.0	119.0	116.3	122.6	124.5	131.4
6 Cash and bank deposits	2.9	2.6	2.6	3.5						
7 Securities	1.0	1.1	.9	1.3	24.9[1]	26.1	28.3	27.5	30.8	31.6
8 All other	11.8	12.6	14.3	17.3						
9 **Total assets**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**145.1**	**144.7**	**150.1**	**155.3**	**163.0**
LIABILITIES										
10 Bank loans	8.0	6.3	5.9	6.5	8.5	10.1	10.1	13.2	13.1	14.4
11 Commercial paper	22.2	23.7	29.6	34.5	43.3	40.7	40.5	43.4	44.2	49.0
Debt										
12 Short-term, n.e.c.	4.5	5.4	6.2	8.1	8.2	7.9	7.7	7.5	8.2	8.5
13 Long-term, n.e.c.	27.6	32.3	36.0	43.6	46.7	50.5	52.0	52.4	51.6	52.6
14 Other	6.8	8.1	11.5	12.6	14.2	16.0	14.6	14.3	17.3	17.0
15 Capital, surplus, and undivided profits	12.5	13.4	15.1	17.2	19.9	19.9	19.8	19.4	20.9	21.5
16 **Total liabilities and capital**	**81.6**	**89.2**	**104.3**	**122.4**	**140.9**	**145.1**	**144.7**	**150.1**	**155.3**	**163.0**

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 August 31, 1981[1]	Changes in accounts receivable 1981 June	July	Aug.	Extensions 1981 June	July	Aug.	Repayments 1981 June	July	Aug.
1 **Total**	**77,184**	**1,850**	**1,213**	**430**	**19,502**	**19,419**	**20,356**	**17,652**	**18,206**	**19,926**
2 Retail automotive (commercial vehicles)	11,210	-217	-128	63	734	838	988	951	966	925
3 Wholesale automotive	11,781	1,085	588	-62	6,267	5,657	5,905	5,182	5,069	5,967
4 Retail paper on business, industrial and farm equipment	26,032	456	539	-73	1,774	1,523	1,701	1,318	984	1,774
5 Loans on commercial accounts receivable and factored commercial accounts receivable	8,984	180	-97	519	8,267	8,824	9,459	8,087	8,921	8,940
6 All other business credit	19,177	346	311	-17	2,460	2,577	2,303	2,114	2,266	2,320

1. Not seasonally adjusted.

1.54 MORTGAGE MARKETS

Millions of dollars; exceptions noted

Item	1978	1979	1980	1981 Mar	Apr.	May	June	July	Aug.	Sept
	Terms and yields in primary and secondary markets									
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms[1]										
1 Purchase price (thousands of dollars)	62.6	74.4	83.4	90.9	88.5	88.9	94.1	95.2r	98.1r	87.6
2 Amount of loan (thousands of dollars)	45.9	53.3	59.2	64.5	64.1	65.5	66.8	67.7	70.3r	67.4
3 Loan/price ratio (percent)	75.3	73.9	73.2	73.9	74.7	76.7	72.6	73.9	74.7r	74.1
4 Maturity (years)	28.0	28.5	28.2	28.7	28.6	28.5	27.5	28.3	27.2r	26.4
5 Fees and charges (percent of loan amount)[2]	1.39	1.66	2.09	2.64	2.61	2.60	2.50	2.73	2.98r	2.81
6 *Contract rate (percent per annum)*	*9.30*	*10.48*	*12.25*	*13.48*	*13.62*	*13.56*	*14.12*	*14.13*	*14.60r*	*14.76*
Yield (percent per annum)										
7 FHLBB series[3]	9.54	10.77	12.65	14.02	14.15	14.10	14.67	14.72	15.27	15.37
8 HUD series[4]	9.68	11.15	13.95	15.25	15.70	16.35	16.40	16.70	17.50	18.30
SECONDARY MARKETS										
Yield (percent per annum)										
9 FHA mortgages (HUD series)[5]	9.70	10.87	13.42	15.04	15.91	16.03	16.31	16.76	17.96	18.55
10 GNMA securities[6]	8.98	10.22	12.55	14.22	14.69	15.31	15.02	15.76	16.67	17.06
FNMA auctions[7]										
11 Government-underwritten loans	9.77	11.17	14.11	15.64	16.54	16.93	16.17	16.65	17.63	18.99
12 Conventional loans	10.01	11.77	14.43	15.29	15.66	16.44	16.30	16.44	17.59	19.14
	Activity in secondary markets									
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13 Total	39,032	46,050	55,104	57,362	57,436	57,586	57,657	57,979	58,722	59,682
14 FHA/VA-insured	29,941	33,673	37,364	38,878	38,919	39,030	38,988	39,108	39,368	39,792
15 Conventional	9,091	14,377	17,724	18,484	18,517	18,557	18,669	18,870	19,354	19,890
Mortgage transactions (during period)										
16 Purchases	12,301	10,812	8,099	87	206	283	247	627	944	1,125
17 Sales	9	0	0	0	1	0	0	0	0	0
Mortgage commitments[8]										
18 Contracted (during period)	18,959	10,179	8,083	320	383	802	1,110	1,662	1,394	811
19 Outstanding (end of period)	9,185	6,409	3,278	2,173	2,031	2,328	3,103	4,039	4,399	3,997
Auction of 4-month commitments to buy										
Government-underwritten loans										
20 Offered	12,978.1	8,860.4	8,605.4	169.0	139.1	204.8	237.6	331.9	689.5	145.9
21 Accepted	6,747.2	3,920.9	4,002.0	69.0	114.5	179.1	127.1	290.4	336.6	64.1
Conventional loans										
22 Offered	9,933.0	4,495.3	3,639.2	104.0	126.9	281.3	307.1	306.6	862.2	120.7
23 Accepted	5,110.9	2,343.6	1,748.5	62.0	92.0	155.9	224.0	238.2	304.3	67.9
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period)[9]										
24 Total	2,810	3,543	4,362	5,161	5,176	5,223	5,257	5,250	5,294	5,431
25 FHA/VA	1,847	1,995	2,116	2,229	2,224	2,235	2,241	2,233	2,238	2,264
26 Conventional	963	1,549	2,246	2,931	2,952	2,988	3,016	3,017	3,056	3,167
Mortgage transactions (during period)										
27 Purchases	6,525	5,717	3,723	148	125	480	139	242	101	337
28 Sales	6,211	4,544	2,527	127	97	422	94	238	44	249
Mortgage commitments[10]										
29 Contracted (during period)	7,451	5,542	3,859	475	118	130	293	866	386	365
30 Outstanding (end of period)	1,410	797	447	699	678	322	1,018	824	1,028	982

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 Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA tandem plans.

9 Includes participation as well as whole loans.

10 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	1980			1981	
				Q2	Q3	Q4	Q1	Q2
1 **All holders**	**1,169,412**	**1,326,750**	**1,451,840**	**1,380,928**	**1,414,881**	**1,451,841**	**1,473,402[r]**	**1,503,431[r]**
2 1- to 4-family	765,217	878,931	960,422	910,286	935,393	960,408	973,460[r]	992,497[r]
3 Multifamily	121,138	128,852	136,580	132,194	134,193	136,601	137,750[r]	138,947[r]
4 Commercial	211,851	236,451	258,338	247,444	251,651	258,332	262,459[r]	268,261[r]
5 Farm	71,206	82,516	96,500	91,004	93,644	96,500	99,733[r]	103,726[r]
6 Major financial institutions	848,177	938,567	998,386	958,750	977,281	998,372	1,008,204	1,024,618
7 Commercial banks[1]	214,045	245,187	264,602	253,103	258,003	264,602	268,102	274,503
8 1- to 4-family	129,167	149,460	160,746	153,753	156,737	160,746	162,872	166,761
9 Multifamily	10,266	11,180	12,304	11,764	11,997	12,304	12,467	12,764
10 Commercial	66,115	75,957	82,688	79,110	80,626	82,688	83,782	85,782
11 Farm	8,497	8,590	8,864	8,476	8,643	8,864	8,981	9,196
12 Mutual savings banks	95,157	98,908	99,827	99,150	99,8306	99,813	99,719	99,993
13 1- to 4-family	62,252	64,706	65,307	64,864	64,966	65,297	65,236	65,415
14 Multifamily	16,529	17,340	17,180	17,223	17,249	17,338	17,321	17,369
15 Commercial	16,319	16,963	17,120	17,004	17,031	17,118	17,102	17,149
16 Farm	57	59	60	59	60	60	60	60
17 Savings and loan associations	432,808	475,688	502,812	481,042	491,895	502,812	507,152	514,803
18 1- to 4-family	356,114	394,345	419,446	399,746	409,896	419,446	423,269[r]	430,324[r]
19 Multifamily	36,053	37,579	38,113	37,329	37,728	38,113	38,189[r]	38,044[r]
20 Commercial	40,461	43,764	45,253	43,967	44,271	45,253	45,694[r]	46,435[r]
21 Life insurance companies	106,167	118,784	131,145	125,455	128,077	131,145	133,231	135,319
22 1- to 4-family	14,436	16,193	17,911	17,796	17,996	17,911	17,847	17,646
23 Multifamily	19,000	19,274	19,614	19,284	19,357	19,614	19,579	19,603
24 Commercial	62,232	71,137	80,776	75,693	77,995	80,776	82,839	85,038
25 Farm	10,499	12,180	12,844	12,682	12,729	12,844	12,966	13,032
26 Federal and related agencies	81,739	97,084	114,300	108,539	110,526	114,300	116,243	120,040[r]
27 Government National Mortgage Association	3,509	3,852	4,642	4,466	4,389	4,642	4,826	4,955
28 1- to 4-family	877	763	704	736	719	704	696	699
29 Multifamily	2,632	3,089	3,938	3,730	3,670	3,938	4,130	4,256
30 Farmers Home Administration	926	1,274	3,492	3,375	3,525	3,492	2,837	3,595
31 1- to 4-family	288	417	916	1,383	978	916	1,321	1,565
32 Multifamily	320	71	610	636	774	610	528	489
33 Commercial	101	174	411	402	370	411	479	576
34 Farm	217	612	1,555	954	1,403	1,555	509	965
35 Federal Housing and Veterans Administration	5,305	5,555	5 640	5,691	5,600	5,640	5,799	5,895[r]
36 1- to 4-family	1,673	1,955	2 051	2,085	1,986	2,051	2,135	2,172[r]
37 Multifamily	3,632	3,600	3 589	3,606	3,614	3,589	3,664	3,723[r]
38 Federal National Mortgage Association	43,311	51,091	57,327	55,419	55,632	57,327	57,362	57,657
39 1- to 4-family	37,579	45,488	51 775	49,837	50,071	51,775	51,842	52,181
40 Multifamily	5,732	5,603	5,552	5,582	5,561	5,552	5,520	5,476
41 Federal Land Banks	25,624	31,277	38,131	35,574	36,837	38,131	40,258	42,681[r]
42 1- to 4-family	927	1,552	2,099	1,893	1,985	2,099	2,228	2,401
43 Farm	24,697	29,725	36,032	33,681	34,852	36,032	38,030	40,280[r]
44 Federal Home Loan Mortgage Corporation	3,064	4,035	5,068	4,014	4,543	5,068	5,161	5,257
45 1- to 4-family	2,407	3,059	3,873	3,037	3,459	3,873	3,953	4,025
46 Multifamily	657	976	1,195	977	1,084	1,195	1,208	1,232
47 Mortgage pools or trusts[2]	88,633	119,278	142,258	129,647	136,583	142,258	147,246	151,374
48 Government National Mortgage Association	54,347	76,401	93,874	84,282	89,452	93,874	97,184	100,558
49 1- to 4-family	52,732	74,546	91,602	82,208	87,276	91,602	94,810	98,057[r]
50 Multifamily	1,615	1,855	2,272	2,074	2,176	2,272	2,374	2,501[r]
51 Federal Home Loan Mortgage Corporation	11,892	15,180	16,854	16,120	16,659	16,854	17,067	17,565
52 1- to 4-family	9,657	12,149	13,471	12,886	13,318	13,471	13,641	14,115
53 Multifamily	2,235	3,031	3,383	3,234	3,341	3,383	3,426	3,450
54 Farmers Home Administration	22,394	27,697	31,530	29,245	30,472	31,530	32,995	33,251
55 1- to 4-family	13,400	14,884	16,683	15,224	16,226	16,683	16,640	16,750
56 Multifamily	1,116	2,163	2,612	2,159	2,235	2,612	2,853	3,072
57 Commercial	3,560	4,328	5,271	4,763	5,059	5,271	5,382	5,531
58 Farm	4,318	6,322	6,964	7,099	6,952	6,964	8,120	7,898
59 Individual and others[3]	150,863	171,821	196,896	183,992	190,491	196,911	201,709[r]	207,399[r]
60 1- to 4-family	83,708	99,414	113,838	104,838	109,780	113,834	116,970[r]	120,386[r]
61 Multifamily	21,351	23,251	26,058	24,596	25,407	26,081	26,491[r]	26,968[r]
62 Commercial	22,883	24,128	26,819	26,505	26,299	26,815	27,181[r]	27,750[r]
63 Farm	22,921	25,028	30,181	28,053	29,005	30,181	31,067[r]	32,295[r]

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	1978	1979	1980	1981 Mar	1981 Apr	1981 May	1981 June	1981 July	1981 Aug	1981 Sept
	Amounts outstanding (end of period)									
1 **Total**	**273,645**	**312,024**	**313,435**	**310,766**	**313,419**	**315,465**	**318,459**	**320,886**	**324,653**	**328,296**
By major holder										
2 Commercial banks	136,016	154,177	145,765	141,897	142,070	142,143	143,310	144,020	144,769	145,287
3 Finance companies	54,298	68,318	76,756	79,490	81,033	81,794	82,723	83,924	86,152	88,698
4 Credit unions	44,334	46,517	44,041	44,212	44,390	45,055	45,686	46,096	46,605	46,791
5 Retailers[2]	25,987	28,119	29 410	26,965	27,227	27,319	27,412	27,469	27,494	27,712
6 Savings and loans	7,097	8,424	9,911	10,458	10,792	11,148	11,115	10,959	11,125	11,236
7 Gasoline companies	3,220	3,729	4,717	4,898	5,046	5,157	5,364	5,597	5,716	5,771
8 Mutual savings banks	2,693	2,740	2,835	2,846	2,861	2,849	2,849	2,821	2,792	2,801
By major type of credit										
9 Automobile	101,647	116,362	116,327	117,517	118,479	118,932	119,685	121,002	123,219	125,646
10 Commercial banks	60,510	67,367	61,025	59,378	59,252	59,169	59,192	59,434	59,485	59,394
11 Indirect paper	33,850	38,338	34,857	34,016	33,931	33,913	33,996	34,270	34,501	34,656
12 Direct loans	26,660	29,029	26 168	25,362	25,321	25,256	25,196	25,164	24,984	24,738
13 Credit unions	21,200	22,244	21,060	21,142	21,227	21,545	21,847	22,044	22,286	22,375
14 Finance companies	19,937	26,751	34,242	36,997	38,000	38,218	38,646	39,525	41,448	43,877
15 Revolving	48,309	56,937	59 862	56,831	57,322	57,524	58,470	58,976	59,745	60,415
16 Commercial banks	24,341	29,862	30 001	29,051	29,127	29,096	29,722	29,923	30,530	30,921
17 Retailers	20,748	23,346	25 144	22,882	23,149	23,271	23,384	23,456	23,499	23,723
18 Gasoline companies	3,220	3,729	4,717	4,898	5,046	5,157	5,364	5,597	5,716	5,771
19 Mobile home	15,235	16,838	17,327	17,273	17,422	17,626	17,724	17,784	17,988	18,157
20 Commercial banks	9,545	10,647	10,376	10,153	10,142	10,159	10,179	10,192	10,242	10,274
21 Finance companies	3,152	3,390	3,745	3,762	3,828	3,909	3,990	4,076	4,178	4,282
22 Savings and loans	2,067	2,307	2 737	2,888	2,980	3,079	3,069	3,026	3,072	3,103
23 Credit unions	471	494	469	470	472	479	486	490	496	498
24 Other	108,454	121,887	119,919	119,145	120,196	121,383	122,580	123,124	123,701	124,078
25 Commercial banks	41,620	46,301	44,363	43,315	43,549	43,719	44,217	44,471	44,512	44,698
26 Finance companies	31,209	38,177	38,769	38,731	39,205	39,667	40,087	40,323	40,526	40,539
27 Credit unions	22,663	23,779	22 512	22,600	22,691	23,031	23,353	23,563	23,823	23,918
28 Retailers	5,239	4,773	4 266	4,083	4,078	4,048	4,028	4,013	3,995	3,989
29 Savings and loans	5,030	6,117	7 174	7,570	7,812	8,069	8,046	7,933	8,053	8,133
30 Mutual savings banks	2,693	2,740	2 835	2,846	2,861	2,849	2,849	2,821	2,792	2,801
	Net change (during period)[3]									
31 **Total**	**43,079**	**38,381**	**1,410**	**3,108**	**2,331**	**1,346**	**1,930**	**1,954**	**2,859**	**2,819**
By major holder										
32 Commercial banks	23,641	18,161	−8 412	612	−345	−14	614	432	185	123
33 Finance companies	9,430	14,020	8,438	1,539	1,253	409	570	948	2,383	2,682
34 Credit unions	6,729	2,185	−2 475	287	272	391	219	532	245	−134
35 Retailers[2]	2,497	2,132	1,291	253	531	−3	416	265	−13	117
36 Savings and loans	7	1,327	1 485	418	421	519	45	−175	42	71
37 Gasoline companies	257	509	988	−6	141	67	78	4	33	−20
38 Mutual savings banks	518	47	95	5	58	−23	−12	−52	−16	−20
By major type of credit										
39 Automobile	18,736	14,715	−35	1,682	428	−195	57	1,208	2,115	2,282
40 Commercial banks	10,933	6,857	−6,342	229	−461	−208	−214	199	−91	−201
41 Indirect paper	6,471	4,488	−3,481	268	−256	−83	−44	274	159	63
42 Direct loans	4,462	2,369	−2,861	−39	−205	−125	−170	−75	−250	−264
43 Credit unions	3,101	1,044	−1,184	132	142	160	106	263	106	−82
44 Finance companies	4,702	6,814	7 491	1,321	747	−147	165	746	2,100	2,565
45 Revolving	9,035	8,628	2,925	587	838	350	1,018	477	491	293
46 Commercial banks	5,967	5,521	139	346	153	230	580	156	440	171
47 Retailers	2,811	2,598	1 798	247	544	53	360	317	18	142
48 Gasoline companies	257	509	988	−6	141	67	78	4	33	−20
49 Mobile home	286	1,603	488	88	145	243	89	67	176	175
50 Commercial banks	419	1,102	−271	−35	−15	7	−12	20	44	48
51 Finance companies	74	238	355	25	58	78	85	81	93	102
52 Savings and loans	−276	240	430	97	99	152	14	−44	37	26
53 Credit unions	69	23	−25	1	3	6	2	10	2	−1
54 Other	15,022	13,435	−1 968	751	920	948	766	202	77	69
55 Commercial banks	6,322	4,681	−1,938	72	−22	−43	260	57	−208	105
56 Finance companies	4,654	6,968	592	193	448	478	320	121	190	15
57 Credit unions	3,559	1,118	−1,266	154	127	225	111	259	137	−51
58 Retailers	−314	−466	−507	6	−13	−56	56	−52	−31	−25
59 Savings and loans	283	1,087	1 056	321	322	367	31	−131	5	45
60 Mutual savings banks	518	47	95	5	58	−23	−12	−52	−16	−20

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

▲ Total consumer noninstallment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to $64 3 billion at the end of 1978, $71.3 billion at the end of 1979, and $72 2 billion at the end of 1980

1.57 CONSUMER INSTALLMENT CREDIT Extensions and Liquidations

Millions of dollars; monthly data are seasonally adjusted.

Holder, and type of credit	1978	1979	1980	1981 Mar	Apr.	May	June	July	Aug.	Sept
				Extensions						
1 **Total**	**297,668**	**324,777**	**305,887**	**29,822**	**28,878**	**28,149**	**29,005**	**28,750**	**28,899**	**29,428**
By major holder										
2 Commercial banks	142,433	154,733	133,605	12,676	11,986	12,055	12,483	12,433	12,034	12,036
3 Finance companies	50,505	61,518	60,801	5,911	5,218	4,937	5,251	5,439	6,385	7,158
4 Credit unions	38,111	34,926	29,594	3,153	3,181	3,212	3,137	3,299	2,913	2,558
5 Retailers[1]	44,571	47,676	50,959	4,685	5,002	4,486	5,018	4,826	4,616	4,727
6 Savings and loans	3,724	5,901	6,621	1,038	985	1,068	649	383	537	573
7 Gasoline companies	16,017	18,005	22,402	2,180	2,272	2,243	2,296	2,252	2,284	2,246
8 Mutual savings banks	2,307	2,018	1,905	179	234	148	171	118	130	130
By major type of credit										
9 Automobile	87,981	93,901	83,002	8,700	7,205	7,320	7,442	8,178	8,573	9,176
10 Commercial banks	52,969	53,554	40,657	4,117	3,438	3,627	3,652	3,874	3,457	3,394
11 Indirect paper	29,342	29,623	22,269	2,365	1,929	2,071	2,126	2,349	2,084	2,075
12 Direct loans	23,627	23,931	18,388	1,752	1,509	1,556	1,526	1,525	1,373	1,319
13 Credit unions	18,539	17,397	15,294	1,586	1,589	1,608	1,553	1,663	1,537	1,337
14 Finance companies	16,473	22,950	27,051	2,997	2,178	2,085	2,237	2,641	3,579	4,445
15 Revolving	105,125	120,174	129,580	12,071	12,352	11,904	12,668	12,190	11,964	12,335
16 Commercial banks	51,333	61,048	61,847	5,695	5,561	5,613	5,905	5,557	5,528	5,831
17 Retailers	37,775	41,121	45,331	4,196	4,519	4,048	4,467	4,381	4,152	4,258
18 Gasoline companies	16,017	18,005	22,402	2,180	2,272	2,243	2,296	2,252	2,284	2,246
19 Mobile home	5,412	6,471	5,098	641	551	609	488	451	536	543
20 Commercial banks	3,697	4,542	2,942	259	251	250	259	282	297	302
21 Finance companies	886	797	898	88	100	112	122	116	120	134
22 Savings and loans	609	948	1,146	269	184	230	93	30	105	95
23 Credit unions	220	184	113	25	16	17	14	23	14	12
24 Other	99,150	104,231	88,207	8,410	8,770	8,316	8,407	7,931	7,826	7,374
25 Commercial banks	34,434	35,589	28,159	2,605	2,736	2,565	2,667	2,720	2,752	2,509
26 Finance companies	33,146	37,771	32,852	2,826	2,940	2,740	2,892	2,682	2,686	2,579
27 Credit unions	19,352	17,345	14,187	1,542	1,576	1,587	1,570	1,613	1,362	1,209
28 Retailers	6,796	6,555	5,628	489	483	438	551	445	464	469
29 Savings and loans	3,115	4,953	5,476	769	801	838	556	353	432	478
30 Mutual savings banks	2,307	2,018	1,905	179	234	148	171	118	130	130
				Liquidations						
31 **Total**	**254,589**	**286,396**	**304,477**	**26,714**	**26,547**	**26,803**	**27,075**	**26,796**	**26,040**	**26,609**
By major holder										
32 Commercial banks	118,792	136,572	142,017	12,064	12,331	12,069	11,869	12,001	11,849	11,913
33 Finance companies	41,075	47,498	52,363	4,372	3,965	4,528	4,681	4,491	4,002	4,476
34 Credit unions	31,382	32,741	32,069	2,866	2,909	2,821	2,918	2767	2,668	2,692
35 Retailers[1]	42,074	45,544	49,668	4,432	4,471	4,489	4,602	4561	4,629	4,610
36 Savings and loans	3,717	4,574	5,136	620	564	549	604	558	495	502
37 Gasoline companies	15,760	17,496	21,414	2,186	2,131	2,176	2,218	2,248	2,251	2,266
38 Mutual savings banks	1,789	1,971	1,810	174	176	171	183	170	146	150
By major type of credit										
39 Automobile	69,245	79,186	83,037	7,018	6,777	7,515	7,385	6,970	6,458	6,894
40 Commercial banks	42,036	46,697	46,999	3,888	3,899	3,835	3,866	3,675	3,548	3,595
41 Indirect paper	22,871	25,135	25,750	2,097	2,185	2,154	2,170	2,075	1,925	2,012
42 Direct loans	19,165	21,562	21,249	1,791	1,714	1,681	1,696	1,600	1,623	1,583
43 Credit unions	15,438	16,353	16,478	1,454	1,447	1,448	1,447	1,400	1,431	1,419
44 Finance companies	11,771	16,136	19,560	1,676	1,431	2,232	2,072	1,895	1,479	1,880
45 Revolving	96,090	111,546	126,655	11,484	11,514	11,554	11,650	11,713	11,473	12,042
46 Commercial banks	45,366	55,527	61,708	5,349	5,408	5,383	5,325	5,401	5,088	5,660
47 Retailers	34,964	38,523	43,533	3 949	3,975	3,995	4,107	4,064	4,134	4,116
48 Gasoline companies	15,760	17,496	21,414	2 186	2,131	2,176	2,218	2,248	2,251	2,266
49 Mobile home	5,126	4,868	4,610	553	406	366	399	384	360	368
50 Commercial banks	3,278	3,440	3,213	294	266	243	271	262	253	254
51 Finance companies	812	559	543	63	42	34	37	35	27	32
52 Savings and loans	885	708	716	172	85	78	79	74	68	69
53 Credit unions	151	161	138	24	13	11	12	13	12	13
54 Other	84,128	90,796	90,175	7 659	7,850	7,368	7,641	7,729	7,749	7,305
55 Commercial banks	28,112	30,908	30,097	2 533	2,758	2,608	2,407	2,663	2,960	2,404
56 Finance companies	28,492	30,803	32,260	2 633	2,492	2,262	2,572	2,651	2,496	2,564
57 Credit unions	15,793	16,227	15,453	1 388	1,449	1,362	1,459	1,354	1,225	1,260
58 Retailers	7,110	7,021	6,135	483	496	494	495	497	495	494
59 Savings and loans	2,832	3,866	4,420	448	479	471	525	484	427	433
60 Mutual savings banks	1,789	1,971	1,810	174	176	171	183	170	146	150

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	1979		1980		1981
							H2	H1	H2	H1	H2	H1
	Nonfinancial sectors											
1 **Total funds raised**	**211.8**	**273.6**	**336.6**	**395.6**	**387.0**	**371.9**	**404.9**	**385.0**	**389.0**	**339.0**	**404.9**	**419.3**
2 Excluding equities	201.7	262.8	333.5	396.3	394.0	357.0	403.5	394.7	393.3	330.1	383.8	417.7
By sector and instrument												
3 U.S. government	85.4	69.0	56.8	53.7	37.4	79.2	43.4	30.0	44.7	66.5	91.9	89.1
4 Treasury securities	85.8	69.1	57.6	55.1	38.8	79.8	45.3	32.3	45.2	67.2	92.4	89.5
5 Agency issues and mortgages	−.4	−.1	−.9	−1.4	−1.4	−.6	−1.9	−2.3	−.5	−.6	−.6	−.4
6 All other nonfinancial sectors	126.4	204.6	279.9	342.0	349.6	292.7	361.5	355.0	344.3	272.5	313.0	330.2
7 Corporate equities	10.1	10.8	3.1	−.6	−7.1	15.0	1.4	−9.8	−4.3	8.9	21.0	1.6
8 Debt instruments	116.3	193.8	276.7	342.6	356.7	277.8	360.1	364.7	348.6	263.6	292.0	328.6
9 Private domestic nonfinancial sectors	114.9	185.0	266.0	308.7	328.6	263.4	318.2	341.0	316.1	241.3	285.6	282.5
10 Corporate equities	9.9	10.5	2.7	−.1	−7.8	12.9	1.6	−9.6	−6.1	6.9	18.8	.9
11 Debt instruments	105.0	174.5	263.2	308.8	336.4	250.6	316.6	350.6	322.2	234.4	266.8	281.5
12 Debt capital instruments	98.4	123.7	172.2	193.7	200.1	179.4	202.1	203.0	197.2	177.0	181.9	162.9
13 State and local obligations	16.1	15.7	21.9	26.1	21.8	26.9	26.8	20.9	22.7	21.6	32.1	27.8
14 Corporate bonds	27.2	22.8	21.0	20.1	21.2	30.4	21.0	21.7	20.7	35.3	25.6	19.5
Mortgages												
15 Home mortgages	39.5	64.0	96.3	108.5	113.7	81.7	116.7	117.6	109.8	76.5	87.0	75.8
16 Multifamily residential	*	3.9	7.4	9.4	7.8	8.5	8.5	8.0	7.6	8.2	8.8	7.7
17 Commercial	11.0	11.6	18.5	22.1	24.4	22.4	20.5	23.4	25.4	24.8	19.9	19.0
18 Farm	4.6	5.7	7.1	7.5	11.3	9.5	8.4	11.6	11.0	10.6	8.4	13.1
19 Other debt instruments	6.6	50.7	91.0	115.1	136.3	71.1	114.5	147.6	125.0	57.4	84.9	118.6
20 Consumer credit	9.6	25.4	40.2	47.6	46.3	2.3	47.0	50.9	41.6	−5.1	9.7	29.2
21 Bank loans n.e.c.	−10.5	4.4	26.7	37.1	49.2	37.3	30.5	55.5	42.8	13.5	61.2	35.9
22 Open market paper	−2.6	4.0	2.9	5.2	11.1	6.6	7.1	8.0	14.2	24.8	−11.6	17.6
23 Other	10.1	16.9	21.3	25.1	29.7	24.9	30.0	33.1	26.4	24.1	25.6	36.0
24 By borrowing sector	114.9	185.0	266.0	308.7	328.6	263.4	318.2	341.0	316.1	241.3	285.6	282.5
25 State and local governments	13.7	15.2	17.3	20.9	18.4	25.3	23.3	17.9	18.9	19.7	30.9	24.6
26 Households	49.6	89.6	139.1	164.3	170.6	101.7	173.5	179.1	162.1	94.2	109.1	121.2
27 Farm	8.5	10.2	12.3	15.0	20.8	14.5	17.1	21.2	20.4	17.9	11.1	25.9
28 Nonfarm noncorporate	1.4	5.7	12.7	15.3	14.0	15.8	13.0	13.5	14.5	11.0	20.6	17.3
29 Corporate	1.7	64.3	84.6	93.2	104.8	106.1	91.3	109.3	100.2	98.4	113.8	93.6
30 Foreign	11.5	19.6	13.9	33.2	21.0	29.3	43.2	14.0	28.1	31.2	27.4	47.8
31 Corporate equities	.2	.3	.4	−.5	.8	2.1	−.3	−.2	1.7	1.9	2.2	.6
32 Debt instruments	11.3	19.3	13.5	33.8	20.3	27.2	43.5	14.1	26.4	29.2	25.2	47.1
33 Bonds	6.2	8.6	5.1	4.2	3.9	.8	3.1	2.8	4.9	2.0	−.4	3.2
34 Bank loans n.e.c.	2.0	5.6	3.1	19.1	2.3	11.5	26.5	2.1	2.4	6.1	17.0	18.6
35 Open market paper	.3	1.9	2.4	6.6	11.2	10.1	9.6	6.1	16.3	15.7	4.5	20.6
36 U.S. government loans	2.8	3.3	3.0	3.9	3.0	4.7	4.2	3.1	2.8	5.4	4.0	4.7
	Financial sectors											
37 **Total funds raised**	**9.7**	**23.4**	**51.4**	**76.8**	**84.3**	**66.7**	**75.2**	**87.8**	**80.8**	**59.8**	**73.5**	**88.6**
By instrument												
38 U.S. government related	10.3	15.1	21.9	36.7	48.2	43.0	39.0	43.7	52.8	44.7	41.3	37.2
39 Sponsored credit agency securities	2.3	3.3	7.0	23.1	24.3	24.4	24.9	21.2	27.3	25.1	23.7	24.1
40 Mortgage pool securities	7.1	12.2	16.1	13.6	24.0	18.6	14.1	22.5	25.5	19.6	17.6	13.0
41 Loans from U.S. government	.9	−.4	−1.2	0	0	0	0	0	0	0	0	0
42 Private financial sectors	−.6	8.2	29.5	40.1	36.0	23.7	36.2	44.1	28.0	15.2	32.2	51.4
43 Corporate equities	.5	−.2	2.6	1.8	2.5	6.2	.5	3.6	1.4	7.1	5.2	9.9
44 Debt instruments	−1.1	8.4	26.9	38.3	33.6	17.5	35.8	40.6	26.6	8.1	27.0	41.5
45 Corporate bonds	3.2	9.8	10.1	7.5	7.8	7.1	7.1	8.2	7.5	10.1	4.2	−1.0
46 Mortgages	2.3	2.1	3.1	.9	−1.2	−.9	−.7	.3	−2.6	−5.8	4.0	−2.3
47 Bank loans n.e.c.	−3.7	−3.7	−.3	2.8	−.4	−.5	3.0	−1.4	.6	*	−.9	1.5
48 Open market paper and RPs	1.1	2.2	9.6	14.6	18.2	4.6	15.0	25.4	10.9	−.8	10.1	25.3
49 Loans from Federal Home Loan Banks	−4.0	−2.0	4.3	12.5	9.2	7.1	11.5	8.2	10.1	4.6	9.6	18.0
By sector												
50 Sponsored credit agencies	3.2	2.9	5.8	23.1	24.3	24.4	24.9	21.2	27.3	25.1	23.7	24.1
51 Mortgage pools	7.1	12.2	16.1	13.6	24.0	18.6	14.1	22.5	25.5	19.6	17.6	13.0
52 Private financial sectors	−.6	8.2	29.5	40.1	36.0	23.7	36.2	44.1	28.0	15.2	32.2	51.4
53 Commercial banks	1.2	2.3	1.1	1.3	1.6	.5	1.1	1.3	1.8	.8	.3	.1
54 Bank affiliates	.6	5.4	2.0	7.2	6.5	6.9	8.2	8.0	4.9	5.8	8.0	7.8
55 Savings and loan associations	−2.3	.1	9.9	14.3	11.4	6.9	11.4	11.1	11.7	−1.4	15.2	17.1
56 Other insurance companies	1.0	.9	1.4	.8	.9	.9	.8	.9	.9	.9	.9	.9
57 Finance companies	.5	4.3	16.9	18.1	16.8	5.8	17.5	22.7	10.9	5.2	6.3	17.3
58 REITs	−1.3	−2.2	−2.3	−1.1	−.4	−1.7	−1.1	−.6	−.2	−1.4	−2.0	−1.2
59 Open-end investment companies	−.3	−2.4	.4	−.5	−.6	4.4	−1.7	.7	−1.9	5.3	3.4	9.5
	All sectors											
60 **Total funds raised, by instrument**	**221.5**	**297.0**	**388.0**	**472.5**	**471.3**	**438.6**	**480.1**	**472.8**	**469.7**	**398.8**	**478.4**	**507.8**
61 Investment company shares	−.3	−2.4	.4	−.5	−.6	4.4	−1.7	.7	−1.9	5.3	3.4	9.5
62 Other corporate equities	10.9	13.1	5.3	1.7	−4.0	16.8	3.6	−6.9	−1.0	10.7	22.8	2.0
63 Debt instruments	210.9	286.4	382.3	471.3	475.8	417.5	478.3	479.0	472.6	382.9	452.1	496.4
64 U.S. government securities	94.9	84.6	79.9	90.5	85.7	122.3	82.5	73.8	97.6	111.3	133.2	126.3
65 State and local obligations	16.1	15.7	21.9	26.1	21.8	26.9	26.8	20.9	22.7	21.6	32.1	27.8
66 Corporate and foreign bonds	36.7	41.2	36.1	31.8	32.8	38.4	31.2	32.6	33.0	47.4	29.5	21.7
67 Mortgages	57.2	87.2	132.3	148.3	155.9	121.1	153.4	160.6	151.1	114.2	128.0	113.2
68 Consumer credit	9.6	25.4	40.2	47.6	46.3	2.3	47.0	50.9	41.6	−5.1	9.7	29.2
69 Bank loans n.e.c.	−12.2	6.2	29.5	59.0	51.0	48.4	60.0	56.2	45.8	19.6	77.2	56.0
70 Open market paper and RPs	−1.2	8.1	15.0	26.4	40.5	21.4	31.6	39.5	41.5	39.7	3.1	63.5
71 Other loans	9.8	17.8	27.4	41.5	41.9	36.7	45.7	44.4	39.3	34.1	39.3	58.7

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		1981
							H2	H1	H2	H1	H2	H1
1 **Total funds advanced in credit markets to nonfinancial sectors**	**201.7**	**262.8**	**333.5**	**396.3**	**394.0**	**357.0**	**403.5**	**394.7**	**393.3**	**330.1**	**383.8**	**417.7**
By public agencies and foreign												
2 Total net advances	39.6	49.8	79.2	101.9	74.0	92.1	102.7	49.6	98.5	102.9	81.3	114.6
3 U.S. government securities	18.0	23.1	34.9	36.1	-6.2	15.6	29.5	-27.1	14.7	23.2	8.0	28.9
4 Residential mortgages	15.8	12.3	20.0	25.7	36.7	31.1	30.1	35.7	37.8	33.3	28.9	21.2
5 FHLB advances to savings and loans	-4.0	-2.0	4.3	12.5	9.2	7.1	11.5	8.2	10.1	4.6	9.6	18.0
6 Other loans and securities	9.8	16.4	20.1	27.6	34.3	38.2	31.6	32.8	35.8	41.7	34.8	46.5
Total advanced, by sector												
7 U.S. government	13.4	7.9	10.0	17.1	19.0	23.7	20.8	19.8	18.3	25.4	22.1	30.1
8 Sponsored credit agencies	11.6	16.8	22.4	39.9	53.4	43.8	44.8	47.8	58.9	42.4	45.2	44.6
9 Monetary authorities	8.5	9.8	7.1	7.0	7.7	4.5	5	-9	16.2	12.1	-3.1	-7.4
10 Foreign	6.1	15.2	39.6	38.0	-6.1	20.0	36.7	-17.2	5.1	23.0	17.0	47.3
11 Agency borrowing not included in line[1]	10.3	15.1	21.9	36.7	48.2	43.0	39.0	43.7	52.8	44.7	41.3	37.2
Private domestic funds advanced												
12 Total net advances	172.4	228.1	276.2	331.0	368.2	307.9	339.8	388.9	347.6	271.9	343.8	340.3
13 U.S. government securities	76.9	61.5	45.1	54.3	91.9	106.7	53.0	101.0	82.9	88.1	125.3	97.5
14 State and local obligations	16.1	15.7	21.9	26.1	21.8	26.9	26.8	20.9	22.7	21.6	32.1	27.8
15 Corporate and foreign bonds	32.8	30.5	22.2	22.4	24.0	26.2	22.3	24.0	24.0	32.5	19.9	15.1
16 Residential mortgages	23.6	55.5	83.7	92.1	84.6	59.1	95.0	89.8	79.5	51.2	66.9	62.1
17 Other mortgages and loans	18.9	62.9	107.7	148.6	155.1	96.2	154.2	161.4	148.7	83.1	109.3	155.8
18 LESS: Federal Home Loan Bank advances	-4.0	-2.0	4.3	12.5	9.2	7.1	11.5	8.2	10.1	4.6	9.6	18.0
Private financial intermediation												
19 Credit market funds advanced by private financial institutions	123.4	191.4	260.9	302.4	292.5	270.3	294.8	316.9	268.0	246.1	294.4	317.6
20 Commercial banking	29.4	59.6	87.6	128.7	121.1	99.7	124.6	130.3	112.0	58.5	140.9	102.2
21 Savings institutions	53.2	70.5	82.0	73.5	55.9	58.4	69.4	59.6	52.2	35.5	81.3	43.0
22 Insurance and pension funds	40.6	49.7	67.8	75.0	66.4	79.8	73.9	72.3	60.5	89.2	70.3	76.1
23 Other finance	3	11.6	23.4	25.2	49.0	32.4	27.0	54.8	43.3	62.8	1.9	96.3
24 Sources of funds	123.4	191.4	260.9	302.4	292.5	270.3	294.8	316.9	268.0	246.1	294.4	317.6
25 Private domestic deposits	94.2	124.4	138.9	140.8	143.2	171.1	132.9	135.1	151.2	158.7	183.6	206.9
26 Credit market borrowing	-1.1	8.4	26.9	38.3	33.6	17.5	35.8	40.6	26.6	8.1	27.0	41.5
27 Other sources	30.3	58.5	95.1	123.2	115.7	81.6	126.1	141.2	90.3	79.4	83.8	69.1
28 Foreign funds	-8.7	-4.7	1.2	6.3	25.6	-22.3	11.8	45.6	5.6	-22.8	21.9	-8.9
29 Treasury balances	-1.7	-1	4.3	6.8	4	-2.6	12.4	5.0	4.2	-2.3	-2.8	9
30 Insurance and pension reserves	29.7	34.3	50.1	62.2	47.8	64.1	60.8	52.3	43.4	70.0	58.1	54.6
31 Other, net	11.0	29.0	39.5	48.0	41.9	42.4	41.1	38.4	45.4	34.5	50.4	22.5
Private domestic nonfinancial investors												
32 Direct lending in credit markets	47.9	45.1	42.2	67.0	109.3	55.1	80.7	112.5	106.1	33.9	76.4	64.2
33 U.S. government securities	25.4	16.4	24.1	35.6	62.8	32.6	37.8	71.0	54.5	19.3	45.8	20.2
34 State and local obligations	8.4	3.3	-8	1.4	1.4	3.1	8	2.6	2	-1.8	7.9	18.2
35 Corporate and foreign bonds	8.9	11.8	-3.8	-2.9	10.3	3.6	*	4.6	16.0	4.8	2.3	-3.4
36 Commercial paper	-1.3	1.9	9.6	16.5	11.4	3.8	23.1	11.4	11.4	4.5	-3.1	4.4
37 Other	6.6	11.7	13.2	16.4	23.5	19.7	19.1	22.9	24.0	16.0	23.3	24.9
38 Deposits and currency	101.2	133.4	148.5	152.1	152.6	182.3	143.0	149.3	155.9	167.6	197.1	222.1
39 Currency	6.2	7.3	8.3	9.3	7.9	10.3	8.7	9.0	6.9	8.5	12.1	3.8
40 Checkable deposits	9.4	10.4	17.2	16.3	19.2	4.2	13.8	16.6	21.9	-1.5	9.9	21.2
41 Small time and savings accounts	97.3	123.7	93.5	63.5	61.7	80.9	65.8	66.5	56.9	66.7	95.2	17.9
42 Money market fund shares	1.3	*	2	6.9	34.4	29.2	7.7	30.2	38.6	61.9	-3.4	104.1
43 Large time deposits	-14.0	-12.0	25.8	46.6	21.2	50.3	40.6	3.3	39.1	26.3	74.2	46.9
44 Security RPs	2	2.3	2.2	7.5	6.6	6.5	5.1	18.5	5.3	5.3	7.8	16.8
45 Foreign deposits	8	1.7	1.3	2.0	1.5	9	1.4	5.2	-2.3	4	1.3	11.3
46 **Total of credit market instruments, deposits and currency**	**149.1**	**178.5**	**190.7**	**219.1**	**261.9**	**237.5**	**223.7**	**261.8**	**262.0**	**201.5**	**273.4**	**286.3**
47 Public support rate (in percent)	19.6	19.0	23.7	25.7	18.8	25.8	25.5	12.6	25.0	31.2	21.2	27.4
48 Private financial intermediation (in percent)	71.6	83.9	94.4	91.3	79.4	87.8	86.8	81.5	77.1	90.5	85.6	93.3
49 Total foreign funds	-2.6	10.5	40.8	44.3	19.5	-2.3	48.5	28.4	10.7	2	-4.8	38.4
MEMO: Corporate equities not included above												
50 **Total net issues**	**10.6**	**10.6**	**5.7**	**1.2**	**-4.6**	**21.1**	**1.8**	**-6.2**	**-2.9**	**16.0**	**26.3**	**11.4**
51 Mutual fund shares	-3	-2.4	4	-5	-6	4.4	1.7	7	-1.9	5.3	3.4	9.5
52 Other equities	10.9	13.1	5.3	1.7	-4.0	16.8	3.6	-6.9	-1.0	10.7	22.8	2.0
53 Acquisitions by financial institutions	9.8	12.5	7.4	4.5	10.6	17.7	6.9	7.1	14.0	10.5	24.9	25.2
54 Other net purchases	8	-1.9	1.6	-3.4	15.1	3.4	-5.0	-13.4	-16.9	5.5	1.4	13.7

NOTES BY LINE NUMBER
1. Line 2 of table 1.58
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
12 Line 1 less line 2 plus line 11 Also line 19 less line 26 plus line 32 Also sum of lines 27, 32, and 38 less lines 40 and 46
17 Includes farm and commercial mortgages
25 Line 38 less lines 40 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
39 Mainly an offset to line 9.
46 Lines 32 plus 38, or line 12 less line 27 plus 39 and 45
47 Line 2/line 1
48 Line 19/line 12
49 Sum of lines 10 and 28
50, 52 Includes issues by financial institutions

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1978	1979	1980	1981								
				Feb	Mar	Apr	May	June	July[r]	Aug[r]	Sept[r]	Oct.
1 **Industrial production**[1]	**146.1**	**152.5**	**147.0**	**151.8**	**152.1**	**151.9**	**152.7**	**152.9**	**153.9**	**153.6**	**151.8**	**149.5**
Market groupings												
2 Products, total	144 8	150.0	146.7	150.2	150.7	151 3	152 3	152 2	153 0	152 6	151 2	149.7
3 Final, total	135.9	147.2	145.3	148.2	149 0	149.9	151.3	151.4	152 1	151 5	150.4	149 4
4 Consumer goods	149.1	150.8	145.4	147.6	148 3	148 9	150 7	150.3	150 7	149 6	148 3	147 0
5 Equipment	132.8	142.2	145 2	148 7	150 0	151 4	152.1	153.0	154 1	154 0	153 2	152.6
6 Intermediate	154.1	160.5	151.9	157.7	157.1	156 3	156 1	154.9	156 2	156 9	154 1	150 7
7 Materials	148.3	156.4	147.6	154 3	154 4	152 9	153.4	154.0	155 3	155 2	152 8	149.3
Industry groupings												
8 Manufacturing	146.7	153.6	146.7	151.2	151.6	152 0	152 8	152.4	153 2	153 1	151 2	148.7
Capacity utilization (percent)[1,2]												
9 Manufacturing	84.4	85.7	79.1	79.8	79 8	79 8	80 0	79 6	79 8	79 6	78 4	76 9
10 Industrial materials industries	85 6	87 4	80.0	82.3	82 1	81.1	81.2	81 3	81 9	81.6	80.2	78.2
11 Construction contracts (1972 = 100)[3]	174.1	185 6	161 8	177.0	183 0	172.0	160 0	170 0	153 0	156 0	159.0	n.a.
12 Nonagricultural employment, total[4]	131.8	136 5	137.6	138 7	138 8	139 0	139.1	139.2	139 6	139 7	139.7	139.4
13 Goods-producing, total	109.8	113.5	110.3	110.0	110.1	110 3	110 3	110 8	111 3	111 3	111 2	110.0
14 Manufacturing, total	105 4	108 2	104 4	103.8	103.8	104.6	105 0	104.1	105 6	105.4	105.4	104.0
15 Manufacturing, production-worker	103 0	105 3	99 4	98 2	98 4	99.2	99.6	99 6	100 1	99 9	99.9	98.1
16 Service-producing	143 8	149 1	152 6	154.4	154.5	154.7	155 0	154.8	155 2	155.2	155.4	155.6
17 Personal income, total	273.3	308.5	342.9	368.0	371.5	373.6	375 8[r]	378.5	383 8	387.5	390 6	n a
18 Wages and salary disbursements	258 8	289.5	314 7	337.9	340.2	341 8	343 6	345.2	347 8	351.2	353.4	n a.
19 Manufacturing	223 1	248 6	261 5	281 3	282 9	286.1	289.2	289 9	292 1	294.1	296.4	n.a.
20 Disposable personal income[5]	267.0	299.6	332.5	355.3	358 7	360 1	362 3	364.4	369 5	372 4	375 1	n a
21 Retail sales[6]	253 8	281 6	303.8	331 7	334.8	328.1	326 7	3 339	3 338	3.385	3.383	3.331
Prices[7]												
22 Consumer	195 4	217 4	246 8	263.2	265.1	226.8	269 0	271.3	274 4	276.5	279.3	n a.
23 Producer finished goods	194 6	216 1	246.9	263 3[r]	266.0[r]	268 5[r]	269 6[r]	269 9	271 3	271.2	271.2	271.1

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)
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	1980	1981			1980	1981			1980	1981		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Output (1967 = 100)				Capacity (percent of 1967 output)				Utilization rate (percent)			
1 **Manufacturing**	**148.6**	**151.3**	**152.4**	**152.5**	**187.9**	**189.4**	**190.9**	**192.4**	**79.1**	**79.9**	**79.8**	**79.3**
2 Primary processing	152 7	157 5	156.5	155.8	192 5	193.8	195 0	196 3	79 3	81 3	80.3	79.4
3 Advanced processing	146.2	148.1	150 2	150 7	185 5	187.1	188.7	190 4	78 8	79.1	79.6	79.2
4 **Materials**	**149.4**	**154.2**	**153.4**	**152.8**	**186.4**	**187.6**	**188.9**	**190.1**	**80.1**	**82.2**	**81.2**	**81.2**
5 Durable goods	144.3	150 9	152 3	152 4	190.6	191 8	192 9	194 0	75.7	78 7	79 0	78.8
6 Metal materials	109 4	117 5	112 8	114 1	141 3	141 5	141 7	141.9	77.4	83 0	79.6	80.4
7 Nondurable goods	176.3	179.2	178.4	175 8	205 3	207.3	209 2	211.2	85.9	86.5	85 3	83.3
8 Textile, paper, and chemical	183 7	186 7	185.9	182.9	214 9	217.1	219.4	221 7	85 5	86.0	84.8	82.5
9 Textile	113.7	114.8	114 5	115.6	139 7	140.1	140.6	141.0	81.4	81.9	81.4	81 9
10 Paper	149.7	151 4	151 0	152 4	158 5	159.7	160 7	161.9	94 5	94.8	93 9	94 2
11 Chemical	228 2	232 7	231.6	224.9	270 5	274 1	277.5	281 0	84 3	84.9	83.5	80 0
12 Energy materials	128.2	130.9	125.1	132.0	152 8	153.5	154.2	155 0	83 9	85.3	81 1	85 2

2.11 Continued

Series	Previous cycle[1]		Latest cycle[2]		1980	1981							
	High	Low	High	Low	Sept	Feb	Mar	Apr	May	June r	July r	Aug r	Sept
	Capacity utilization rate (percent)												
13 Manufacturing	88.0	69.0	87.2	74.9	77.0	79.8	79.8	79.8	80.0	79.6	79.8	79.6	78.4
14 Primary processing	93.8	68.2	90.1	71.0	75.6	81.5	80.8	80.7	80.6	79.5	80.1	79.9	78.2
15 Advanced processing	85.5	69.4	86.2	77.2	77.7	79.0	79.2	79.4	79.8	79.7	79.8	79.4	78.4
16 Materials	92.6	69.4	88.8	73.8	76.8	82.3	82.1	81.1	81.2	81.3	81.9	81.6	80.2
17 Durable goods	91.5	63.6	88.4	68.2	70.5	78.5	79.2	78.8	79.2	78.9	79.3	79.5	77.4
18 Metal materials	98.3	68.6	96.0	59.6	63.6	83.2	83.9	79.9	80.3	78.7	79.5	83.0	78.8
19 Nondurable goods	94.5	67.2	91.6	77.5	83.9	86.8	85.4	85.9	85.6	84.3	83.9	83.2	82.8
20 Textile, paper, and chemical	95.1	65.3	92.2	75.3	82.6	86.3	85.0	85.5	85.4	83.5	83.2	82.4	82.0
21 Textile	92.6	57.9	90.6	80.9	82.0	82.2	81.5	81.9	81.7	80.5	82.0	82.3	81.6
22 Paper	99.4	72.4	97.7	89.3	93.8	94.5	95.3	94.9	93.9	93.0	92.2	94.0	95.6
23 Chemical	95.5	64.2	91.3	70.7	80.3	85.3	83.4	84.1	84.3	82.0	81.2	79.9	79.1
24 Energy materials	94.6	84.8	88.3	82.7	83.8	85.8	85.2	79.9	79.8	83.7	86.2	85.3	84.1

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	1981						
				Apr	May	June	July	Aug	Sept	Oct
HOUSEHOLD SURVEY DATA										
1 **Noninstitutional population**[1]	**161,058**	**163,620**	**166,246**	**168,071**	**168,272**	**168,480**	**168,685**	**168,855**	**169,049**	**169,252**
2 Labor force (including Armed Forces)[1]	102,537	104,996	106,821	108,851	109,533	108,307	108,603	108,762	108,401	108,894
3 Civilian labor force	100,420	102,908	104,719	106,722	107,406	106,176	106,464	106,602	106,236	106,736
Employment										
4 Nonagricultural industries[2]	91,031	93,648	93,960	95,513	95,882	95,127	95,704	95,574	94,959	94,880
5 Agriculture	3,342	3,297	3,310	3,463	3,353	3,265	3,258	3,370	3,310	3,337
Unemployment										
6 Number	6,047	5,963	7,448	7,746	8,171	7,784	7,502	7,657	7,966	8,520
7 Rate (percent of civilian labor force)	6.0	5.8	7.1	7.3	7.6	7.3	7.0	7.2	7.5	8.0
8 Not in labor force	58,521	58,623	59,425	59,219	58,739	60,173	60,082	60,093	60,648	60,359
ESTABLISHMENT SURVEY DATA										
9 **Nonagricultural payroll employment**[3]	**86,697**	**89,823**	**90,564**	**91,458**	**91,564**	**91,615**	**91,880**	**91,901r**	**91,948r**	**91,743**
10 Manufacturing	20,505	21,040	20,300	20,332	20,414	20,424	20,535	20,505r	20,500r	20,225
11 Mining	851	958	1,020	950	957	1,110	1,132	1,151r	1,157r	1,158
12 Contract construction	4,229	4,463	4,399	4,418	4,334	4,284	4,272	4,275r	4,268r	4,249
13 Transportation and public utilities	4,923	5,136	5,143	5,161	5,148	5,149	5,167	5,170r	5,191r	5,194
14 Trade	19,542	20,192	20,386	20,636	20,714	20,717	20,796	20,862r	20,879r	20,910
15 Finance	4,724	4,975	5,168	5,316	5,326	5,331	5,344	5,354	5,358r	5,348
16 Service	16,252	17,112	17,901	18,475	18,540	18,560	18,642	18,667r	18,791r	18,839
17 Government	15,672	15,947	16,249	16,170	16,131	16,040	15,992	15,917r	15,804r	15,820

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

Monthly data are seasonally adjusted

Grouping	1967 pro-portion	1980 average	1980 Oct	1980 Nov	1980 Dec	1981 Jan	1981 Feb	1981 Mar	1981 Apr	1981 May	1981 June	1981 July	1981 Aug	1981 Sept[p]	1981 Oct.[e]
			Index (1967 = 100)												
MAJOR MARKET															
1 **Total index**	**100.00**	**147.0**	**146.6**	**149.2**	**150.4**	**151.4**	**151.8**	**152.1**	**151.9**	**152.7**	**152.9**	**153.9**	**153.6**	**151.8**	**149.5**
2 Products	60.71	146.7	147.1	148.7	149.4	149.9	150.2	150.7	151.3	152.3	152.2	153.0	152.6	151.2	149.7
3 Final products	47.82	145.3	145.7	147.4	147.8	147.8	148.2	149.0	149.9	151.3	151.4	152.1	151.5	150.4	149.4
4 Consumer goods	27.68	145.4	146.3	148.1	147.1	146.9	147.8	148.3	148.9	150.7	150.3	150.7	149.6	148.3	147.0
5 Equipment	20.14	145.2	144.8	146.5	148.8	149.1	148.7	150.0	151.4	152.1	153.0	154.1	154.0	153.2	152.6
6 Intermediate products	12.89	151.9	152.4	153.4	155.4	157.5	157.7	157.1	156.3	156.1	154.9	156.2	156.9	154.1	150.7
7 Materials	39.29	147.6	145.9	150.1	152.2	153.8	154.3	154.4	152.9	153.4	154.0	155.3	155.2	152.8	149.3
Consumer goods															
8 Durable consumer goods	7.89	136.7	139.0	143.4	141.3	140.1	141.2	143.6	144.3	147.3	147.9	146.5	142.5	140.5	137.0
9 Automotive products	2.83	132.8	140.9	146.1	139.0	130.4	133.9	139.2	142.9	151.8	153.1	147.6	137.6	138.2	131.7
10 Autos and utility vehicles	2.03	110.1	119.2	125.4	116.2	102.7	108.5	116.1	120.2	129.1	131.4	123.0	107.8	110.0	101.4
11 Autos	1.90	103.6	109.7	115.4	105.9	93.3	101.1	107.8	113.2	120.0	122.2	118.1	104.0	103.3	92.5
12 Auto parts and allied goods	.80	190.4	196.1	198.6	197.0	200.8	198.4	197.5	200.8	209.5	208.0	210.0	213.1	209.9	208.5
13 Home goods	5.06	138.9	137.8	141.8	142.6	145.6	145.2	146.1	145.0	144.8	145.0	145.8	145.3	141.7	140.1
14 Appliances, A/C, and TV	1.40	117.3	122.2	128.4	126.4	132.2	125.8	129.1	121.2	121.4	120.0	123.6	126.8	119.1	117.2
15 Appliances and TV	1.33	119.5	124.5	131.0	128.7	134.1	128.2	131.2	122.6	122.3	121.4	124.8	128.9	121.5	
16 Carpeting and furniture	1.07	155.2	150.2	154.1	157.3	156.2	160.4	160.2	165.2	163.1	166.3	163.2	160.1	157.4	.
17 Miscellaneous home goods	2.59	143.8	141.2	144.0	145.4	148.4	149.5	149.4	149.7	149.9	149.8	150.7	149.2	147.5	147.0
18 Nondurable consumer goods	19.79	148.9	149.3	150.0	149.3	149.6	150.5	150.1	150.7	152.1	151.2	152.3	152.4	151.5	150.9
19 Clothing	4.29	126.0	122.5	125.5	121.0	121.2	120.9	118.9	120.6	122.1	120.9	122.8	122.2		.
20 Consumer staples	15.50	155.2	156.7	156.7	157.2	157.5	158.6	158.8	159.0	160.3	159.6	160.5	160.8	160.2	159.6
21 Consumer foods and tobacco	8.33	147.4	148.9	149.1	149.0	149.3	150.5	150.5	150.2	151.3	149.6	150.5	150.6	149.7	....
22 Nonfood staples	7.17	164.3	165.8	165.6	166.6	167.0	168.1	168.4	169.3	170.8	171.3	172.2	172.7	172.3	171.9
23 Consumer chemical products	2.63	208.9	211.1	211.0	213.8	213.0	219.3	220.0	224.1	225.1	224.4	226.8	226.7	227.4	..
24 Consumer paper products	1.92	123.1	125.8	128.3	127.7	127.9	129.0	128.7	127.4	127.7	129.2	127.6	128.9	128.9	
25 Consumer energy products	2.62	149.8	149.6	147.3	147.8	149.4	145.4	143.7	144.9	147.9	148.9	150.0	150.6	148.9	
26 Residential utilities	1.45	167.9	169.6	166.0	166.2	167.5	161.3	161.1	162.9	168.9	170.4	172.6	169.8		
Equipment															
27 Business	12.63	173.2	171.9	173.9	177.1	177.7	177.5	179.3	181.0	182.0	183.6	184.8	184.5	182.7	181.7
28 Industrial	6.77	156.5	153.5	155.3	159.1	161.5	163.4	164.6	165.9	167.0	169.0	169.4	170.3	168.3	166.9
29 Building and mining	1.44	239.9	242.8	247.9	253.3	264.0	270.4	276.6	281.7	286.4	289.7	290.3	292.8	293.7	293.8
30 Manufacturing	3.85	128.2	123.1	124.3	128.5	127.7	128.4	128.6	128.5	128.4	130.6	130.8	131.1	128.0	126.0
31 Power	1.47	148.9	145.4	145.3	146.5	149.1	149.9	149.3	149.9	150.8	151.2	151.6	152.7	150.9	149.3
32 Commercial transit, farm	5.86	192.4	193.1	195.4	198.0	196.6	193.7	196.2	198.6	199.4	200.4	202.5	200.9	199.3	198.9
33 Commercial	3.26	237.8	242.0	244.8	248.5	249.3	250.4	252.7	254.5	258.0	259.9	263.7	264.3	264.4	264.0
34 Transit	1.93	139.9	135.6	137.5	139.0	133.1	124.8	127.8	131.5	130.0	129.7	128.4	124.6	121.5	121.8
35 Farm	.67	123.1	120.9	121.9	122.4	122.9	116.4	118.5	119.7	113.9	114.9	118.0	111.8	107.0	..
36 Defense and space	7.51	98.2	99.2	100.3	101.0	100.9	100.5	100.7	101.5	102.0	101.7	102.6	102.7	103.6	103.8
Intermediate products															
37 Construction supplies	6.42	140.9	140.6	142.6	145.2	148.4	148.9	149.0	147.9	146.5	143.4	144.3	144.0	139.3	134.0
38 Business supplies	6.47	162.8	164.1	164.2	165.5	166.6	166.4	165.1	164.7	165.6	166.2	168.0	169.7	168.8	
39 Commercial energy products	1.14	172.3	173.2	174.0	175.4	175.5	174.0	174.7	175.2	179.0	177.7	180.0	178.3	174.8	.
Materials															
40 Durable goods materials	20.35	143.0	139.5	146.1	147.4	150.0	150.6	152.2	151.8	152.8	152.4	153.6	154.2	150.5	145.6
41 Durable consumer parts	4.58	107.8	108.3	113.1	113.8	114.7	114.3	118.4	119.7	121.1	123.1	123.2	121.7	114.9	105.4
42 Equipment parts	5.44	187.2	179.1	184.2	186.1	189.7	188.9	191.1	192.8	194.0	193.2	193.8	194.7	192.6	190.6
43 Durable materials n.e.c.	10.34	135.3	132.4	140.6	142.0	144.7	146.6	146.7	144.3	145.1	143.9	145.9	147.3	144.2	139.6
44 Basic metal materials	5.57	105.3	100.7	114.7	114.3	116.6	118.6	118.3	113.8	114.3	112.8	114.5	117.4	112.7	.
45 Nondurable goods materials	10.47	171.5	174.3	175.1	179.6	180.2	179.9	177.5	179.3	179.0	176.9	176.5	175.6	175.3	172.5
46 Textile, paper, and chemical materials	7.62	177.7	180.8	182.4	187.6	187.6	187.3	185.1	186.8	187.3	183.7	183.5	182.7	182.4	179.5
47 Textile materials	1.85	117.4	113.7	115.2	112.2	114.8	115.1	114.4	115.1	114.9	113.4	115.5	116.0	115.3	
48 Paper materials	1.62	145.6	148.6	149.5	151.1	150.5	151.0	152.6	152.2	150.9	149.8	150.0	152.2	155.0	..
49 Chemical materials	4.15	217.2	223.4	225.2	235.9	234.7	233.8	229.5	232.4	233.9	228.4	227.1	224.4	223.1	
50 Containers, nondurable	1.70	165.9	168.9	166.5	169.9	173.0	172.3	168.7	172.0	167.8	171.4	171.7	169.4	170.0	
51 Nondurable materials n.e.c.	1.14	138.2	138.4	139.2	139.7	141.0	141.8	139.6	139.7	140.5	139.6	136.6	137.8	136.0	
52 Energy materials	8.48	129.3	126.2	128.9	129.6	130.2	131.6	130.9	123.1	123.0	129.3	133.3	132.2	130.5	129.4
53 Primary energy	4.65	115.2	113.9	114.4	116.0	115.8	118.2	116.9	104.2	104.4	113.7	120.3	120.1	117.7	
54 Converted fuel materials	3.82	146.5	141.3	146.5	146.1	147.8	148.0	148.1	146.1	145.5	148.2	149.2	147.1	146.0	
Supplementary groups															
55 Home goods and clothing	9.35	133.0	130.8	134.3	132.7	134.4	134.1	133.6	133.8	134.4	133.9	135.2	134.7	131.7	130.7
56 Energy, total	12.23	137.7	135.6	137.0	137.7	138.5	138.5	137.7	132.6	133.5	138.0	141.2	140.5	138.5	137.6
57 Products	3.76	156.6	156.8	155.4	156.1	157.3	154.0	153.1	154.1	157.3	157.6	159.1	159.0	156.8	
58 Materials	8.48	129.3	126.2	128.9	129.6	130.2	131.6	130.9	123.1	123.0	129.3	133.3	132.2	130.5	129.4

2.13 Continued

Grouping	SIC code	1967 proportion	1980 avg.	1980			1981									
				Oct.	Nov.	Dec.	Jan.	Feb.	Mar	Apr	May	June	July	Aug	Sept [p]	Oct [e]
				Index (1967 = 100)												
MAJOR INDUSTRY																
1 Mining and utilities	...	12 05	149 5	148.9	151 5	152 4	153 3	154 1	154 8	150 5	152 1	156.3	159.1	158.2	157 5	157.3
2 Mining		6 36	132 7	132 1	135 1	138 6	140 4	143 1	143 2	135 2	135 4	141.7	146.5	145.9	144.9	144.9
3 Utilities	......	5.69	168.3	167 7	169.9	167.9	167.6	166.4	167 8	167.6	170 7	172 7	173.1	171 9	171 5	171.2
4 Electric	......	3 88	189 7	189 6	192 6	189 5	189 3	187 1	188 9	188 6	192 9	195 6	196.2	194 2	193.6	193.3
5 Manufacturing		87 95	146 7	146 5	148.9	150 4	151 1	151.2	151.6	152 0	152 8	152.4	153.2	153.1	151.2	148.7
6 Nondurable	. .	35 97	161 2	162 1	163 0	165 0	165 6	166 2	165 3	165 9	166 4	165.8	167.1	167.4	166.1	163.9
7 Durable	. .	51 98	136.7	135.7	139.2	140.3	141.0	140.8	142.1	142.5	143.5	143.2	143.6	143 3	140 9	138.2
Mining																
8 Metal	10	.51	109 2	90.8	107.2	122 2	125.5	134 1	131 1	123.1	125 0	123.5	123.6	123 9	120.1	. .
9 Coal	11 12	69	146.7	149 7	151 7	153.5	147 5	159 0	151 2	75 9	77 0	122.9	170.0	168.4	159.9	161.8
10 Oil and gas extraction	13	4.40	133 3	134.5	136.1	138 4	141 4	142 2	144 1	146 1	146.2	148.2	147 7	147 8	148.5	149.1
11 Stone and earth minerals	14	75	132.8	129 8	132 7	137 4	138.4	140 0	138 8	133.7	132.2	132.7	133.3	129.2	127.0	......
Nondurable manufactures																
12 Foods	20	8 75	149 6	151.1	151 6	151 0	151 9	152 5	152 4	151 9	152 2	151.3	151.6	151 9	151 1	.....
13 Tobacco products	21	.67	119.9	123.6	123.5	118.8	123 5	125 4	125 7	122.2	122.3	120.9	121.3	123.8	....	....
14 Textile mill products	22	2 68	138.6	134.3	136 4	135 6	138.4	139.3	136 2	138.9	138.8	138.3	139.4	140 7	137 7	.....
15 Apparel products	23	3.31	127 0	121 7	125 7	122.7	123.8	121.6	120.2	121.6	122.6	121.1	122.6	123 7	. .	..
16 Paper and products	26	3 21	151.1	153 4	154 3	157.0	156 5	156 0	157 6	157 0	155 9	153 4	154 9	156 7	158.4	154.6
17 Printing and publishing	27	4 72	139 6	142 5	142 1	143 0	143 9	144 8	142 7	141 6	141 3	143.1	144.4	146.1	146.4	145.6
18 Chemicals and products	28	7 74	207 1	209.4	211 7	220 5	218.9	219.8	218.5	219.8	220.6	218.4	221 5	219.4	217 1	.
19 Petroleum products	29	1 79	132 9	128 0	128 6	131 3	133 1	131 5	130 3	130 0	129 8	129.3	128.7	130 7	128.4	126.1
20 Rubber and plastic products	30	2.24	235 7	258.8	258.9	262.3	264.0	270.2	269.5	275.2	280.3	285 1	285 3	285.9	280.4	.
21 Leather and products	31	.86	70 1	70.1	71 0	67 9	68.9	68 3	68 8	68 9	69 8	68 4	70 1	68 6	67 9	.
Durable manufactures																
22 Ordnance, private and government	19.91	3.64	78.5	79.4	79.7	79.6	78.6	78.4	78 5	79 8	80.9	80.9	80 6	81 7	82 6	82 9
23 Lumber and products	24	1.64	119.3	121.4	123.7	123 6	127.4	126.2	125.6	126 3	126.2	122.5	122 9	119 3	112 8	.
24 Furniture and fixtures	25	1.37	150 0	146.7	147 6	148 6	150.0	154 3	155.6	158.7	158.9	162.4	164.9	163.3	159.2	......
25 Clay, glass, stone products	32	2.74	147 5	146.2	148.8	153.0	156.8	156.4	154 6	154 3	151.7	148 1	148 7	148 2	146 8	.
26 Primary metals	33	6 57	102 3	99 6	113 2	111 5	114 1	114 5	114.9	110 6	111 9	107.4	109.4	113.2	108.4	102.2
27 Iron and steel	331.2	4.21	92.4	92.0	107.6	103 0	108.7	108.4	108.0	103.4	105.6	98 5	99 7	105 3	99 4	...
28 Fabricated metal products	34	5 93	134 1	131 7	132 3	135 7	135 8	137 6	139 2	139 5	138 4	139 3	140 1	139 9	137 6	134.1
29 Nonelectrical machinery	35	9 15	162 8	160 9	162 9	166 9	167.3	168 3	169 2	169 7	172 1	174 1	176 7	176 4	173.9	172.6
30 Electrical machinery	36	8.05	172 8	169.8	173.0	175 1	177.6	174.9	177.4	178.8	179.9	180 1	180 9	181.9	179.6	178.0
31 Transportation equipment	37	9.27	116 9	118 3	121 8	120.4	117.4	116.1	119 5	121 3	123 7	123 4	119 8	115 2	114 0	110.7
32 Motor vehicles and parts	371	4.50	119.0	123.2	129 2	125 7	120 0	119 9	127.1	130.7	136.4	137.5	130 5	122 8	120 0	113 3
33 Aerospace and miscellaneous transportation equipment	372–9	4.77	114 9	113.7	114 9	115 4	114.9	112 6	112.3	112.4	111.8	110.2	109.7	108.2	108 3	108 3
34 Instruments	38	2.11	171.1	169.6	170 0	171 9	173 9	171 1	170.0	170.0	170.6	171.3	172 1	172 3	170.8	169 7
35 Miscellaneous manufactures	39	1.51	148.3	145.0	147.1	151.0	152 9	154 9	155.4	157.3	157.0	158.8	159.4	158 6	156.2	156 3
	Gross value (billions of 1972 dollars, annual rates)															
MAJOR MARKET																
36 Products, total	......	**507.4[1]**	**601.9**	**604.0**	**611.8**	**612.4**	**612.9**	**614.5**	**618.0**	**616.2**	**622.2**	**619.2**	**621.4**	**615.7**	**610.0**	**604.1**
37 Final	......	390.9[1]	465.2	467.0	473.5	472.6	471.6	472.8	476.4	476.3	482.4	480.5	481 9	475 8	473 0	469.6
38 Consumer goods	......	277.5[1]	313 3	315 8	320.7	317.7	316.8	318.8	320.5	320.0	324.3	322.1	324 0	319 1	317 0	312.9
39 Equipment	. .	113.4[1]	152.0	151.2	152.9	154.9	154 8	154.0	155.9	156.3	158.1	158.5	157.9	156 7	156.0	156.7
40 Intermediate	. .	116 6[1]	136 7	137 1	138 3	139.8	141.2	141.7	141.7	139 9	139 8	138.7	139.5	139 8	137.0	134.5

1. 1972 dollar value

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	1980	1981 Feb.	Mar.	Apr	May	June	July[r]	Aug.[r]	Sept.
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized	1,801	1,552	1,191	1,165	1,153	1,186	1,167	963	913	865	844
2 1-family	1,183	981	710	677	678	689	654	567	528	494	448
3 2-or-more-family	618	571	481	488	475	497	513	396	385	371	396
4 Started	2,020	1,745	1,292	1,215	1,297	1,332	1,158	1,039	1,047	934	918
5 1-family	1,433	1,194	852	791	838	897	764	688	704	598	615
6 2-or-more-family	587	551	440	424	459	435	394	351	343	336	303
7 Under construction, end of period[1]	1,310	1,140	896	938	927	913	894	853	824	797	n.a.
8 1-family	765	639	515	541	533	526	506	482[r]	464	443	n.a.
9 2-or-more-family	546	501	382	397	394	388	388	371[r]	360	353	n.a.
10 Completed	1,868	1,855	1,502	1,389	1,362	1,519	1,273	1,377[r]	1,310	1,207	n a.
11 1-family	1,369	1,286	957	965	880	964	875	877[r]	854	782	n.a.
12 2-or-more-family	498	569	545	424	482	555	398	500	456	425	n.a.
13 Mobile homes shipped	276	277	222	256	255	265	255	246	268	230	n.a.
Merchant builder activity in 1-family units											
14 Number sold	818	709	530	500	507	451	478	402[r]	416	357	312
15 Number for sale, end of period[1]	419	402	340	334	325	327	322	310[r]	303	301	298
Price (thousands of dollars)[2]											
Median											
16 Units sold	55 8	62 7	64 9	65.8	67.1	68.4	71.2	68 7[r]	69.6	73.6	67.1
Average											
17 Units sold	62 7	71 9	76 6	80 1	81.2	82.9	83 7	84 7[r]	82 7	87 5	82 8
EXISTING UNITS (1-family)											
18 Number sold	3,863	3,701	2,881	2,560	2,490	2,610	2,500	2,660	2,520	2,260	2,070
Price of units sold (thous. of dollars)[2]											
19 Median	48 7	55 5	62 1	64 1	64.4	65.3	66 3	67 7	67.5	68.1	67.7
20 Average	55 1	64.0	72.7	75.7	76.2	77 3	78 6	79.9	79.6	80.5	79.7
	Value of new construction[3] (millions of dollars)										
CONSTRUCTION											
21 Total put in place	**205,559**	**230,781**	**230,273**	**254,458**	**250,274**	**246,542**	**235,907**	**233,998**	**234,741**	**232,605**	**231,558**
22 Private	159,664	181,690	174,896	193,155	189,641	189,921	184,077	181,811	183,380	183,215	180,401
23 Residential	93,423	99,032	87,260	99,684	96,266	95,206	89,719	85,971	85,340	84,631	82,384
24 Nonresidential, total	66,241	82,658	87,636	93,471	93,375	94,715	94,358	95,840	98,040	98,584	98,017
Buildings											
25 Industrial	10,993	14,953	13,839	15,094	15,380	15,504	15,503	16,243	17,182	18,295	18,110
26 Commercial	18,561[r]	24,919[r]	29,940[r]	33,379[r]	33,307[r]	33,395	32,391	32,442	34,028	33,721	33,732
27 Other	6,739	7,427	8,654	9,938	9,588	9,196	8,903	9,735	9,241	9,367	9,016
28 Public utilities and other	29,948[r]	35,359[r]	35,203[r]	35,060[r]	35,100[r]	36,620	37,561	37,420	37,589	37,201	37,159
29 Public	45,896	49,088	55,371	61,302	60,632	56,620	51,830	52,186	51,360	49,390	51,157
30 Military	1,501	1,648	1,880	2,173	1,685	2,105	2,065	2,254	1,925	1,739	1,831
31 Highway	10,708	11,998	13,784	17,832	16,200	15,099	12,419	13,338	13,203	12,227	11,629
32 Conservation and development	4,457	4,586	5,089	6,168	5,565	5,681	4,894	4,912	5,226	4,711	4,895
33 Other	29,230	30,856	34,618	35,129	37,182	33,735	32,452	31,682	31,006	30,713	32,802

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 Sept. 1981 (1967 = 100)[1]
	1980 Sept.	1981 Sept.	1980	1981			1981					
			Dec.	Mar.	June	Sept.	May	June	July	Aug	Sept.	
CONSUMER PRICES[2]												
1 **All items**	**12.7**	**11.0**	**13.2**	**9.6**	**7.4**	**13.5**	**.7**	**.7**	**1.2**	**.8**	**1.2**	**279.3**
2 Commodities	11.6	7.8	11.0	8.9	2.1	9.2	.2	.4	.8	.6	.9	257.7
3 Food	10.1	6.5	13.1	2.1	−.1	10.9	−.2	.2	.8	.8	1.0	278.0
4 Commodities less food	12.3	8.3	9.9	12.3	3.1	8.6	.4	.4	.7	.5	.8	245.5
5 Durable	10.7	8.0	11.8	−.7	9.0	12.4	.9	1.0	1.2	1.0	.7	232.6
6 Nondurable	14.2	8.8	6.2	29.8	−2.0	3.6	−.2	−.2	.1	.3	.5	260.3
7 Services	14.2	15.5	16.8	10.3	15.1	19.5	1.4	1.2	1.8	1.2	1.5	317.3
8 Rent	9.0	8.6	9.6	7.0	7.7	10.2	.8	.4	.5	1.2	2.5	211.9
9 Services less rent	15.0	16.5	17.8	10.9	16.1	20.9	1.5	1.3	2.0	1.2	1.6	337.5
Other groupings												
10 All items less food	13.6	11.9	13.2	11.7	9.0	14.1	.9	.8	1.3	.8	1.2	278.2
11 All items less food and energy	12.0	11.8	14.4	5.8	11.8	15.2	1.1	1.0	1.4	.9	1.2	264.8
12 Homeownership	16.8	15.8	23.1	3.1	16.9	21.3	1.7	1.5	2.1	1.1	1.6	367.8
PRODUCER PRICES												
13 Finished goods	13.1	7.3	8.3	13.3	6.8^{r}	2.8	.4	.5^{r}	.2^{r}	.3	.2	271.1
14 Consumer	13.7	6.9	7.4	13.6	6.1^{r}	2.1	.3	.4^{r}	.0^{r}	.3	.2	272.6
15 Foods	8.5	3.3	4.3	1.6	1.8^{r}	5.6	.1	.5^{r}	1.1^{r}	.2	.0	255.5
16 Excluding foods	16.4	9.0	8.9	18.6	7.9^{r}	.7	.3	.4^{r}	−.4^{r}	.3	.3	277.4
17 Capital equipment	11.0	9.8	11.8	12.0	9.8^{r}	5.7	.7	.7^{r}	.8^{r}	.6	.0	265.6
18 Intermediate materials[3]	13.2	9.7	12.9	14.3	7.7^{r}	4.3	.5	.3^{r}	.4^{r}	.4	.3	314.5
Crude materials												
19 Nonfood	19.5	18.8	27.5	39.7	9.5^{r}	2.1	1.6	−.7^{r}	.1^{r}	−.1	.6	486.8
20 Food	11.1	−8.4	−4.0	−23.1	8.6^{r}	−12.1	−2.2	2.8^{r}	.3^{r}	−.9	−2.5	253.4

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	1980	1980		1981		
				Q3	Q4	Q1	Q2	Q3*p*
GROSS NATIONAL PRODUCT								
1 **Total**	**2,156.1**	**2,413.9**	**2,626.1**	**2,637.3**	**2,730.6**	**2,853.0**	**2,885.8**	**2,947.0**
By source								
2 Personal consumption expenditures	1,348 7	1,510.9	1,672.8	1,682.2	1,751.0	1,810.1	1,829.1	1,888.6
3 Durable goods	199.3	212.3	211.9	208.8	223 3	238.3	227 3	240.0
4 Nondurable goods	529 8	602 2	675.7	674.2	703.5	726.0	735.3	750.1
5 Services	619 6	696.3	785.2	799 2	824.2	845 8	866.5	898.6
6 Gross private domestic investment	375 3	415 8	395.3	377.1	397 7	437.1	458 6	449.8
7 Fixed investment	353 2	398.3	401.2	393 2	415.1	432.7	435.3	432.2
8 Nonresidential	242.0	279 7	296.0	294.0	302 1	315.9	324 6	330.8
9 Structures	78.7	96.3	108.8	107 3	111.5	117 2	123.1	127.8
10 Producers' durable equipment	163 3	183 4	187.1	186.8	190.7	198.7	201.5	203.1
11 Residential structures	111.2	118.6	105 3	99.2	113 0	116.7	110.7	101.4
12 Nonfarm	106 9	113 9	100.3	94.5	107.6	111.4	105.4	95.8
13 Change in business inventories	22.2	17 5	−5.9	−16.0	−17.4	4 5	23.3	17.6
14 Nonfarm	21 8	13 4	−4.7	−12 3	−14.0	6.8	21.5	13.9
15 Net exports of goods and services	−0.6	13.4	23 3	44.5	23.3	29.2	20.8	18.0
16 Exports	219.8	281.3	339.8	342.4	346 1	367.4	368.2	362.8
17 Imports	220.4	267.9	316 5	297 9	322.7	338.2	347.5	344.8
18 Government purchases of goods and services	432.6	473.8	534.7	533 5	558.6	576.5	577.4	590.5
19 Federal	153 4	167.9	198.9	194 9	212.0	221.6	219.5	227.0
20 State and local	279 2	305.9	335.8	338 6	346.6	354.9	357.9	362.9
By major type of product								
21 Final sales, total	2,133 9	2,396.4	2,632.0	2,653 4	2,748.0	2,848.5	2,862.5	2,929.4
22 Goods	946 6	1,055 9	1,130.4	1,129.4	1,169 0	1,247.5	1,257.0	1,281.9
23 Durable	409.8	451.2	458.6	456.5	476 7	501 4	516.9	514.9
24 Nondurable	536 8	604 7	671 9	672.9	692 2	746.1	740 1	767.0
25 Services	976.3	1,097 2	1,229.6	1,249.0	1,285 3	1,317.1	1,344.7	1,388.0
26 Structures	233 2	260.8	266 0	258 9	276.4	288.4	284.1	277.1
27 Change in business inventories	22 2	17 5	−5 9	−16.0	−17 4	4 5	23.3	17 6
28 Durable goods	17 8	11.5	−4 0	−8.4	7	−4.2	18 5	9.6
29 Nondurable goods	4.4	6 0	−1 8	−7.7	−18 1	8.6	4 8	8.0
30 MEMO: **Total GNP in 1972 dollars**	**1,436.9**	**1,483.0**	**1,480.7**	**1,471.9**	**1,485.6**	**1,516.4**	**1,510.4**	**1.508.2**
NATIONAL INCOME								
31 **Total**	**1,745.4**	**1,963.3**	**2,121.4**	**2,122.4**	**2,204.8**	**2,291.1**	**2,320.9**	**n.a.**
32 Compensation of employees	1,299.7	1,460 9	1,596.5	1,597 4	1,661 8	1,722 4	1,752.0	1,790.0
33 Wages and salaries	1,105 4	1,235 9	1,343 6	1,342.3	1,397 3	1,442.9	1,467 0	1,498.1
34 Government and government enterprises	219.6	235 9	253 6	253 9	263 3	267.1	270.5	274.8
35 Other	885.7	1,000 0	1,090 0	1,088.4	1,134 0	1,175 7	1,196.4	1,223 3
36 Supplement to wages and salaries	194.3	225.0	252.9	255.0	264 5	279 5	285.1	291.9
37 Employer contributions for social insurance	92 1	106.4	115.8	116.0	121 0	131.5	133.2	135.6
38 Other labor income	102 2	118 6	137.1	139.1	143.5	148 0	151.8	156.3
39 Proprietors' income[1]	117 1	131.6	130 6	129.7	134 0	132.1	134 1	135.4
40 Business and professional[1]	91.0	100.7	107.2	107.6	111 6	113 2	112.5	112.3
41 Farm[1]	26.1	30.8	23.4	22 1	22 5	18.9	21 7	23.1
42 Rental income of persons[2]	27.4	30 5	31.8	32.0	32 4	32 7	33.3	33 9
43 Corporate profits[1]	199.0	196.8	182 7	177.9	183.3	203.0	190.3	n.a
44 Profits before tax[3]	223.3	255.4	245.5	237 6	249.5	257.0	229 0	n.a.
45 Inventory valuation adjustment	−24 3	−42 6	−45.7	−41 7	−48 4	−39.2	−24 0	−27.2
46 Capital consumption adjustment	−13.5	−15 9	−17.2	−17 9	−17.8	−14 7	−14.7	−13.4
47 Net interest	115 8	143.4	179 8	185.3	193 3	200.8	211 0	219.5

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	1980		1981		
				Q3	Q4	Q1	Q2	Q3^p
PERSONAL INCOME AND SAVING								
1 **Total personal income**	**1,721.8**	**1,943.8**	**2,160.2**	**2,182.1**	**2,256.2**	**2,319.8**	**2,368.5**	**2,440.0**
2 Wage and salary disbursements	1,105.2	1,236.1	1,343.7	1,341.8	1,397.8	1,442.9	1,467.0	1,497.8
3 Commodity-producing industries	389.1	437.9	465.4	460.1	484.0	501.3	508.1	520.4
4 Manufacturing	299.2	333.4	350.7	346.7	364.0	377.4	386.7	394.5
5 Distributive industries	270.5	303.0	328.9	329.2	340.6	351.9	357.8	367.4
6 Service industries	226.1	259.2	295.7	298.7	310.0	322.5	330.5	338.2
7 Government and government enterprises	219.4	236.1	253.6	253.9	263.3	267.1	270.5	274.6
8 Other labor income	102.2	118.6	137.1	139.1	143.5	148.0	151.8	156.3
9 Proprietors' income[1]	117.2	131.6	130.6	129.7	134.0	132.1	134.1	135.4
10 Business and professional[1]	91.0	100.8	107.2	107.6	111.6	113.2	112.5	112.3
11 Farm[1]	26.1	30.8	23.4	22.1	22.5	18.9	21.7	23.1
12 Rental income of persons[2]	27.4	30.5	31.8	32.0	32.4	32.7	33.3	33.9
13 Dividends	43.1	48.6	54.4	55.1	56.1	58.0	60.2	63.0
14 Personal interest income	173.2	209.6	256.3	261.8	269.7	288.7	300.9	315.8
15 Transfer payments	223.3	249.4	294.2	310.7	313.9	319.6	324.2	342.7
16 Old-age survivors, disability, and health insurance benefits	116.2	131.8	153.8	163.2	165.3	169.8	172.0	188.5
17 LESS: Personal contributions for social insurance	69.6	80.6	87.9	88.1	91.2	102.3	103.1	104.9
18 EQUALS: Personal income	1,721.8	1,943.8	2,160.2	2,182.1	2,256.2	2,319.8	2,368.5	2,440.0
19 LESS: Personal tax and nontax payments	258.8	302.0	338.5	341.5	359.2	372.0	382.9	399.9
20 EQUALS: Disposable personal income	1,462.9	1,641.7	1,821.7	1,840.6	1,897.0	1,947.8	1,985.6	2,040.1
21 LESS: Personal outlays	1,386.6	1,555.5	1,720.4	1,729.2	1,799.4	1,858.9	1,879.0	1,939.9
22 EQUALS: Personal saving	76.3	86.2	101.3	111.4	97.6	88.9	106.6	100.2
MEMO: Per capita (1972 dollars)								
23 Gross national product	6,426	6,588	6,503	6,456	6,499	6,619	6,581	6,554
24 Personal consumption expenditures	4,046	4,135	4,108	4,082	4,142	4,191	4,162	4,195
25 Disposable personal income	4,389	4,493	4,473	4,468	4,488	4,511	4,517	4,530
26 Saving rate (percent)	5.2	5.2	5.6	6.1	5.1	4.6	5.4	4.9
GROSS SAVING								
27 **Gross saving**	**355.2**	**412.0**	**401.9**	**402.0**	**406.7**	**442.6**	**465.3**	**n.a.**
28 Gross private saving	355.4	398.9	432.9	446.5	436.4	451.1	475.3	n.a.
29 Personal saving	76.3	86.2	101.3	111.4	97.6	88.9	106.6	100.2
30 Undistributed corporate profits[1]	57.9	59.1	44.3	42.8	40.4	55.7	52.0	n.a.
31 Corporate inventory valuation adjustment	-24.3	-42.6	-45.7	-41.7	-48.4	-39.2	-24.0	-27.2
Capital consumption allowances								
32 Corporate	136.4	155.4	175.4	178.4	183.2	187.5	194.6	200.6
33 Noncorporate	84.8	98.2	111.8	113.4	115.8	119.0	122.1	125.4
34 Wage accruals less disbursements	.0	0	0	.5	-.5	0	0	.0
35 Government surplus, or deficit (−), national income and product accounts	-0.2	11.9	-32.1	-45.6	-30.8	-9.7	-11.2	n.a.
36 Federal	-29.2	14.8	-61.2	74.2	-67.9	-46.6	-47.2	n.a.
37 State and local	29.0	26.7	29.1	28.6	37.1	36.9	36.1	n.a.
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**	**405.0**	**400.1**	**446.0**	**458.3**	**446.6**
40 Gross private domestic	375.3	415.8	395.3	377.1	397.7	437.1	458.6	449.8
41 Net foreign	-13.8	1.7	5.9	27.8	2.3	8.8	-.2	-3.2
42 **Statistical discrepancy**	**6.4**	**2.2**	**-.7**	**3.0**	**-6.6**	**3.4**	**-6.9**	**n.a.**

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	1980	1980 Q2	1980 Q3	1980 Q4	1981 Q1	1981 Q2^p
1 Balance on current account	-14,075	1,414	3,723	-545	4,975	1,390	3,263	1,073
2 Not seasonally adjusted				905	1,149	3,244	3,546	2,369
3 Merchandise trade balance[2]	-33,759	-27,346	-25,342	-6,744	-2,902	-5,570	-4,677	-6,914
4 Merchandise exports	142,054	184,473	223,966	55,667	56,252	57,149	61,098	60,477
5 Merchandise imports	-175,813	-211,819	-249,308	-62,411	-59,154	-62,719	-65,775	-67,391
6 Military transactions, net	738	-1,947	-2,515	-427	-455	-715	-568	-586
7 Investment income, net[3]	21,400	33,462	32,762	6,518	8,154	8,257	9,053	8,647
8 Other service transactions, net	2,613	2,839	5,874	1,440	1,681	1,762	982	1,456
9 Remittances, pensions, and other transfers	-1,884	-2,057	-2,397	-545	-591	-720	-550	-536
10 U S government grants (excluding military)	-3,183	-3,536	-4,659	-787	-912	-1,624	-977	-994
11 Change in U S government assets, other than official reserve assets, net (increase, −)	-4,644	-3,767	-5,165	-1,187	-1,427	-1,094	-1,395	-1,475
12 Change in U S official reserve assets (increase, −)	732	-1,132	-8,155	502	-1,109	-4,279	-4,529	-905
13 Gold	-65	-65	0	0	0	0	0	0
14 Special drawing rights (SDRs)	1,249	-1,136	-16	112	-261	1,285	-1,441	-23
15 Reserve position in International Monetary Fund	4,231	-189	-1,667	-99	-294	-1,240	-707	-780
16 Foreign currencies	-4,683	257	-6,472	489	-554	-4,324	-2,381	-102
17 Change in U S private assets abroad (increase, −)[3]	-57,158	-57,739	-71,456	-24,152	-16,766	-22,622	-16,473	-19,141
18 Bank-reported claims	-33,667	-26,213	-46,947	-20,165	-12,440	-13,139	-11,241	-14,063
19 Nonbank-reported claims	-3,853	-3,026	-2,653	92	343	-2,005	-3,192	n.a.
20 U S purchase of foreign securities, net	-3,582	-4,552	-3,310	-1,369	-818	-356	-488	1,451
21 U S direct investments abroad, net[3]	-16,056	-23,948	-18,546	-2,710	-3,851	-7,122	-1,552	-3,627
22 Change in foreign official assets in the United States (increase, +)	33,561	-13,757	15,492	7,557	7,686	7,712	5,503	-3,009
23 U S Treasury securities	23,555	-22,435	9,683	4,360	3,769	6,911	7,242	-2,069
24 Other U S government obligations	666	463	2,187	250	549	587	454	536
25 Other U S government liabilities[4]	2,359	-133	636	420	80	205	-112	180
26 Other U S liabilities reported by U S banks	5,551	7,213	-159	1,676	1,823	-460	-2,910	-2,286
27 Other foreign official assets[5]	1,4530	1,135	3,145	851	1,465	469	829	630
28 Change in foreign private assets in the United States (increase, +)[3]	30,187	52,703	34,769	-326	3,965	16,157	1,637	15,819
29 U.S. bank-reported liabilities	16,141	32,607	10,743	-4,509	916	7,737	-3,889	8,791
30 U S nonbank-reported liabilities	1,717	2,065	5,109	1,092	373	3,228	-820	n.a.
31 Foreign private purchases of U S Treasury securities, net	2,178	4,820	2,679	-1,260	-254	893	1,405	701
32 Foreign purchases of other U S securities, net	2,254	1,334	5,384	468	241	2,240	2,454	3,450
33 Foreign direct investments in the United States, net[3]	7,896	11,877	10,853	3,883	2,689	2,059	2,487	2,878
34 Allocation of SDRs	0	1,139	1,152	0	0	0	1,093	0
35 Discrepancy	11,398	21,140	29,640	18,151	2,676	2,736	10,901	7,637
36 Owing to seasonal adjustments				1,355	-3,291	2,139	-340	1,221
37 Statistical discrepancy in recorded data before seasonal adjustment	11,398	21,140	29,640	16,796	5,967	597	11,241	6,416
MEMO								
Changes in official assets								
38 U S official reserve assets (increase, −)	732	-1,132	-8,155	502	-1,109	-4,279	-4,529	-905
39 Foreign official assets in the United States (increase, +)	31,202	-13,624	14,856	7,137	7,606	7,507	5,615	-3,189
40 Change in Organization of Petroleum Exporting Countries official assets in the United States (part of line 22 above)	-1,137	5,543	12,744	4,617	4,115	1,024	5,446	2,635
41 Transfers under military grant programs (excluded from lines 4, 6, and 10 above)	236	305	635	155	125	211	192	207

1 Seasonal factors are no longer calculated for lines 12 through 41

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 Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies

5 Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.

NOTE. Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S Department of Commerce)

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1978	1979	1980	1981 Mar	Apr	May	June	July	Aug	Sept
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	143,682	181,860	220,626	21,434	19,818	18,869	19,870	19,264	19,050	19,655
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	174,759	209,458	244,871	20,949	22,289	21,310	21,975	19,807	23,528	21,229
3 **Trade balance**	**−31,075**	**−27,598**	**−24,245**	**485**	**−2,471**	**−2,441**	**−2,105**	**−542**	**−4,478**	**−1,574**

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	1981 Apr	May	June	July	Aug	Sept	Oct *p*
1 **Total**[1]	**18,650**	**18,956**	**26,756**	**29,693**	**29,395**	**29,582**	**28,870**	**29,265**	**29,716**	**30,248**
2 Gold stock, including Exchange Stabilization Fund[1]	11,671	11,172	11,160	11,154	11,154	11,154	11,154	11,154	11,152	11,152
3 Special drawing rights[2,3]	1,558	2,724	2,610	3,712	3,652	3,689	3,717	3,739	3,896	3,949
4 Reserve position in International Monetary Fund[2]	1,047	1,253	2,852	3,576	3,690	3,988	4,157	4,341	4,618	4,736
5 Foreign currencies[4,5]	4,374	3,807	10,134	11,251	10,899	10,751	9,842	10,031	10,050	10,411

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	1978[1]	1979	1980	1981 Feb.	Mar r	Apr.	May	June	July	Aug. p
					All foreign countries					
1 **Total, all currencies**	**306,795**	**364,233**	**400,510r**	**404,085r**	**413,880**	**413,516r**	**417,187**	**422,946r**	**433,238**	**433,133**
2 Claims on United States	17,340	32,302	28,460	31,925	30,002	34,519	38,645	35,204r	43,074	41,787
3 Parent bank	12,811	25,929	20,202	21,370	18,641	23,086	28,012	24,311	30,994	30,036
4 Other	4,529	6,373	8,258	10,555	11,361	11,433	10,633	10,893r	12,080	11,751
5 Claims on foreigners	278,135	317,175	354,368r	354,026r	365,349	360,514r	359,531	368,654r	370,938	372,034
6 Other branches of parent bank	70,338	79,661	76,986r	75,804r	78,882	76,917	76,224	79,814	82,128	83,171
7 Banks	103,111	123,413	146,400r	148,038r	152,363	149,647r	149,060	154,748	154,843	152,285
8 Public borrowers[2]	23,737	26,072	28,014r	28,312r	28,919	28,291r	27,734	27,806	28,645	29,181
9 Nonbank foreigners	80,949	88,029	102,968r	101,872r	105,185	105,659	106,513	106,286r	105,322	107,397
10 Other assets	11,320	14,756	17,682r	18,134r	18,529	18,483r	19,011	19,088	19,226	19,312
11 **Total payable in U.S. dollars**	**224,940**	**267,711**	**291,635r**	**298,565r**	**305,328**	**308,373r**	**312,683**	**320,308r**	**330,758**	**328,889**
12 Claims on United States	16,382	31,171	27,191	30,662	28,817	33,306	37,403	33,950r	41,873	40,504
13 Parent bank	12,625	25,632	19,896	21,108	18,421	22,839	27,709	24,041	30,742	29,744
14 Other	3,757	5,539	7,295	9,554	10,396	10,467	9,694	9,909r	11,131	10,760
15 Claims on foreigners	203,498	229,118	255,234r	257,947r	266,291	264,537r	264,263	275,195r	277,354	276,786
16 Other branches of parent bank	55,408	61,525	58,508r	58,065r	60,969	59,590	58,711	62,696	64,725	65,477
17 Banks	78,686	96,261	117,302r	119,781r	122,873	121,674r	121,930	128,114	127,552	124,504
18 Public borrowers[2]	19,567	21,629	23,491r	23,596r	24,095	23,801r	23,201	23,488	24,250	24,410
19 Nonbank foreigners	49,837	49,703	55,933r	56,505r	58,354	59,472	60,421	60,897r	60,827	62,395
20 Other assets	5,060	7,422	9,210r	9,956r	10,220	10,530r	11,017	11,163	11,531	11,599
					United Kingdom					
21 **Total, all currencies**	**106,593**	**130,873**	**144,717**	**146,514**	**148,077**	**144,577**	**146,640**	**149,704**	**148,774**	**150,415**
22 Claims on United States	5,370	11,117	7,509	9,128	9,159	8,518	10,382	9,640	9,130	10,249
23 Parent bank	4,448	9,338	5,275	6,387	6,265	5,766	7,666	7,098	6,167	7,443
24 Other	922	1,779	2,234	2,741	2,894	2,752	2,716	2,542	2,963	2,806
25 Claims on foreigners	98,137	115,123	131,142	131,426	132,797	130,062	130,200	134,102	133,626	134,034
26 Other branches of parent bank	27,830	34,291	34,760	35,523	35,654	34,704	34,834	35,914	37,035	38,035
27 Banks	45,013	51,343	58,741	59,623	59,742	57,934	57,611	60,261	59,639	58,362
28 Public borrowers[2]	4,522	4,919	6,688	6,630	6,920	6,848	6,720	6,811	6,822	6,665
29 Nonbank foreigners	20,772	24,570	30,953	29,650	30,481	30,576	31,035	31,116	30,130	30,972
30 Other assets	3,086	4,633	6,066	5,960	6,121	5,997	6,058	5,962	6,018	6,132
31 **Total payable in U.S. dollars**	**75,860**	**94,287**	**99,699**	**103,754**	**104,533**	**102,336**	**104,959**	**108,854**	**107,961**	**109,262**
32 Claims on United States	5,113	10,746	7,116	8,673	8,755	8,080	9,932	9,150	8,628	9,806
33 Parent bank	4,386	9,297	5,229	6,325	6,236	5,715	7,611	7,059	6,110	7,382
34 Other	727	1,449	1,887	2,348	2,519	2,365	2,321	2,091	2,518	2,424
35 Claims on foreigners	69,416	81,294	89,723	91,990	92,493	91,018r	91,632	96,240	95,832	95,887
36 Other branches of parent bank	22,838	28,928	28,268	28,984	29,087	28,466	28,527	29,725	30,789	31,710
37 Banks	31,482	36,760	42,073	43,451	43,379	42,467	42,786	45,631	44,488	42,957
38 Public borrowers[2]	3,317	3,319	4,911	4,932	5,189	5,096	4,967	5,123	5,176	5,006
39 Nonbank foreigners	11,779	12,287	14,471	14,623	14,838	14,989	15,352	15,761	15,379	16,214
40 Other assets	1,331	2,247	2,860	3,091	3,285	3,238	3,395	3,464	3,501	3,569
					Bahamas and Caymans					
41 **Total, all currencies**	**91,735**	**108,977**	**123,837**	**124,892**	**127,886**	**132,145**	**133,594**	**135,081**	**145,290**	**142,087**
42 Claims on United States	9,635	19,124	17,751	19,150	17,348	22,473	24,531	21,812r	29,808	27,131
43 Parent bank	6,429	15,196	12,631	12,417	10,017	14,908	17,511	14,477	21,654	19,303
44 Other	3,206	3,928	5,120	6,733	7,331	7,565	7,020	7,335r	8,154	7,828
45 Claims on foreigners	79,774	86,718	101,926	101,281	106,052	105,081	104,197	108,477r	110,584	109,888
46 Other branches of parent bank	12,904	9,689	13,342	11,996	14,022	13,107	12,235	13,569	13,788	13,909
47 Banks	33,677	43,189	54,861	55,345	57,127	57,405	57,073	59,705	60,748	59,316
48 Public borrowers[2]	11,514	12,905	12,577	12,605	12,579	12,205	12,169	12,038	12,471	12,610
49 Nonbank foreigners	21,679	20,935	21,146	21,335	22,324	22,364	22,720	23,165r	23,577	24,053
50 Other assets	2,326	3,135	4,160	4,461	4,486	4,591	4,866	4,792	4,898	5,068
51 **Total payable in U.S. dollars**	**85,417**	**102,368**	**117,654**	**119,005**	**121,900**	**126,429**	**127,969**	**129,438**	**139,514**	**136,054**

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.

3.13 Continued

Liability account	1978[1]	1979	1980	1981 Feb.	Mar. r	Apr.	May	June	July	Aug. p
					All foreign countries					
52 **Total, all currencies**	**306,795**	**364,233**	**400,510r**	**404,085r**	**413,880**	**413,516r**	**417,187**	**422,946r**	**433,238**	**433,133**
53 To United States	58,012	66,686	91,059r	90,760r	98,776	105,667r	105,343	109,322r	118,093	116,405
54 Parent bank	28,654	24,530	39,266r	36,475r	43,062	45,320r	41,039	44,327	43,069	43,847
55 Other banks in United States	12,169	13,968	14,473	13,959	14,584	15,551r	16,301	16,136r	17,578	15,768
56 Nonbanks	17,189	28,188	37,275	40,326	41,130	44,796r	48,003	48,859r	57,446	56,790
57 To foreigners	238,912	283,344	294,823r	299,333r	300,525	292,941r	296,462	298,169	299,240	299,952
58 Other branches of parent bank	67,496	77,601	75,685r	75,304r	77,050	76,094	75,815	79,033	81,387	80,986
59 Banks	97,711	122,849	131,747r	136,013r	134,325	129,670r	133,650	131,818	129,290	125,541
60 Official institutions	31,936	35,664	32,466r	28,619r	29,385	28,046r	27,469	26,352	25,682	28,186
61 Nonbank foreigners	41,769	47,230	54,925r	59,397r	59,765	59,131r	59,528	60,966	62,881	65,239
62 Other liabilities	9,871	14,203	14,673r	13,992r	14,579	14,908r	15,382	15,455r	15,905	16,766
63 ***Total payable in U.S. dollars***	**230,810**	**273,819**	**303,076r**	**309,736r**	**316,771**	**320,256r**	**324,479**	**332,284r**	**343,947**	**341,701**
64 To United States	55,811	64,530	88,156r	88,351r	96,319	103,204r	102,971	106,740r	115,481	113,815
65 Parent bank	27,519	23,403	37,527r	34,980r	41,531	43,826r	39,604	42,822	41,620	42,392
66 Other banks in United States	11,915	13,771	14,203	13,757	14,432	15,381r	16,175	15,945r	17,391	15,611
67 Nonbanks	16,377	27,356	36,426	39,614	40,356	43,997r	47,192	47,973r	56,470	55,812
68 To foreigners	169,927	201,476	206,684r	212,724r	211,496	207,455r	211,915	215,931	218,178	217,204
69 Other branches of parent bank	53,396	60,513	58,093r	58,155r	59,874	59,213	59,108	62,292	64,884	64,333
70 Banks	63,000	80,691	87,377r	92,413r	87,990	86,490r	89,885	89,909	88,554	83,835
71 Official institutions	26,404	29,048	24,697r	21,901r	22,762	21,453r	21,345	20,853	20,108	22,033
72 Nonbank foreigners	27,127	31,224	36,517r	40,255r	40,870	40,299r	41,577	42,877	44,632	47,003
73 Other liabilities	5,072	7,813	8,236r	8,661r	8,956	9,597r	9,593	9,613r	10,288	10,682
					United Kingdom					
74 **Total, all currencies**	**106,593**	**130,873**	**144,717**	**146,514**	**148,077**	**144,577**	**146,640**	**149,704**	**148,774**	**150,415**
75 To United States	9,730	20,986	21,785	22,755	25,424	25,843	26,688	29,598	30,383	31,622
76 Parent bank	1,887	3,104	4,225	3,190	4,242	4,543	4,376	4,371	4,138	4,189
77 Other banks in United States	4,189	7,693	5,716	5,840	5,731	5,928	5,973	6,172	5,864	5,646
78 Nonbanks	3,654	10,189	11,844	13,725	15,451	15,372	16,339	19,055	20,381	21,827
79 To foreigners	93,202	104,032	117,438	118,642	117,318	113,634	114,655	115,099	113,560	113,191
80 Other branches of parent bank	12,786	12,567	15,384	14,661	15,437	15,095	14,169	14,996	15,103	15,255
81 Banks	39,917	47,620	56,262	57,916	55,990	53,842	56,209	55,923	54,351	51,532
82 Official institutions	20,963	24,202	21,412	19,591	19,241	18,390	18,508	17,197	16,352	17,866
83 Nonbank foreigners	19,536	19,643	24,380	26,474	26,650	26,307	25,769	26,983	27,754	28,538
84 Other liabilities	3,661	5,855	5,494	5,117	5,335	5,100	5,297	5,007	4,831	5,562
85 **Total payable in U.S. dollars**	**77,030**	**95,449**	**103,440**	**107,671**	**108,895**	**107,139**	**109,209**	**113,427**	**113,247**	**114,445**
86 To United States	9,328	20,552	21,080	22,245	24,950	25,333	26,221	28,858	29,606	30,915
87 Parent bank	1,836	3,054	4,078	3,132	4,159	4,448	4,306	4,277	4,054	4,132
88 Other banks in United States	4,101	7,651	5,626	5,757	5,684	5,854	5,919	6,094	5,768	5,594
89 Nonbanks	3,391	9,847	11,376	13,356	15,107	15,031	15,996	18,487	19,784	21,189
90 To foreigners	66,216	72,397	79,636	82,302	80,729	78,668	79,713	81,544	80,400	79,988
91 Other branches of parent bank	9,635	8,446	10,474	10,149	10,460	10,282	9,327	10,289	10,566	10,943
92 Banks	25,287	29,424	35,388	37,214	34,467	34,209	35,870	36,701	35,789	32,914
93 Official institutions	17,091	20,192	17,024	15,404	15,374	14,478	14,851	14,000	13,133	14,244
94 Nonbank foreigners	14,203	14,335	16,750	19,535	20,428	19,699	19,665	20,554	20,912	21,887
95 Other liabilities	1,486	2,500	2,724	3,124	3,216	3,138	3,275	3,025	3,241	3,542
					Bahamas and Caymans					
96 **Total, all currencies**	**91,735**	**108,977**	**123,837**	**124,892**	**127,886**	**132,145**	**133,594**	**135,081**	**145,290**	**142,087**
97 To United States	39,431	37,719	59,666	58,664	64,026	69,478	69,048	69,407	77,197	73,959
98 Parent bank	20,482	15,267	28,181	26,279	31,741	32,925	29,583	32,160	31,034	31,223
99 Other banks in United States	6,073	5,204	7,379	7,165	7,883	8,618	9,297	8,822	10,517	8,973
100 Nonbanks	12,876	17,248	24,106	25,220	24,402	27,935	30,168	28,425	35,646	33,763
101 To foreigners	50,447	68,598	61,218	63,348	60,957	59,424	61,170	62,470	64,491	64,530
102 Other branches of parent bank	16,094	20,875	17,040	18,783	17,437	17,788	17,950	19,484	20,989	20,310
103 Banks	23,104	33,631	29,895	30,369	28,752	27,213	28,846	28,326	28,056	27,508
104 Official institutions	4,208	4,866	4,361	3,663	4,403	4,079	3,666	3,685	3,934	4,605
105 Nonbank foreigners	7,041	9,226	9,922	10,533	10,365	10,344	10,708	10,975	11,512	12,107
106 Other liabilities	1,857	2,660	2,953	2,880	2,903	3,243	3,376	3,204	3,602	3,598
107 **Total payable in U.S. dollars**	**87,014**	**103,460**	**119,657**	**120,712**	**123,785**	**128,235**	**129,811**	**131,120**	**141,241**	**137,754**

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1978	1979	1980	1981						
				Mar	Apr. r	May r	June r	July	Aug p	Sept p
1 **Total**[1]	**162,775**	**149,697**	**164,576**	**170,026**	**170,600**	**165,414**	**167,069**	**166,986**	**162,391**	**161,315**
By type										
2 Liabilities reported by banks in the United States[2]	23,326	30,540	30,381	27,305	25,563	23,575	25,234	25,937	22,934	22,593
3 U.S. Treasury bills and certificates[3]	67,671	47,666	56,243	60,492	61,671	57,858	57,719	55,659	52,924	50,179
U.S. Treasury bonds and notes										
4 Marketable	35,894	37,590	41,455	44,808	45,303	45,625	46,605	47,402	48,934	50,132
5 Nonmarketable[4]	20,970	17,387	14,654	14,294	14,294	13,202	12,802	12,402	12,402	12,402
6 U.S. securities other than U.S. Treasury securities[5]	14,914	16,514	21,843	23,127	23,769	24,062	24,309	25,186	25,197	25,829
By area										
7 Western Europe[1]	93,089	85,633	81,592	79,853	78,237	71,467	71,130	70,557	65,960	64,253
8 Canada	2,486	1,898	1,562	1,437	1,177	1,365	1,248	664	1,603	1,366
9 Latin America and Caribbean	5,046	6,291	5,688	6,355	5,908	5,526	6,103	5,584	5,968	5,319
10 Asia	59,004	52,978	70,782	77,142	79,253	81,014	83,124	85,845	84,641	87,328
11 Africa	2,408	2,412	4,123	4,088	4,188	3,927	3,190	2,645	2,840	2,090
12 Other countries[6]	742	485	829	1,150	1,835	2,116	2,275	1,691	1,379	960

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		1981	
				Sept	Dec	Mar r	June p
1 Banks' own liabilities	925	2,406	1,918	2,754	3,748	3,298	3,031
2 Banks' own claims[1]	2,356	3,671	2,419	3,203	4,206	4,257	3,673
3 Deposits	941	1,795	994	1,169	2,507	1,779	2,052
4 Other claims	1,415	1,876	1,425	2,035	1,699	2,478	1,621
5 Claims of banks' domestic customers[2]	..	358	580	595	962	444	347

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	1978	1979	1980	1981						
				Mar p	Apr	May	June	July	Aug.	Sept p
1 **All foreigners**	**166,842**	**187,521**	**205,295**	**205,284**	**213,250r**	**213,487r**	**208,799**	**213,677r**	**208,051**	**215,477**
2 Banks' own liabilities	78,661	117,196	124,789	120,425	128,170r	132,167r	127,947	131,903r	130,977	141,811
3 Demand deposits	19,218	23,303	23,462	21,216	22,644	22,193	23,174	21,401	22,072	24,810
4 Time deposits[1]	12,427	13,623	15,076	16,304	15,731r	16,059r	16,641	16,457r	17,231	17,291
5 Other[2]	9,705	16,453	17,581	16,199	14,814r	12,359	14,090	13,327r	11,261	12,341
6 Own foreign offices[3]	37,311	63,817	68,670	66,707	74,980r	81,556	74,042	80,717r	80,413	87,369
7 Banks' custody liabilities[4]	88,181	70,325	80,506	84,859	85,080r	81,320	80,852	81,774r	77,074	73,666
8 U.S. Treasury bills and certificates[5]	68,202	48,573	57,595	62,342	63,281r	59,597	59,745	57,550r	54,849	52,333
9 Other negotiable and readily transferable *instruments*[6]	17,472	19,396	20,079	18,207	17,922r	17,392	17,023	17,865r	17,931	17,295
10 Other	2,507	2,356	2,832	4,310	3,877r	4,331	4,084	6,359r	4,294	4,038
11 **Nonmonetary international and regional organizations**[7]	**2,607**	**2,356**	**2,342**	**1,854**	**1,816r**	**1,813**	**1,777**	**1,798r**	**1,650**	**1,736**
12 Banks' own liabilities	906	714	442	293	667r	509	357	363	436	308
13 Demand deposits	330	260	146	126	178	147	224	222	233	151
14 Time deposits[1]	84	151	85	67	81	80	75	75	59	70
15 Other[2]	492	303	211	100	408r	281	58	65	145	88
16 Banks' custody liabilities[4]	1,701	1,643	1,900	1,561	1,149	1,304	1,420	1,435r	1,214	1,428
17 U.S. Treasury bills and certificates	201	102	254	333	63	213	289	247	84	96
18 Other negotiable and readily transferable instruments[6]	1,499	1,538	1,646	1,228	1,086	1,091	1,132	1,188r	1,130	1,332
19 Other	1	2	0	0	0	0	0	0	0	0
20 **Official institutions**[8]	**90,742**	**78,206**	**86,624**	**87,983**	**87,262r**	**81,434r**	**82,953**	**81,596r**	**75,858**	**72,773**
21 Banks' own liabilities	12,165	18,292	17,826	16,220	14,689r	13,478r	15,815	14,460r	13,482	13,882
22 Demand deposits	3,390	4,671	3,771	3,232	3,768	3,444	3,975	3,134	3,714	3,374
23 Time deposits[1]	2,560	3,050	3,612	2,938	2,424r	2,654r	2,563	2,090r	2,021	1,861
24 Other[2]	6,215	10,571	10,443	10,050	8,496r	7,381	9,277	9,236	7,747	8,646
25 Banks' custody liabilities[4]	78,577	59,914	68,798	71,763	72,574r	67,955	67,138	67,136r	62,376	58,891
26 U.S. Treasury bills and certificates[5]	67,415	47,666	56,243	60,492	61,670r	57,858	57,719	55,659r	52,924	50,179
27 Other negotiable and readily transferable instruments[6]	10,992	12,196	12,501	11,080	10,819r	10,014	9,346	9,396r	9,332	8,659
28 Other	170	52	54	191	84r	83	73	2,081r	120	53
29 **Banks**[9]	**57,423**	**88,316**	**96,415**	**94,338**	**102,584r**	**108,542**	**101,464**	**107,806r**	**107,455**	**117,411**
30 Banks' own liabilities	52,626	83,299	90,456	86,620	95,138r	100,442	93,250	98,886r	98,347	108,396
31 Unaffiliated foreign banks	15,315	19,482	21,786	19,914	20,157r	18,886	19,208	18,168r	17,933	21,027
32 Demand deposits	11,257	13,285	14,188	12,588	13,493	13,394	13,628	12,929	13,255	15,842
33 Time deposits[1]	1,429	1,667	1,703	2,305	1,549	1,685	1,728	1,573	1,686	1,990
34 Other[2]	2,629	4,530	5,895	5,021	5,115r	3,808	3,852	3,666	2,993	3,196
35 Own foreign offices[3]	37,311	63,817	68,670	66,707	74,980r	81,556	74,042	80,717r	80,413	87,369
36 Banks' custody liabilities[4]	4,797	5,017	5,959	7,717	7,446	8,100	8,214	8,921r	9,108	9,014
37 U S Treasury bills and certificates	300	422	623	827	839	945	1,170	1,069r	1,217	1,439
38 Other negotiable and readily transferable instruments[6]	2,425	2,415	2,748	2,913	2,932	3,053	3,178	3,732r	4,018	3,889
39 Other	2,072	2,179	2,588	3,977	3,675	4,102	3,866	4,119r	3,872	3,686
40 **Other foreigners**	**16,070**	**18,642**	**19,914**	**21,109**	**21,588r**	**21,698**	**22,605**	**22,477r**	**23,088**	**23,557**
41 Banks' own liabilities	12,964	14,891	16,065	17,291	17,677r	17,737	18,525	18,195r	18,712	19,225
42 Demand deposits	4,242	5,087	5,356	5,270	5,205	5,209	5,346	5,116	4,871	5,443
43 Time deposits	8,353	8,755	9,676	10,995	11,677	11,640	12,275	12,719r	13,464	13,370
44 Other[2]	368	1,048	1,033	1,027	795r	889	903	360r	377	411
45 Banks' custody liabilities[4]	3,106	3,751	3,849	3,817	3,911r	3,961	4,080	4,283r	4,376	4,333
46 U.S. Treasury bills and certificates	285	382	474	690	709r	581	568	575r	624	620
47 Other negotiable and readily transferable instruments[6]	2,557	3,247	3,185	2,986	3,085r	3,235	3,367	3,548r	3,450	3,414
48 Other	264	123	190	141	118r	145	144	159	302	300
49 MEMO: Negotiable time certificates of deposit in custody for foreigners	11,007	10,984	10,745	9,887	9,584r	9,653	10,176	10,091r	9,961	9,481

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	1978	1979	1980	1981 Mar	1981 Apr.	1981 May	1981 June	1981 July	1981 Aug	1981 Sept [p]
1 **Total**	**166,842**	**187,521**	**205,295**	**205,284**	**213,250r**	**213,487r**	**208,799**	**213,677r**	**208,051**	**215,477**
2 **Foreign countries**	**164,235**	**185,164**	**202,953**	**203,430**	**211,434r**	**211,674r**	**207,022**	**211,880r**	**206,401**	**213,741**
3 Europe	85,172	90,952	90,897	92,495	89,966r	87,209r	86,789	85,418r	81,549	84,800
4 Austria	513	413	523	522	523	493	540	610r	612	592
5 Belgium-Luxembourg	2,550	2,375	4,019	4,698	4,926	5,469	5,056	4,759r	4,240	4,950
6 Denmark	1,946	1,092	497	461	434	526	415	430	239	163
7 Finland	346	398	455	332	328	280	305	294	220	198
8 France	9,214	10,433	12,125	12,950	13,121r	11,367	11,515	11,058r	9,235	7,639
9 Germany	17,283	12,935	9,973	12,305	12,490r	9,472	9,631	9,072r	7,301	8,405
10 Greece	826	635	670	593	574	513	507	533	492	578
11 Italy	7,739	7,782	7,572	3,453	3,600	3,014	4,620	6,134r	6,374	6,261
12 Netherlands	2,402	2,337	2,441	2,328	2,314	2,176	2,133	1,792r	1,752	2,240
13 Norway	1,271	1,267	1,344	1,575	1,472r	1,648	1,743	1,289r	1,228	1,008
14 Portugal	330	557	374	356	309	336	454	448r	460	486
15 Spain	870	1,259	1,500	1,631	1,352	1,678	1,199	1,329	1,409	1,189
16 Sweden	3,121	2,005	1,737	2,408	2,784	2,501	2,180	1,864r	1,667	2,102
17 Switzerland	18,225	17,954	16,689	16,856	15,744r	15,810	15,844	16,320r	16,426	16,985
18 Turkey	157	120	242	235	209	182	194	356	208	234
19 United Kingdom	14,272	24,700	22,680	25,836	24,351r	25,485	24,428	23,220r	24,194	26,192
20 Yugoslavia	254	266	681	202	238	270	312	408	343	366
21 Other Western Europe[1]	3,440	4,070	6,939	5,356	4,893	5,616r	5,323	5,177r	4,804	4,771
22 U.S.S.R.	82	52	68	47	37	85	41	46	34	28
23 Other Eastern Europe[2]	330	302	370	350	267r	288	351	280	310	414
24 Canada	6,969	7,379	10,031	8,610	10,339r	11,222	10,208	9,249r	9,872	10,102
25 Latin America and Caribbean	31,638	49,686	53,170	51,178	58,433r	60,096	56,156	63,979r	63,792	66,151
26 Argentina	1,484	1,582	2,132	1,917	1,919	1,800	1,991	1,980	2,043	1,979
27 Bahamas	6,752	15,255	16,381	14,356	18,751r	20,154	17,760	24,476r	24,209	25,000
28 Bermuda	428	430	670	913	634	802	698	646r	700	806
29 Brazil	1,125	1,005	1,216	1,148	1,345	1,347	1,412	1,145	1,282	1,299
30 British West Indies	5,974	11,138	12,766	11,566	14,061r	14,892	12,834	14,024r	13,239	14,435
31 Chile	398	468	460	549	539	526	508	566	538	491
32 Colombia	1,756	2,617	3,077	2,970	2,940	2,828	2,827	2,784	2,708	2,527
33 Cuba	13	13	6	6	8	7	7	7	7	7
34 Ecuador	322	425	371	511	352	391	463	392	355	393
35 Guatemala[3]	416	414	367	446	416	413	399	412	399	476
36 Jamaica[3]	52	76	97	94	141	132	80	122	290	92
37 Mexico	3,467	4,185	4,547	4,756	5,332	4,948	5,351	5,532r	6,352	6,017
38 Netherlands Antilles	308	499	413	476	459r	438	495	487r	692	695
39 Panama	2,967	4,483	4,718	4,445	4,723	4,847	4,615	5,004r	4,619	4,962
40 Peru	363	383	403	342	354	334	450	363	398	381
41 Uruguay	231	202	254	306	284	334	322	243	267	258
42 Venezuela	3,821	4,192	3,170	4,220	4,178	3,924	3,548	3,671r	3,621	3,971
43 Other Latin America and Caribbean	1,760	2,318	2,123	2,158	1,997	1,979	2,398	2,125r	2,073	2,361
44 Asia	36,492	33,005	42,420	45,068	45,974r	46,156	47,279	48,073r	46,195	48,697
China										
45 Mainland	67	49	49	60	46	54	102	84r	74	76
46 Taiwan	502	1,393	1,662	1,822	1,798	1,781	1,936	2,005r	2,177	2,183
47 Hong Kong	1,256	1,672	2,548	2,438	2,469r	3,001	3,151	3,446	3,956	4,061
48 India	790	527	416	576	442	458	408	394	455	491
49 Indonesia	449	504	730	1,063	944	707	582	1,309	732	809
50 Israel	688	707	883	582	444	404	478	387	477	407
51 Japan	21,927	8,907	16,281	19,442	19,450	19,803	19,563	19,475	19,764	20,732
52 Korea	795	993	1,528	1,380	1,381	1,397	1,330	1,252	1,319	1,434
53 Philippines	644	795	919	1,115	1,213	802	1,049	992r	868	832
54 Thailand	427	277	464	250	391	338	422	436	371	392
55 Middle-East oil-exporting countries[4]	7,534	15,300	14,453	14,205	15,119r	14,728	15,129	14,909r	12,396	13,292
56 Other Asia	1,414	1,879	2,487	2,134	2,276r	2,684	3,129	3,385r	3,607	3,986
57 Africa	2,886	3,239	5,187	4,553	4,533r	4,513	3,907	3,173r	3,201	2,561
58 Egypt	404	475	485	333	336	308	289	293	355	433
59 Morocco	32	33	33	33	34	54	41	77	59	43
60 South Africa	168	184	288	322	330	360	253	257	296	244
61 Zaire	43	110	57	28	28	24	181	84	41	76
62 Oil-exporting countries[5]	1,525	1,635	3,540	3,084	3,135	3,004	2,388	1,715	1,703	1,040
63 Other Africa	715	804	783	753	670r	764	755	747r	746	725
64 Other countries	1,076	904	1,247	1,526	2,189	2,477	2,683	1,987	1,792	1,429
65 Australia	838	684	950	1,287	1,913	2,276	2,398	1,770	1,568	1,170
66 All other	239	220	297	240	275	201	285	217	224	260
67 Nonmonetary international and regional organizations	2,607	2,356	2,342	1,854	1,816r	1,813	1,777	1,798r	1,650	1,736
68 International	1.485	1,238	1,156	754	806r	781	747	699	524	641
69 Latin American regional	808	806	890	768	693	729	722	765	747	750
70 Other regional[6]	314	313	296	333	317	303	307	333r	379	345

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	1978	1979	1980	1981						
				Mar	Apr.	May	June	July	Aug	Sept p
1 **Total**	**115,545**	**133,943**	**172,592r**	**181,551**	**185,871r**	**187,139r**	**197,312**	**196,860r**	**198,876**	**209,970**
2 **Foreign countries**	**115,488**	**133,906**	**172,514r**	**181,477**	**185,830r**	**187,092r**	**197,264**	**196,800r**	**198,825**	**209,915**
3 Europe	24,201	28,388	32,108r	35,098	34,687r	34,463r	37,338	35,198r	35,062	40,837
4 Austria	140	284	236	174	151	149	166	157	185	436
5 Belgium-Luxembourg	1,200	1,339	1,621	2,573	2,157r	2,012	2,796	2,087	2,373	2,625
6 Denmark	254	147	127	119	141	162	125	132	161	167
7 Finland	305	202	460	326	327	299	365	343	352	337
8 France	3,735	3,322	2,958	3,911	3,706r	3,164	3,209	2,861	3,074	3,350
9 Germany	845	1,179	948	1,122	1,040r	1,140	1,099	1,259	1,143	1,267
10 Greece	164	154	256	210	334	242	249	292	214	286
11 Italy	1,523	1,631	3,364	3,055	2,931r	2,981	3,879	3,923	3,998	4,015
12 Netherlands	677	514	575	560	545	604r	627	497r	581	568
13 Norway	299	276	227	233	180	173	172	167	249	298
14 Portugal	171	330	331	247	242	263	353	389	350	328
15 Spain	1,120	1,051	993	1,497	1,611r	1,720	1,769	1,726	1,801	1,708
16 Sweden	537	542	783	884	975	996	794	730	672	930
17 Switzerland	1,283	1,165	1,446	1,375	1,278r	1,708r	1,690	1,871	1,708	1,947
18 Turkey	300	149	145	136	132	172	147	137	159	144
19 United Kingdom	10,147	13,795	14,917	15,827	16,004r	15,835r	16,675	15,454r	14,834	19,354
20 Yugoslavia	363	611	853	872	878	904	988	992	948	928
21 Other Western Europe[1]	122	175	179	176	224r	147	182	160	200	185
22 U.S.S.R.	360	268	281	265	266	254	302	245	252	236
23 Other Eastern Europe[2]	657	1,254	1,410r	1,548	1,567r	1,539	1,752	1,776	1,809	1,731
24 Canada	5,152	4,143	4,810	5,297	6,201r	6,068r	7,024	7,661r	6,374	7,959
25 Latin America and Caribbean	57,565	67,993	92,992	96,829	99,120r	99,964r	103,375	105,302r	108,706	111,496
26 Argentina	2,281	4,389	5,689	5,672	5,900r	5,659	5,822	5,742	5,702	5,742
27 Bahamas	21,555	18,918	29,419	34,285	34,080r	33,285r	34,753	35,552r	36,685	37,929
28 Bermuda	184	496	218	324	401	481	404	411	340	650
29 Brazil	6,251	7,713	10,496	10,269	9,934r	9,927r	10,014	9,781r	10,209	9,839
30 British West Indies	9,694	9,818	15,663	14,320	16,422r	17,312r	18,313	18,001	17,844	18,986
31 Chile	970	1,441	1,951	1,876	2,028	2,019	2,074	2,203	2,321	2,511
32 Colombia	1,012	1,614	1,752	1,467	1,457	1,580	1,533	1,480	1,429	1,487
33 Cuba	0	4	3	3	4	3	3	7	14	5
34 Ecuador	705	1,025	1,190	1,257	1,229	1,239	1,285	1,307r	1,317	1,295
35 Guatemala[3]	94	134	137	208	98	104	104	95r	115	118
36 Jamaica[3]	40	47	36	77	34	35	38	39	40	68
37 Mexico	5,479	9,099	12,595	12,447	13,243r	13,351	14,066	15,560	17,396	17,238
38 Netherlands Antilles	273	248	821	921	824r	756	874	933	894	867
39 Panama	3,098	6,041	4,974	5,643	5,517r	6,054	6,210	6,029	6,167	6,663
40 Peru	918	652	890	794	855r	871r	818	803r	796	786
41 Uruguay	52	105	137	103	105	100	94	102	107	142
42 Venezuela	3,474	4,657	5,438	5,458	5,330r	5,438	5,295	5,436	5,529	5,302
43 Other Latin America and Caribbean	1,485	1,593	1,583	1,705	1,658	1,751	1,675	1,821r	1,801	1,867
44 Asia	25,362	30,730	39,078r	40,941	42,512r	43,020r	46,027	44,999r	44,914	45,562
China										
45 Mainland	4	35	195	201	202	204	205	188	186	153
46 Taiwan	1,499	1,821	2,469	2,413	2,568	2,414r	2,471	2,380	2,544	2,476
47 Hong Kong	1,479	1,804	2,247	2,330	2,429r	2,898	3,328	3,208	3,347	3,721
48 India	54	92	142	127	134	170	132	106	135	144
49 Indonesia	143	131	245	288	299	268	257	271	254	363
50 Israel	888	990	1,172	981	1,016r	1,186	1,309	1,178	1,108	1,086
51 Japan	12,646	16,911	21,361	23,977	23,918r	24,195r	25,995	25,954	25,358	25,330
52 Korea	2,282	3,793	5,697	5,823	6,031r	6,023r	6,678	6,426	6,483	6,486
53 Philippines	680	737	989	605	999r	1,024	1,192	1,194	1,402	1,530
54 Thailand	758	933	876	835	829	698	661	546r	496	512
55 Middle East oil-exporting countries[4]	3,125	1,548	1,432r	1,486	1,914r	1,474	1,617	1,288	1,473	1,394
56 Other Asia	1,804	1,934	2,252	1,874	2,175r	2,465r	2,181	2,261	2,129	2,367
57 Africa	2,221	1,797	2,377	2,271	2,272	2,536	2,422	2,518r	2,715	2,953
58 Egypt	107	114	151	137	124	126	155	128	148	145
59 Morocco	82	103	223	153	118	87	71	88	204	273
60 South Africa	860	445	370	534	562	668	658	688	787	917
61 Zaire	164	144	94	111	108	98	98	100	87	102
62 Oil-exporting countries[5]	452	391	805	589	650	805	672	726	713	689
63 Other	556	600	734	746	710	752	769	789	777	828
64 Other countries	988	855	1,150	1,041	1,038	1,040	1,078	1,121	1,054	1,109
65 Australia	877	673	859	874	922	898	939	988	952	957
66 All other	111	182	290	167	116	142	139	133	102	152
67 Nonmonetary international and regional organizations[6]	56	36	78	74	41r	47	48	60	51	55

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	1978	1979	1980	1981 Mar	Apr	May	June	July	Aug	Sept p
1 **Total**	**126,787**	**154,030**	**198,698 r**	**213,220**	....	....	**231,076**	....	....	....
2 Banks' own claims on foreigners	115,545	133,943	172,592 r	181,551	185,871 r	187,139 r	197,312	196,860 r	198,876	209,970
3 Foreign public borrowers	10,346	15,937	20,882 r	21,027	21,466 r	21,541 r	22,825	24,020 r	24,393	25,037
4 Own foreign offices[1]	41,605	47,428	65,084	74,717	76,763 r	75,441 r	80,228	80,673 r	80,350	88,260
5 Unaffiliated foreign banks	40,483	40,927	50,168 r	48,104	49,600 r	52,236 r	55,212	54,204 r	55,386	58,363
6 Deposits	5,428	6,274	8,254	8,205	8,798 r	10,743 r	11,342	11,278 r	11,695	12,695
7 Other	35,054	34,654	41,914 r	39,898	40,802 r	41,493 r	43,870 r	42,926 r	43,690	45,668
8 All other foreigners	23,111	29,650	36,459	37,703	38,042 r	37,921	39,047	37,963 r	38,747	38,311
9 Claims of banks' domestic customers[2]	11,243	20,088	26,106	31,669	....	..	33,764	....	.. ..	
10 Deposits	480	955	885	852	. .	.	743	..		...
11 Negotiable and readily transferable instruments[3]	5,396	13,100	15,574	20,064		....	23,514		....	....
12 Outstanding collections and other claims[4]	5,366	6,032	9,648	10,753	. ..		9,507	....	....	
13 MEMO. Customer liability on acceptances	15,030	18,021	22,714	24,452	......	.	27,457	....	.	.
Dollar deposits in banks abroad, reported by nonbanking business enterprises in the United States[5]	13,558	22,042	24,100	30,403	34,316	34,753	32,919	37,257	34,018	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 before 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 Dec	1979 Dec.	1980 Sept	1980 Dec.	1981 Mar ▲	1981 Mar ▲	1981 June p
1 **Total**	**73,635**	**86,181**	**99,022**	**106,857**	**104,504**	**106,513**	**116,251**
By borrower							
2 Maturity of 1 year or less[1]	58,345	65,152	76,231	82,665	80,784	82,636	90,819
3 Foreign public borrowers	4,633	7,233	8,935	10,036	10,505	10,630	11,619
4 All other foreigners	53,712	57,919	67,296	72,628	70,279	72,005	79,200
5 Maturity of over 1 year[1]	15,289	21,030	22,791	24,193	23,720	23,877	25,431
6 Foreign public borrowers	5,395	8,371	9,722	10,152	10,187	10,244	11,012
7 All other foreigners	9,894	12,659	13,069	14,041	13,533	13,634	14,419
By area							
Maturity of 1 year or less[1]							
8 Europe	15,169	15,235	16,940	18,762	17,271	18,261	20,718
9 Canada	2,670	1,777	2,166	2,723	2,362	2,621	3,196
10 Latin America and Caribbean	20,895	24,928	28,097	32,034	30,792	31,096	32,911
11 Asia	17,545	21,641	26,876	26,748	28,009	28,305	31,448
12 Africa	1,496	1,077	1,401	1,757	1,624	1,624	1,770
13 All other[2]	569	493	751	640	726	729	776
Maturity of over 1 year[1]							
14 Europe	3,142	4,160	4,705	5,118	5,579	5,578	6,277
15 Canada	1,426	1,317	1,188	1,448	1,180	1,200	1,316
16 Latin America and Caribbean	8,464	12,814	14,187	15,075	14,740	14,870	15,448
17 Asia	1,407	1,911	2,014	1,865	1,523	1,530	1,680
18 Africa	637	655	567	507	531	531	551
19 All other[2]	214	173	130	179	167	167	159

1. Remaining time to maturity
2. Includes nonmonetary international and regional organizations

▲ Data in the two columns for this month differ because of changes in reporting coverage Figures in the first column are comparable in coverage with those for the preceding quarter, figures in the second column are comparable with those for the following quarter.

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	1977	1978[2]	1979 June	1979 Sept	1979 Dec	1980 Mar	1980 June	1980 Sept	1980 Dec	1981 Mar p	1981 June p
1 **Total**	**240.0**	**266.2**	**275.6**	**294.0**	**303.8**	**308.5**	**328.5**	**338.7**	**350.2**	**365.2**	**380.6**
2 G-10 countries and Switzerland	116.4	124.7	125.2	135.7	138.4	141.2	154.2	158.7	161.5	165.6	167.7
3 Belgium-Luxembourg	8.4	9.0	9.7	10.7	11.1	10.8	13.1	13.5	12.9	13.4	14.2
4 France	11.0	12.2	12.7	12.0	11.7	12.0	14.0	13.9	14.0	14.3	14.7
5 Germany	9.6	11.3	10.8	12.8	12.2	11.4	12.7	12.9	11.5	12.5	12.1
6 Italy	6.5	6.7	6.1	6.1	6.4	6.2	6.9	7.2	8.2	7.6	8.4
7 Netherlands	3.5	4.4	4.0	4.7	4.8	4.3	4.5	4.4	4.4	4.5	4.1
8 Sweden	1.9	2.1	2.0	2.3	2.4	2.4	2.7	2.8	2.9	3.2	3.1
9 Switzerland	3.6	5.3	4.7	5.0	4.7	4.3	3.3	3.4	4.0	4.0	5.2
10 United Kingdom	46.5	47.3	50.3	53.7	56.4	57.6	64.3	66.6	68.7	68.3	66.2
11 Canada	6.4	6.0	5.5	6.0	6.3	6.9	7.2	7.7	8.4	8.5	10.8
12 Japan	18.8	20.6	19.5	22.3	22.4	25.4	25.5	26.1	26.5	29.3	28.9
13 Other developed countries	18.6	19.4	18.2	19.7	19.9	18.8	20.3	20.6	21.3	23.1	24.8
14 Austria	1.3	1.7	1.8	2.0	2.0	1.7	1.8	1.8	1.9	1.8	2.1
15 Denmark	1.6	2.0	1.9	2.0	2.2	2.1	2.2	2.2	2.3	2.4	2.3
16 Finland	1.2	1.2	1.1	1.2	1.2	1.1	1.3	1.2	1.4	1.3	1.3
17 Greece	2.2	2.3	2.2	2.3	2.4	2.4	2.5	2.6	2.8	2.7	3.0
18 Norway	1.9	2.1	2.1	2.3	2.3	2.4	2.4	2.4	2.6	2.8	2.8
19 Portugal	.6	.6	.5	.7	.7	.6	.6	.7	.6	.6	.8
20 Spain	3.6	3.5	3.0	3.3	3.5	3.5	3.9	4.2	4.0	5.1	5.7
21 Turkey	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.3	1.5	1.5	1.4
22 Other Western Europe	.9	1.3	.9	1.5	1.4	1.4	1.6	1.7	1.7	1.8	1.8
23 South Africa	2.4	2.0	1.8	1.7	1.3	1.1	1.5	1.2	1.1	1.5	1.9
24 Australia	1.4	1.4	1.4	1.3	1.3	1.2	1.2	1.2	1.3	1.4	1.7
25 OPEC countries[3]	17.6	22.7	22.7	23.4	22.9	21.8	20.9	21.3	22.8	21.5	22.2
26 Ecuador	1.1	1.6	1.6	1.6	1.7	1.8	1.8	1.9	2.1	2.0	2.0
27 Venezuela	5.5	7.2	7.6	7.9	8.7	7.9	7.9	8.5	9.1	8.3	8.7
28 Indonesia	2.2	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.8	2.1	2.1
29 Middle East countries	6.9	9.5	9.0	9.2	8.0	7.8	6.9	6.6	6.9	6.5	6.8
30 African countries	1.9	2.5	2.6	2.8	2.6	2.5	2.5	2.4	2.8	2.6	2.6
31 Non-OPEC developing countries	48.7	52.6	56.0	58.9	62.9	63.7	67.4	72.8	77.0	81.8	84.6
Latin America											
32 Argentina	2.9	3.0	3.5	4.1	5.0	5.5	5.6	7.6	7.9	9.4	8.5
33 Brazil	12.7	14.9	15.1	15.1	15.2	15.0	15.3	15.8	16.2	16.7	17.3
34 Chile	.9	1.6	1.8	2.2	2.5	2.5	2.7	3.2	3.7	4.0	4.7
35 Colombia	1.3	1.4	1.5	1.7	2.2	2.1	2.2	2.4	2.6	2.4	2.5
36 Mexico	11.9	10.8	10.7	11.4	12.0	12.1	13.6	14.4	15.9	17.0	18.1
37 Peru	1.9	1.7	1.4	1.4	1.5	1.3	1.4	1.5	1.8	1.7	1.7
38 Other Latin America	2.6	3.6	3.3	3.6	3.7	3.6	3.6	3.9	3.9	4.8	3.8
Asia											
China											
39 Mainland	0	0	.1	.1	.1	.1	.1	.1	.2	.2	.2
40 Taiwan	3.1	2.9	3.3	3.5	3.4	3.6	3.8	4.1	4.2	4.4	4.7
41 India	.3	.2	.2	.2	.2	.2	.2	.2	.3	.3	.3
42 Israel	.9	1.0	.9	1.0	1.3	.9	1.2	1.1	1.5	1.3	1.8
43 Korea (South)	3.9	3.9	5.0	5.3	5.4	6.4	7.1	7.3	7.1	7.7	8.7
44 Malaysia[4]	.7	.6	.7	.7	.9	.8	.9	.9	1.0	1.0	1.4
45 Philippines	2.5	2.8	3.7	3.7	4.2	4.4	4.6	4.8	4.9	4.8	5.2
46 Thailand	1.1	1.2	1.4	1.6	1.5	1.4	1.5	1.5	1.4	1.5	1.5
47 Other Asia	.4	.2	.4	.4	.5	.5	.5	.5	.6	.5	.7
Africa											
48 Egypt	.3	.4	.7	.6	.6	.7	.7	.7	.8	.8	.7
49 Morocco	.5	.6	.5	.5	.6	.5	.5	.6	.7	.6	.5
50 Zaire	.3	.2	.2	.2	.2	.2	.2	.2	.2	.4	.2
51 Other Africa[5]	.7	1.4	1.5	1.6	1.7	1.7	1.8	2.0	2.0	2.1	2.1
52 Eastern Europe	6.3	6.9	6.7	7.2	7.3	7.3	7.2	7.3	7.4	7.7	7.8
53 U.S.S.R.	1.6	1.3	.9	.9	.7	.6	.5	.5	.4	.4	.5
54 Yugoslavia	1.1	1.5	1.7	1.8	1.8	1.9	2.1	2.1	2.3	2.4	2.5
55 Other	3.7	4.1	4.1	4.6	4.8	4.9	4.5	4.7	4.6	4.9	4.9
56 Offshore banking centers	26.1	31.0	37.0	38.6	40.4	42.6	44.3	44.5	46.6	50.8	57.8
57 Bahamas	9.9	10.4	14.4	13.0	13.7	13.9	13.7	13.1	13.3	13.6	17.2
58 Bermuda	.6	.7	.7	.7	.8	.6	.6	.6	.6	.7	.9
59 Cayman Islands and other British West Indies	3.7	7.4	7.4	9.5	9.4	11.3	9.8	10.1	10.6	11.3	11.9
60 Netherlands Antilles	.7	.8	1.0	1.1	1.2	.9	1.2	1.3	2.1	2.1	2.4
61 Panama[6]	3.1	3.0	3.8	3.4	4.3	4.9	5.6	5.6	5.4	6.3	6.8
62 Lebanon	.2	.1	.1	.2	.2	.2	.2	.2	.2	.2	.2
63 Hong Kong	3.7	4.2	4.9	5.5	6.0	5.7	6.9	7.5	8.1	8.4	10.2
64 Singapore	3.7	3.9	4.2	4.9	4.5	4.7	5.9	5.6	5.9	7.2	8.0
65 Others[7]	.5	.5	.4	.4	.4	.4	.4	.4	.3	.9	.3
66 Miscellaneous and unallocated[8]	5.3	9.1	9.9	10.6	11.7	13.1	14.3	13.7	13.9	14.8	15.7

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 Jan – Sept	1981 Mar.	Apr.	May	June	July	Aug.	Sept ^{p}
	Holdings (end of period)[1]									
1 **Estimated total[2]**	**51,484^r**	**57,549^r**		**61,877^r**	**62,245^r**	**62,967^r**	**64,232^r**	**64,638^r**	**66,437**	**66,970**
2 Foreign countries[2]	46,055^r	52,961^r		56,958^r	57,474^r	58,168^r	59,289^r	59,658^r	61,579	62,331
3 Europe[2]	24,964^r	24,468^r		25,353^r	25,005^r	24,641^r	25,000^r	24,573^r	25,090	24,334
4 Belgium-Luxembourg	60	77		106	123	131	173	163	370	372
5 Germany[2]	14,056	12,327^r		12,318^r	11,907^r	11,940^r	12,585^r	13,226^r	13,524	12,830
6 Netherlands	1,466	1,884		1,965	1,950	1,813	1,781	1,756	1,760	1,756
7 Sweden	647	595		566	567	572	582	606	623	646
8 Switzerland[2]	1,868	1,485		1,527	1,526	1,535	1,600	763	848	876
9 United Kingdom	6,376^r	7,323^r		8,031^r	8,002^r	7,414^r	6,976^r	6,709^r	6,630	6,469
10 Other Western Europe	491	777		839	930	1,236	1,304	1,350	1,334	1,385
11 Eastern Europe	0	0		0	0	0	0	0	0	0
12 Canada	232	449		478	464	486	484	501	514	528
13 Latin America and Caribbean	466	999		1,151	939	849	666	724	818	854
14 Venezuela	103	292		292	292	287	287	287	313	294
15 Other Latin America and Caribbean	200	285		339	389	430	217	260	321	313
16 Netherlands Antilles	163	421		519	258	132	162	177	184	246
17 Asia	19,805	26,112		28,827	29,920	31,047	31,997	32,716	34,008	35,468
18 Japan	11,175	9,479		9,543	9,566	9,606	9,778	9,786	9,890	10,102
19 Africa	591	919		1,139	1,139	1,140	1,139	1,139	1,140	1,140
20 All other	– 3	14		9	7	6	3	6	8	8
21 Nonmonetary international and regional organizations	5,429	4,588		4,919	4,771	4,799^r	4,943	4,980	4,858	4,639
22 International	5,388	4,548		4,878	4,759	4,791	4,936	4,977	4,856	4,636
23 Latin American regional	37	36		36	6	1	1	1	1	1
	Transactions (net purchases, or sales (–) during period)									
24 **Total[2]**	**6,537^r**	**6,066^r**	**9,421**	**1,525^r**	**368^r**	**721^r**	**1,266**	**405**	**1,799**	**533**
25 Foreign countries[2]	6,238^r	6,906^r	9,370	1,230^r	516^r	694^r	1,121	369	1,920	753
26 Official institutions	1,697	3,865	8,857^r	1,084	495	321	980	798	1,532	1,378
27 Other foreign[2]	4,543^r	3,040^r	512	146^r	21^r	373^r	141	–429	388	–625
28 Nonmonetary international and regional organizations	300^r	–843	52^r	295	–148	26	145	36	–120	–220
MEMO Oil-exporting countries										
29 Middle East[3]	–1,014	7,672	8,408^r	1,322	1,062	841	565	659	1,204	1,316
30 Africa[4]	–100	327	220	0	0	0	0	0	0	0

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	1980	1981 Apr	May	June	July	Aug	Sept	Oct ^{p}
1 Deposits	367	429	411	475	346	338	285	255	419	547
Assets held in custody										
2 U S Treasury securities[1]	117,126	95,075	102,417	113,746	109,742	107,884	105,064	102,197	101,068	101,068
3 Earmarked gold[2]	15,463	15,169	14,965	14,886	14,875	14,871	14,854	14,833	14,813	14,811

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.–Sept. p	1981 Mar.	Apr.	May	June	July	Aug.	Sept. p
	U.S. corporate securities									
STOCKS										
1 Foreign purchases	22,783r	40,273r	32,042	3,951	4,034r	4,076r	4,389	3,455r	3,152	2,846
2 Foreign sales	21,104r	34,852r	26,800	3,313r	3,315r	2,860r	3,419	3,257	3,206	2,322
3 Net purchases, or sales (−)	**1,679r**	**5,421r**	**5,242**	**638r**	**719r**	**1,217r**	**970**	**198r**	**−54**	**525**
4 Foreign countries	**1,662r**	**5,403r**	**5,200**	**630r**	**711r**	**1,207r**	**965**	**190r**	**−49**	**530**
5 Europe	237r	3,110r	3,228	607r	420r	764r	512	119r	74	37
6 France	137r	490r	866	110	126	393	45	48	29	10
7 Germany	−215r	172r	−20	30r	17r	−20r	16	−28	−28	−48
8 Netherlands	−71	−328	43	12	−2	31	29	−41	−28	3
9 Switzerland	−519	308	291	138	75	84	0	19	1	−68
10 United Kingdom	964	2,523r	1,853	309	197	215	371	147r	85	131
11 Canada	552	887r	782	105	230	143	104	77	−39	44
12 Latin America and Caribbean	−19	148	−57	14	−26	9	126	−126	−51	−81
13 Middle East[1]	688	1,206	954	−95	91	223	33	105	−36	497
14 Other Asia	211	16	330	0	3	71r	187	37	20	29
15 Africa	−14	−1	6	−1	−1	−1	4	−1	0	0
16 Other countries	7	38	−42	0	−5	−4	−1	−21	−17	4
17 Nonmonetary international and regional organizations	**17**	**18**	**42**	**8**	**8**	**10**	**5**	**8**	**−5**	**−5**
BONDS[2]										
18 Foreign purchases	8,871r	15,425	13,740	2,034r	1,548r	897r	1,939	1,894	1,171	1,309
19 Foreign sales	7,592r	9,964	8,636	1,243r	774	669	1,450	820	894	1,051
20 Net purchases, or sales (−)	**1,279r**	**5,461**	**5,104**	**791r**	**774r**	**228r**	**489**	**1,074**	**277**	**258**
21 Foreign countries	**1,376r**	**5,526**	**5,030**	**793r**	**732r**	**246r**	**473**	**1,067**	**278**	**243**
22 Europe	671r	1,576	1,400	128r	327r	−3	179	122	176	5
23 France	56r	129	−4	9	8	17	10	−5	−9	4
24 Germany	59r	213	688	92r	22r	28	151	68	105	64
25 Netherlands	−202	−65	44	14	13	4	0	0	−2	−2
26 Switzerland	−118	54	73	4	17	34	20	22	22	−23
27 United Kingdom	814	1,257	459	−22	231	−87	4	11	45	−53
28 Canada	80	135	60	19	12	18	−6	23	2	−12
29 Latin America and Caribbean	109	185	117	28	22	9	12	21	−5	7
30 Middle East[1]	424	3,499	3,515	723	362	192	359	853	81	252
31 Other Asia	88	117	−58	−105	9	29r	−71	49	24	−9
32 Africa	1	5	0	0	0	0	0	0	0	0
33 Other countries	1	10	−3	0	0	0	1r	0	0	−1
34 Nonmonetary international and regional organizations	**−96**	**−65**	**73**	**−1**	**42**	**−18**	**16**	**7**	**−1**	**15**
	Foreign securities									
35 Stocks, net purchases, or sales (−)	−817r	−2,139r	35	−188r	−92r	32	−114	108	51	190
36 Foreign purchases	4,617r	7,887r	7,285	763	852r	853	891	891	835	792
37 Foreign sales	5,434r	10,026r	7,249	951r	944r	821	1,005	783	784	603
38 Bonds, net purchases, or sales (−)	−3,912r	−1,013r	−2,492	−117r	−632	−194	−479	−417	−32	−427
39 Foreign purchases	12,662r	17,073r	11,994	1,710r	1,155r	1,292	1,509	1,768	1,078	1,023
40 Foreign sales	16,573r	18,086r	14,485	1,827	1,787r	1,487	1,988	2,185	1,110	1,450
41 Net purchases, or sales (−), of stocks and bonds	**−4,729r**	**−3,152r**	**−2,456**	**−305r**	**−724r**	**−162**	**−592**	**−309**	**19**	**−237**
42 Foreign countries	**−3,979r**	**−4,029r**	**−2,545**	**−317r**	**−734r**	**−162**	**−592**	**−619**	**62**	**40**
43 Europe	−1,698r	−1,105r	−260	−139r	−302r	75	−41	147	−55	75
44 Canada	−2,601	−1,959	−2,355	−101	−271	−385	−507	−858	−74	−231
45 Latin America and Caribbean	343r	80r	132	−68	119	−51	−10	−24	62	1
46 Asia	15r	−1,147r	−25	9	−234	174	−104	141	131	204
47 Africa	−63r	24	−62	−17	−7	−3	−6	−2	−3	−6
48 Other countries	25	78r	26	−2	−39	29	75	−23	1	3
49 Nonmonetary international and regional organizations	**−750**	**876**	**88**	**12**	**9**	**0**	**0**	**311**	**−43**	**−277**

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	1980	1980			1981	
				June	Sept	Dec	Mar	June^p
1 **Total**	**14,956**	**17,104**	**21,235**	**18,649**	**18,682**	**21,235**	**21,646^r**	**20,937**
2 Payable in dollars	11,527	14,029	17,527	15,210	15,345	17,527	18,121^r	17,782
3 Payable in foreign currencies[2]	3,429	3,075	3,709	3,439	3,337	3,709	3,525^r	3,154
By type								
4 Financial liabilities	6,368	7,411	11,022	8,417	8,345	11,022	11,458	11,140
5 Payable in dollars	3,853	5,141	8,249	5,796	5,858	8,249	8,825	8,838
6 Payable in foreign currencies	2,515	2,270	2,772	2,621	2,487	2,772	2,633	2,302
7 Commercial liabilities	8,588	9,693	10,214	10,232	10,337	10,214	10,188^r	9,796
8 Trade payables	4,001	4,421	4,400	4,296	4,377	4,400	4,781^r	4,400
9 Advance receipts and other liabilities	4,587	5,272	5,814	5,936	5,960	5,814	5,407^r	5,396
10 Payable in dollars	7,674	8,888	9,277	9,413	9,487	9,277	9,296^r	8,944
11 Payable in foreign currencies	914	805	936	819	850	936	892^r	852
By area or country								
Financial liabilities								
12 Europe	3,971	4,655	6,309	5,437	5,316	6,309	6,007	5,748
13 Belgium-Luxembourg	293	345	484	437	432	484	553	511
14 France	173	175	327	347	360	327	324	354
15 Germany	366	497	582	657	557	582	498	471
16 Netherlands	391	829	663	799	781	663	544	624
17 Switzerland	248	170	354	233	224	354	315	321
18 United Kingdom	2,167	2,460	3,765	2,796	2,832	3,765	3,661	3,337
19 Canada	247	466	864	557	551	864	1,059	945
20 Latin America and Caribbean	1,357	1,483	3,100	1,641	1,734	3,100	3,483	3,575
21 Bahamas	478	375	964	429	407	964	1,217	1,256
22 Bermuda	4	81	1	2	1	1	1	1
23 Brazil	10	18	23	25	20	23	19	20
24 British West Indies	194	514	1,452	714	708	1,452	1,458	1,534
25 Mexico	102	121	99	101	108	99	97	98
26 Venezuela	49	72	81	72	74	81	85	91
27 Asia	784	799	723	757	712	723	880	843
28 Japan	717	726	644	683	618	644	766	730
29 Middle East oil-exporting countries[3]	32	31	38	31	37	38	51	29
30 Africa	5	4	11	10	11	11	6	5
31 Oil-exporting countries[4]	2	1	1	1	1	1	1	0
32 All other[5]	5	4	15	15	21	15	23	24
Commercial liabilities								
33 Europe	3,047	3,636	4,067	4,036	4,074	4,067	3,814^r	3,894
34 Belgium-Luxembourg	97	137	90	133	109	90	83^r	72
35 France	321	467	582	485	501	582	563^r	564
36 Germany	523	545	679	724	686	679	639	615
37 Netherlands	246	227	219	245	276	219	246	225
38 Switzerland	302	310	493	462	452	493	385	375
39 United Kingdom	824	1,077	1,011	1,133	1,047	1,011	880^r	949
40 Canada	667	868	785	591	591	785	749^r	661
41 Latin America	997	1,323	1,244	1,271	1,361	1,244	1,287^r	1,156
42 Bahamas	25	69	8	26	8	8	1	4
43 Bermuda	97	32	73	107	114	73	111	72
44 Brazil	74	203	111	151	156	111	84^r	54
45 British West Indies	53	21	35	37	12	35	16	34
46 Mexico	106	257	326	272	324	326	421^r	327
47 Venezuela	303	301	307	210	293	307	253	290
48 Asia	2,931	2,905	2,848	3,091	2,909	2,848	3,071^r	2,788
49 Japan	448	494	645	418	502	645	810^r	867
50 Middle East oil-exporting countries[3]	1,523	1,017	894	1,030	944	894	955^r	852
51 Africa	743	728	814	875	1,006	814	828^r	675
52 Oil-exporting countries[4]	312	384	514	498	633	514	519^r	392
53 All other[5]	203	233	456	367	396	456	440	622

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	1980	1980 June	1980 Sept	1980 Dec	1981 Mar	1981 June^p
1 **Total**	**27,882**	**31,095**	**34,288**	**32,290**	**31,908**	**34,288**	**37,548r**	**35,081**
2 Payable in dollars	24,910	27,936	31,415	29,216	28,612	31,415	34,609r	32,202
3 Payable in foreign currencies[2]	2,972	3,159	2,874	3,074	3,296	2,874	2,939r	2,879
By type								
4 Financial claims	16,554	18,282	19,701	18,858	18,573	19,701	22,149	20,028
5 Deposits	11,111	12,654	13,872	13,028	12,520	13,872	16,425	14,389
6 Payable in dollars	10,043	11,738	13,097	12,125	11,307	13,097	15,630	13,664
7 Payable in foreign currencies	1,068	916	775	904	1,213	775	795	725
8 Other financial claims	5,443	5,628	5,829	5,830	6,053	5,829	5,724	5,639
9 Payable in dollars	3,874	3,802	4,146	4,102	4,399	4,146	4,078	3,894
10 Payable in foreign currencies	1,569	1,826	1,683	1,728	1,655	1,683	1,646	1,655
11 Commercial claims	11,329	12,813	14,588	13,432	13,335	14,588	15,399r	15,053
12 Trade receivables	10,770	12,122	13,871	12,715	12,635	13,871	14,598r	14,222
13 Advance payments and other claims	559	691	717	717	700	717	801r	830
14 Payable in dollars	10,993	12,396	14,171	12,989	12,906	14,171	14,901r	14,554
15 Payable in foreign currencies	335	416	416	443	428	416	498r	499
By area or country								
Financial claims								
16 Europe	5,215	6,163	6,094	5,882	5,680	6,094	6,098	5,215
17 Belgium-Luxembourg	48	32	195	23	17	195	170	174
18 France	178	177	334	307	409	334	411	377
19 Germany	510	409	230	195	168	230	213	139
20 Netherlands	103	53	32	37	30	32	42	30
21 Switzerland	98	73	59	96	41	59	90	96
22 United Kingdom	4,021	5,107	4,967	4,908	4,634	4,967	4,900	4,046
23 Canada	4,469	4,841	5,016	4,918	4,906	5,016	6,562	6,088
24 Latin America and Caribbean	5,714	6,276	7,612	6,956	6,806	7,612	8,548	7,855
25 Bahamas	3,001	2,757	3,420	3,098	2,845	3,420	3,947	3,231
26 Bermuda	80	30	135	25	65	135	13	33
27 Brazil	151	163	96	120	116	96	22	20
28 British West Indies	1,291	2,001	2,615	2,408	2,337	2,615	3,393	3,382
29 Mexico	162	157	208	177	192	208	168	158
30 Venezuela	157	143	137	139	128	137	131	143
31 Asia	920	706	710	781	853	710	691	618
32 Japan	305	199	177	276	331	177	191	107
33 Middle East oil-exporting countries[3]	18	16	20	16	20	20	17	19
34 Africa	181	253	238	256	260	238	214	216
35 Oil-exporting countries[4]	10	49	26	35	29	26	27	39
36 All other[5]	55	44	32	65	68	32	36	37
Commercial claims								
37 Europe	3,982	4,904	5,487	4,850	4,676	5,487	5,822r	5,449
38 Belgium-Luxembourg	144	202	232	258	230	232	277r	235
39 France	609	727	1,128	665	709	1,128	918r	782
40 Germany	398	589	590	512	569	590	597r	570
41 Netherlands	267	298	318	297	289	318	347r	308
42 Switzerland	198	272	351	434	339	351	461r	474
43 United Kingdom	824	901	930	907	991	930	1,187r	1,067
44 Canada	1,094	846	897	899	933	897	1,037r	987
45 Latin America and Caribbean	2,546	2,853	3,790	3,291	3,389	3,790	3,832r	3,786
46 Bahamas	109	21	21	19	53	21	15	29
47 Bermuda	215	197	148	133	81	148	170	192
48 Brazil	628	645	861	696	712	861	799r	823
49 British West Indies	9	16	34	9	17	34	15	34
50 Mexico	505	698	1,090	931	992	1,090	1,051r	1,110
51 Venezuela	291	343	407	395	388	407	436r	417
52 Asia	3,081	3,415	3,447	3,577	3,398	3,447	3,704r	3,721
53 Japan	976	1,140	990	1,143	1,094	990	1,234r	1,171
54 Middle East oil-exporting countries[3]	716	766	821	830	837	821	925r	956
55 Africa	447	554	651	566	669	651	678r	701
56 Oil-exporting countries[4]	136	133	151	115	135	151	143	137
57 All other[5]	178	240	316	249	270	316	327r	409

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 Sept 30, 1981		Country	Rate on Sept 30, 1981		Country	Rate on Sept. 30, 1981	
	Per-cent	Month effective		Per-cent	Month effective		Per-cent	Month effective
Argentina	181 54	Sept 1981	France[1]	17.5	Oct. 1981	Sweden	11 0	Oct 1981
Austria	6 75	Mar. 1980	Germany, Fed Rep of	7 5	May 1980	Switzerland	6.0	Sept. 1981
Belgium	13 0	May 1981	Italy	19.0	Mar. 1981	United Kingdom[2]		
Brazil	49.0	Mar. 1981	Japan	6 25	Mar 1981	Venezuela	11 0	Nov 1980
Canada	18 21	Oct 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

2 Minimum lending rate suspended as of August 20, 1981.

NOTE. Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government 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	1981 Apr.	May	June	July	Aug.	Sept	Oct.
1 Eurodollars	8 74	11 96	14.00	15.95	19 06	17 86	18 50	18.79	17.80	16.34
2 United Kingdom	9 18	13.60	16 59	12.26	12 34	12 61	13.63	14 02	14.60	16.27
3 Canada	8.52	11 91	13 12	17 35	18 96	19 28	19 67	21.84	20.42	18.84
4 Germany	3 67	6 64	9 45	13 12	13 06	13 05	12.92	12 87	12 48	11.72
5 Switzerland	0 74	2.04	5 79	8 67	9.87	10.02	9 76	9 05	10.56	10 85
6 Netherlands	6 53	9 33	10.60	10.41	11 76	11.81	12.38	13 54	12 96	12.57
7 France	8 10	9 44	12 18	13 00	15 75	18 84	17 34	17 40	17 65	16.47
8 Italy	11 40	11 85	17 50	19 92	19 92	20 49	20 78	20.94	21.07	21.00
9 Belgium	7 14	10 48	14.06	17.16	16.90	15.58	16.16	16 00	16 00	15 83
10 Japan	4 75	6 10	11.45	6 83	7 22	7.41	7.16	7 22	7 26	7 13

NOTE Rates are for 3-month interbank loans except for 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	1981 Apr	May	June	July	Aug	Sept.	Oct.
1 Australia/dollar	114 41	111 77	114 00	115 32	114 06	114 07	114 27	113 99	114 86	114.32
2 Austria/schilling	6 8958	7 4799	7 7349	6.5355	6.1722	5 9502	5 8225	5 6968	6.0554	6.3356
3 Belgium/franc	3 1809	3 4098	3 4247	2 8220	2.6742	2 5734	2 5027	2 4466	2.5978	2 6557
4 Canada/dollar	87 729	85 386	85.530	83 966	83 265	83 050	82 601	81 766	83.275	83.136
5 Denmark/krone	18 156	19 010	17 766	14 683	13 864	13 384	13 074	12.732	13 552	13 825
6 Finland/markka	24.337	27 732	26 892	23 059	23 207	22 511	22 045	21 607	22 225	22 601
7 France/franc	22 218	23.504	23 694	19.548	18.225	17.679	17 253	16.720	17 769	17 762
8 Germany/deutsche mark	49.867	54 561	55 089	46 219	43 601	42 054	40.977	39 988	42 545	44.370
9 India/rupee	12.207	12 265	12 686	12 060	11 900	11 688	11 229	11 038	10 971	10.948
10 Ireland/pound	191 84	204.65	205 77	168.46	159 49	153 61	149 40	146 04	155.04	157 50
11 Italy/lira	.11782	12035	11694	09280	08766	08436	08233	.08038	08424	.08374
12 Japan/yen	47981	.45834	44311	46520	45332	44621	.43055	42881	.43582	.43198
13 Malaysia/ringgit	43 210	45 720	45 967	43 182	42.752	42 720	42 519	42 119	42 527	43.500
14 Mexico/peso	4 3896	4.3826	4 3535	4 1880	4 1500	4 1066	4 0650	4 0301	3 9859	3 9371
15 Netherlands/guilder	46 284	49.843	50 369	41 660	39 224	37.816	36 833	36 009	38.329	40 151
16 New Zealand/dollar	103 64	102.23	97 337	90 273	88.150	85.823	83.771	82 331	82 644	82.355
17 Norway/krone	19 079	19.747	20 261	18.271	17.652	16 907	16 387	16.177	16 779	16 897
18 Portugal/escudo	2 2782	2 0437	1 9980	1 7178	1 6449	1 5899	1.5429	1 4999	1.5268	1 5458
19 South Africa/rand	115 01	118 72	128.54	123.32	119 35	115 18	108 46	105 27	105 56	104.61
20 Spain/peseta	1.3073	1 4896	1.3958	1 1395	1 0953	1 0565	1.0248	99864	1 0407	1.0416
21 Sri Lanka/rupee	6 3834	6.4226	6 1947	5.4185	5 4422	5.3970	5 3491	5 1932	5 0056	4 8372
22 Sweden/krona	22.139	23 323	23 647	21 309	20 450	19.802	19 293	18 870	18.435	18 023
23 Switzerland/franc	56 283	60.121	59 697	50.664	48.400	48 226	47 667	46.091	49 511	53.080
24 United Kingdom/pound	191 84	212.24	232 58	217.53	208 84	197 38	187 37	182 03	181 46	184.07
MEMO:										
25 United States/dollar[1]	92.39	88.09	87.39	98 80	103.59	106.86	109 87	112.29	107 98	106.34

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.

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List Published Semiannually, with Latest Bulletin Reference

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Published Irregularly, with Latest Bulletin Reference

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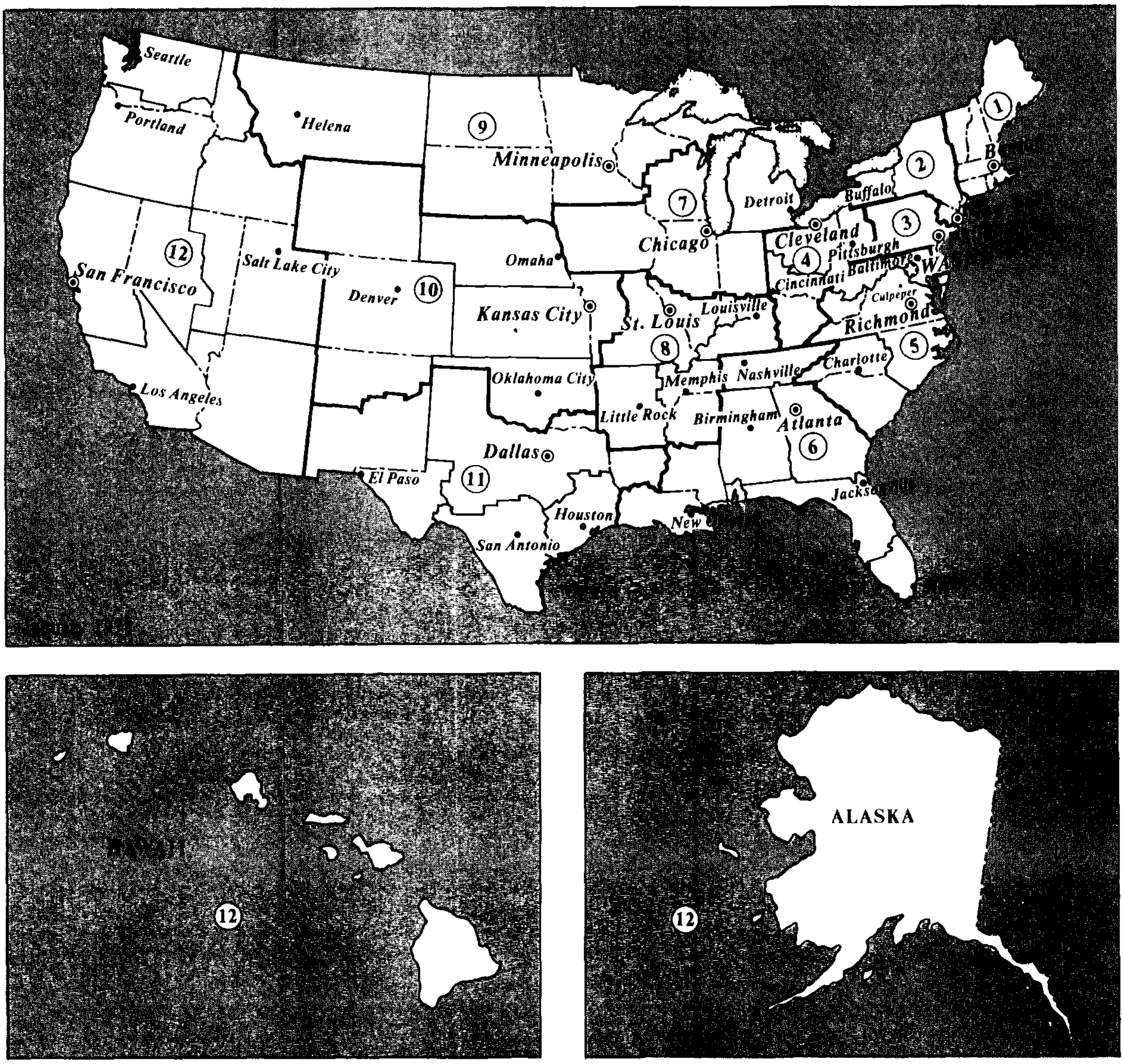
The Federal Reserve System

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