OCTOBER 1975

FEDERAL RESERVE BULLETIN

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Developments in International Financial Markets

This article was prepared in the Financial Markets Section of the Division of International Finance.

International financial markets in the past 2 years have been confronted with a number of pressures that have tested their capability to adjust to a rapidly changing economic environment. The financial strains connected with the fourfold increase in international petroleum prices at the beginning of this period loomed as a major adjustment problem for the international markets. Conditions in these markets have changed rapidly in these 2 years, partly as a result of the increase in oil prices, but also in response to changing conditions in national economies. Interest rates in domestic and international markets moved over a wide range; they first increased to record levels in mid-1974, as monetary authorities sought to dampen inflationary pressures, and then declined as the worldwide recession deepened.

In mid-1974 concern emerged that banking structures had been weakened and might be especially vulnerable to large losses. Tensions in the international financial markets were greatly increased by reports of the losses experienced by some banks in this country and by a number of foreign banks. Largely as a result of these confidence problems there was a considerable slowing in the growth of credit channeled through the Euro-currency banking markets in the second half of 1974. Bank lending practices and foreign exchange operating practices were tightened, and central banks reexamined their responsibilities for supporting the structure of international banking.

In 1974, despite the slowdown in lending through the Euro-currency banking markets after midyear, banks around the world channeled record amounts of funds to ease the financing difficulties of oil-importing countries. This was accomplished mainly through the Euro-markets but also through a large expansion in foreign lending by the head offices of U.S. banks. The removal of U.S. capital outflow controls in early 1974 and modifications of capital control policies by other national authorities facilitated these flows of funds.

This year there has been a recovery of lending through the Euro-currency banking markets, and U.S. banks continued to increase their holdings of foreign assets at a rapid pace until midyear. At the same time there has been a strong upsurge in financing through international bond markets, which had been depressed in 1974 by record high interest rates in national markets and in the Euro-bond markets.

Balance of Payments Problems

The oil price increases initiated by the Organization of Petroleum Exporting Countries (OPEC) near the end of 1973 dramatically altered the geographic pattern of world current-account balances. The financial counterpart of this development was a substantial change in the geographic pattern of supplies of and demands for financing in external markets, as OPEC countries sought outlets for their investible surpluses and oil-importing countries sought capital inflows to finance their current-account deficits.

The disruptions caused by the oil price increases came at a time when international payments patterns already were beginning to reflect increasing differences among nations in the severity of inflation and the pace of growth in real output. The increase in oil prices heightened existing uncertainties about exchange rate relationships because it was unclear how current-

TABLE 1

Current account balances[1]

In billions of dollars

Country	1972	1973	1974	1975 III[5]
United States	−7.5	2.3	2.1	15.0
United Kingdom	.8	1.2	−7.8	−2.2
Canada	−.2	.2	−1.3	−4.7
France	.9	−.1	−4.9	[e]1.8
West Germany	2.4	6.9	12.3	10.3
Italy	2.2	−2.3	−7.2	[e]−1.1
Japan	6.0	−.8	−5.3	2.5
Other industrial countries[2]	3.2	3.8	.2	n.a.
Total, 14 industrial countries	7.8	8.8	−11.9	n.a.
Major oil exporters[3]	2.6	5.6	70.0	[e]44.0
Non-oil primary producing countries[4]	−7.4	−7.7	−39.8	[6]−47.0

[1] Balances on goods, services, and private transfers.

[2] Austria, Belgium Luxembourg, Denmark, the Netherlands, Norway, Sweden, and Switzerland.

[3] OPEC member countries except Ecuador and Gabon; plus Bahrain and Oman.

[4] All countries classified by the IMF as primary producing countries, other than "major oil exporters."

[5] *Seasonally adjusted at an annual rate.*

[6] IMF projection for the year 1975.

[e] Estimated by F.R. staff

n.a. Not available.

SOURCE: U.S. Department of Commerce for U.S. data; National sources for U.K., Canada, France, Germany, Italy, and Japan; *IMF Annual Report* (August 1975) for all other data, except as noted.

account balances of individual countries would be affected and where OPEC surplus earnings would be placed. In addition, there were uncertainties about the types of policies that national authorities might pursue to counteract their payments difficulties.

The developing countries other than the major oil exporters were especially hard hit by the oil price increase because of their comparatively limited ability to obtain additional external financing in private markets; their difficulties were exacerbated in the latter half of 1974 by a weakening of their export markets as recession deepened in the industrialized countries.

Individual oil-importing nations were forced to choose a mix of policies aimed at moderating the expected worsening of their current-account balances and obtaining external financing to cover all or part of their greatly increased payments for petroleum imports. Individually and as a group the oil-importing countries had little scope for quickly reducing their current-account deficits. Most found it necessary to cover the increased cost of petroleum imports principally through official borrowings from other governments and in the international markets, or through policies to generate private capital inflows, or by accepting reductions in their international reserve assets.

The investible surpluses of OPEC member countries have been placed mainly in assets of relatively short maturity, denominated in a few major currencies (primarily U.S. dollars and to a lesser extent British pounds) and held in a limited number of national money markets and in the Euro-currency markets. This pattern of investments did not result in a direct channeling of funds to oil-importing countries in proportion to their needs for external financing. Thus, there was a "recycling" problem: a problem of redistributing the flows forthcoming from the OPEC countries. The international financial markets helped to meet this problem by facilitating capital flows from one oil-importing country to another as well as from the OPEC countries to borrowers in these markets.

GOVERNMENTAL POLICIES AFFECTING CAPITAL MOVEMENTS

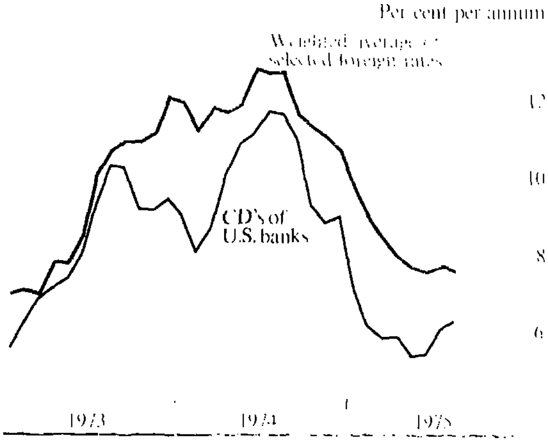
In January 1974, nearly a year ahead of the announced deadline, the United States lifted its restraints on capital outflows. The removal of U.S. outflow controls, in combination with a changed thrust of capital control policies in many other countries, was important in facilitating the recycling of OPEC surpluses to countries in need of external financing. The United States eliminated all three of its capital outflow control programs: the Federal Reserve's foreign credit restraint program; the foreign direct investment program (FDIP), administered by the Commerce Department; and the interest equalization tax (IET), administered by the Treasury.

The elimination of the Federal Reserve program, in combination with a reduction in reserve requirements on borrowings by U.S. banks from their branches abroad and other foreign banks, enhanced the competitive position of U.S. banks in international lending and borrowing, and U.S. banks increased both their foreign assets and their foreign liabilities by record amounts in 1974. Roughly two-thirds of the very large increase in 1974 in U.S. banks' assets abroad reflected increases in their claims on Japan and the non-oil developing countries. The even larger increase in U.S. banks' foreign liabilities included large amounts of deposits and borrowings from European banks as well as deposits received from OPEC countries.

The removal of FDIP restraints was reflected in a virtual disappearance of new issues by U.S. companies on the Euro-bond markets, as these companies were freed to rely more heavily on less costly domestic-source financing of their direct investments abroad. The removal of the IET has not yet prompted a large volume of foreign bond issues in the United States by borrowers not previously exempt from the program, though the total of foreign issues sold in the United States has been extraordinarily high in 1974–75.

The capital control measures taken by other industrialized countries in 1974 and this year have varied according to the state of their particular balance of payments situations. Many Western European countries and Japan found themselves in severe current-account deficit positions by 1974, and several of them attempted to increase net private capital inflows by relaxing or eliminating inflow barriers that had been erected in past periods of upward pressure on their exchange rates. Some of these countries

Comparative money market rates



[1]GNP weighted. Group of Ten and Switzerland

simultaneously instituted constraints on capital outflows.

In seeking capital inflows to finance their worsening current-account balances the national authorities of many of the developing nations and of several developed European nations (Britain, France, and Italy, in particular) raised several billions of dollars in medium- and long-term financing in the Euro-currency banking markets and international bond markets—in some cases through direct government borrowings and in others through borrowings by private or quasi-governmental organizations backed by official guarantees or encouraged by subsidization of borrowing costs. In addition, a number of countries borrowed outside the markets directly from OPEC countries and from the IMF oil facility.

Oil-importing countries' efforts to generate capital inflows were facilitated in most countries by further increases in already high domestic interest rates. Until the late summer or early fall of 1974, restrictive domestic credit market policies were generally consistent with the need to moderate domestic inflationary pressures. No single country gained a notable advantage in attracting foreign capital, as there was an essentially parallel escalation of interest rates in all industrialized countries. By late 1974 concern over inflationary pressures and balance of payments financing problems began to give way to concern over the deepening recession, and the monetary authorities of most major industrial countries either allowed or encouraged in-

TABLE 2

Changes in U.S. banks' claims on, and liabilities to, residents of foreign countries

In billions of dollars

Item	1974	1975 H1
Claims, total increase (−)	−19.4	−7.6
of which, claims on—		
Japan	6.0	2.1
Other Asia	−2.1	−.8
Latin America	6.9	7.4
Bahamas	2.5	−5.3
Western Europe	2.6	1.0
Liabilities,[1] total, increase (+)	21.8	4.9
of which, due to—		
OPEC countries	4.1	.5
Commercial banks abroad	12.4	1.6
Net inflow, or outflow (−)	2.4	−12.5

[1]Excluding U.S. Government obligations held in custody for residents of foreign countries.

terest rates to fall rapidly. The rapid decline in U.S. interest rates that had begun in the late summer of 1974 permitted the governments of other industrialized countries to be relatively less concerned about the balance of payments consequences of pursuing more relaxed domestic credit policies. Moreover, by that time many of the industrialized oil-importing countries had experienced improvement in their current-account balances as exports to OPEC nations increased rapidly and the volume of petroleum imports was depressed by the recession in real economic activity.

EURO-CURRENCY BANKING MARKETS

The outstanding amount of credit transmitted through the Euro-currency banking markets—as measured by the operations of banks in eight European countries—increased by an estimated $45 billion, or 34 per cent, in 1974, compared with the previous record growth of $40 billion during the worldwide boom in economic activity and financial market expansion of 1973. However, total Euro-currency liabilities and assets, including interbank deposits within the eight-country area, increased much less in 1974 than the net amount of credit transmitted to ultimate borrowers because of a sharp contraction in interbank lending in the second half of the year.

The data on the Euro-currency banking markets used here refer to the market area defined by the Bank for International Settlements (BIS).

Throughout 1974, but particularly in the first half, most international borrowers relied more heavily on bank financing in the Euro-markets and elsewhere than on international bond issues. For one thing, long-term borrowing costs in both the Euro-bond markets and the major national bond markets were exceptionally high.

Selected interest rates,
3-month maturities except where noted

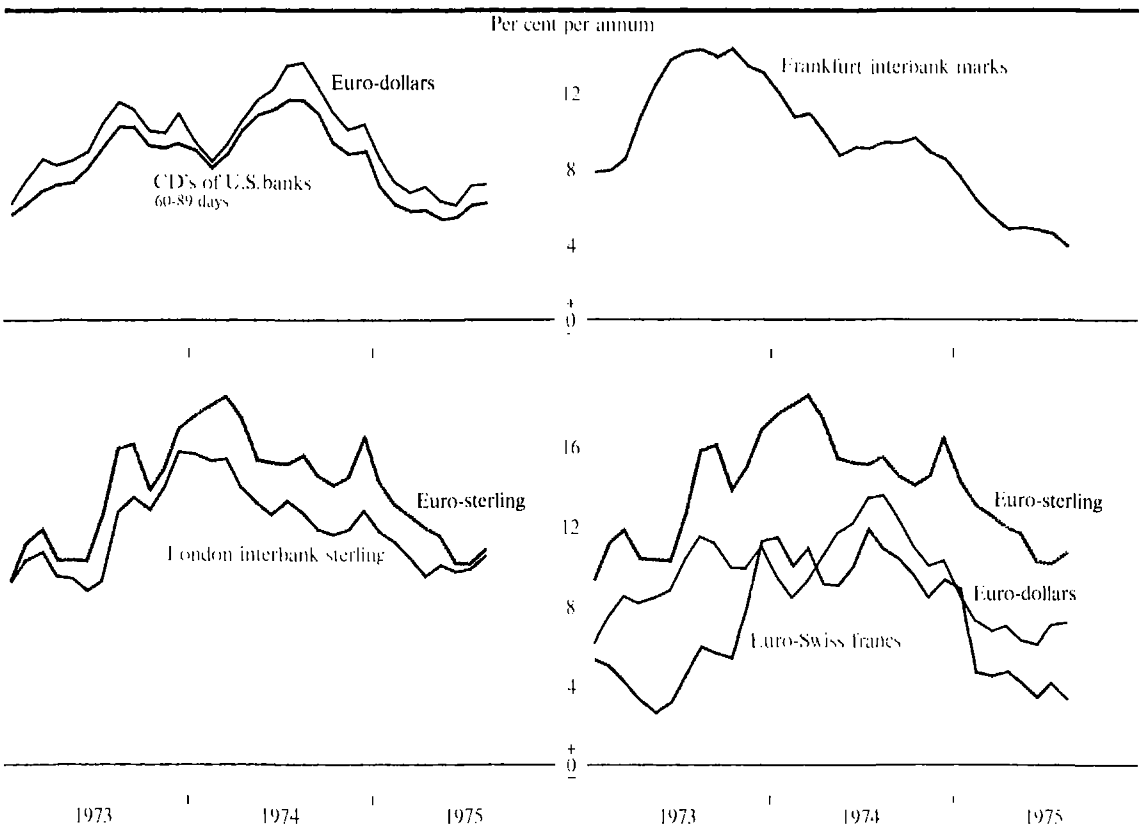


TABLE 3

Euro-currency liabilities of banks in 8 European countries

Amounts in billions of dollars

End of period	Total: All currencies[1]	Total: U.S. dollars	Total: Per cent in dollars	Outstanding net sources of Euro-currency credit[2]
1971	102	73	72	71
1972	137	100	73	92
1973	200	136	68	132
1974	235	165	70	177
1975 (June)[3]	247	173	70	195

[1]The sum of (a) external liabilities in certain foreign currencies (U.S. dollars, German marks, Swiss francs, U.K. pounds, Dutch guilders, and French francs) of banks located in Britain, Germany, France, Switzerland, the Netherlands, Belgium-Luxembourg, and Sweden and (b) these banks' foreign currency liabilities in these currencies to nonbank residents of their respective countries.

[2]Total liabilities in first column, less inter-Euro bank deposits, plus net conversions of banks' assets from domestic assets in domestic currency to forms counted as Euro currency.

[3]Estimates based on preliminary data

SOURCE.—Bank for International Settlements.

Many oil-importing countries felt a pressing need to obtain financing, and they therefore turned to the bank market to get short- or intermediate-term loans. In the first half of 1974 the flow of funds through the Euro-currency banking system to ultimate borrowers is estimated to have been about $30 billion to $35 billion, which on an annual basis greatly exceeded the 1973 flow of credit through the markets.

The exceptionally rapid growth in lending by Euro-banks in the first half of 1974 was followed by much slower expansion in the second half. The slowdown partly reflected a decline in financing demands as the worldwide recession deepened, and a switch toward bond financing near the end of the year as long-term interest rates receded from record high levels. On the supply side, there was a notable reduction in the proportion of OPEC surpluses placed in the Euro-currency markets. A particularly important factor was the more cautious attitudes—of both depositors and Euro-banks—toward expanding commitments in the Euro-currency markets after the midyear crisis in confidence.

Confidence in the markets has improved greatly in 1975 and interbank business has revived. The net flow of credit transmitted through the markets appears to have been about $18 billion in the first half of this year; at an annual rate this flow was 20 per cent of the credit outstanding at the beginning of the year.

THE INVESTMENT OF OPEC SURPLUSES

The OPEC countries emerged as the major suppliers of funds to the Euro-currency banking markets in 1974 and 1975. An estimated $23 billion of OPEC funds was placed in these markets (primarily the Euro-dollar market) in 1974; this total represented somewhat more than half of the net flow of funds channeled through these markets that year—in sharp contrast to 1973 when OPEC placements were comparatively small. In the first half of 1975 OPEC placements in the Euro-currency markets are

TABLE 4

Estimated uses of OPEC countries' investible surpluses

In billions of dollars

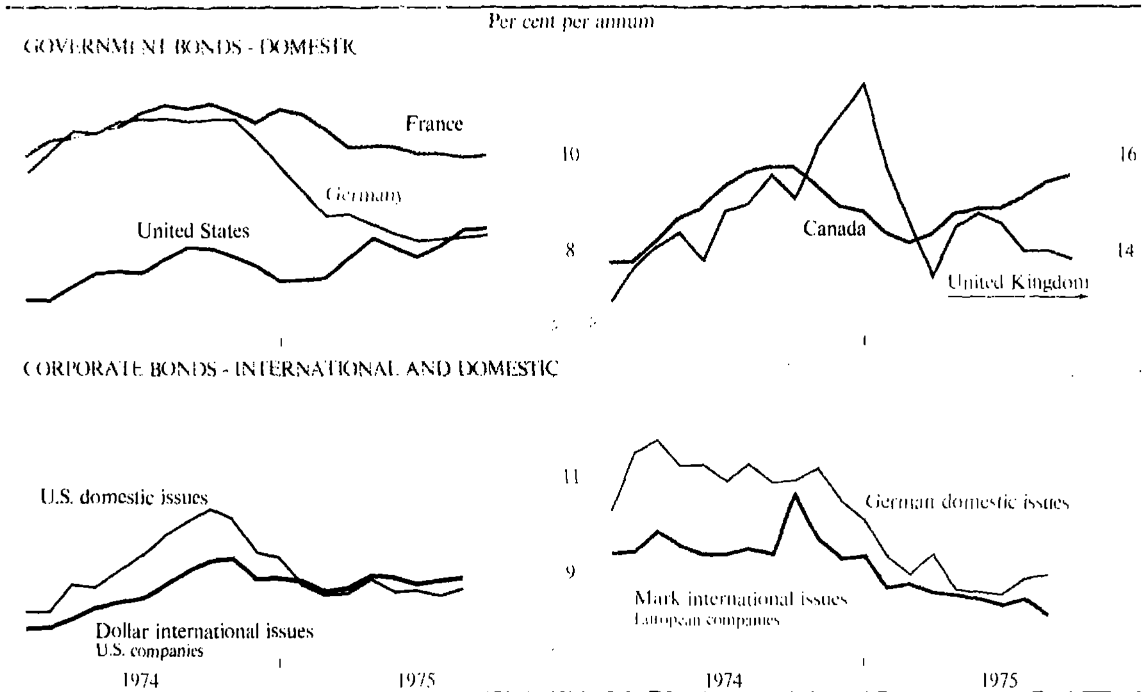
Area, and type of investment	1974 H1	1974 H2	1974 Year	1975 H1
In United States	4.1	7.1	11.2	2.0
Banking and money market placements	*3.9*	*6.5*	*10.4*	*1.2*
Other investments[1]	*.2*	*.6*	*.8*	*.8*
In United Kingdom (excluding Euro-currency deposits)	3.0	4.2	7.2	.7
Banking and money market placements	*2.2*	*3.1*	*5.3*	*.4*
Other loans and investments[1]	*.8*	*1.1*	*1.9*	*.3*
In Euro-currency markets	12.0	10.8	22.8	6.0
In United Kingdom	*7.0*	*6.8*	*13.8*	*2.0*
In other countries	*5.0*	*4.0*	*9.0*	*4.0*
International institutions	.4	2.9	3.3	1.8
Bonds (mostly IBRD)	*.4*	*1.1*	*1.5*	*0.8*
IMF oil facility	-	*1.8*	*1.8*	*1.0*
All other[2]	.5	12.0	12.5	10.5
Total[3]	**20.0**	**37.0**	**57.0**	**21.0**

[1]Real estate, equities, direct investment, direct borrowings (for United Kingdom).

[2]Partly derived as a residual and includes loans to less developed countries.

[3]The difference between the total investible surplus and the current account surplus of the OPEC countries (Table 1) primarily reflects oil export receivables.

Bond yields



estimated to have totaled about $6 billion, a reduced but still very substantial proportion of total sources of funds in the markets.

Estimates of the uses by OPEC countries of their investible surpluses in 1974 and the first half of 1975 indicate that the largest part of their money market placements outside the Euro-dollar market has been in U.S. instruments—primarily Treasury and Federal agency securities and bank deposits—and in sterling-denominated instruments in the United Kingdom. In addition, OPEC countries have participated in arrangements designed to channel funds more or less directly to oil-importing countries by lending to the IMF oil facility, by buying bonds sold by the International Bank for Reconstruction and Development (IBRD) and other development institutions, and by making loans and grants directly to governments or quasi-public organizations in various countries.

The heavy concentration of OPEC investments in the Euro-currency markets and in U.S. and U.K. money markets is explainable in part by the fact that these markets are relatively well-developed. They offer a wide range of maturities, have the facilities to place large amounts of funds, and have depth in secondary markets for marketable instruments. One reason for the particular concentration of OPEC investments in the Euro-dollar market is that interest rates there generally have been above those in U.S. money markets on assets of the same maturity.

Geographical Distribution of Sources and Uses of Euro-Currency Credit

The contributions of various countries and regions of the world to sources and uses of funds in the Euro-currency banking markets in recent periods are shown in the flow data in Table 5. The figures for Middle East countries are only partially indicative of the magnitude of OPEC sources and uses of funds, because the Middle East classification includes some non-OPEC countries, and of particular importance, it excludes Algeria, Nigeria, and Venezuela.

These data indicate that, along with the OPEC countries, the Western European countries in which the Euro-banks reside—the "inside area" as defined by the BIS—provided the largest flow of funds into the Euro-currency banking markets in 1974 and in the first half of 1975. More than half of the 1974 inflow from inside-area sources was from sources other than banks; a large portion of that amount may have been deposits by oil companies preparatory to making tax and royalty payments to authorities in the oil-exporting countries.

Sources of funds from banks in the inside area do *not* include foreign currency relending in the inter-Euro-bank market by commercial banks of the reporting area (or by the BIS). But they *do* include net conversions of funds out of domestic currency for Euro-currency lending by the reporting area banks, and also placements of their own currencies in balances with other Euro-banks (for example, the acquisition of Euro-mark assets in London by German banks). A large part of these bank-originated sources of funds supplied to the markets from within the reporting area in 1974 appear to have been from German and Swiss banks.

Countries in the Western European reporting area have also been substantial users of funds channeled through the Euro-currency banking markets in 1974 and 1975. Still, on a net basis, these countries, along with the OPEC countries, have been the dominant suppliers of funds flowing through the Euro-currency banking system in this period.

The United States was a net borrower in the Euro-currency banking markets in 1974, but a net lender in the first half of 1975. In addition to the direct sources and uses of funds that appear in Table 5, a substantial part of the recorded net flow to the markets from the Caribbean area this year may reflect onlending to banks in the eight-country market area by the Bahamian branches of U.S. banks of funds received from their head offices. In the first half of 1975 the net flow of funds to these branches from their head offices was about $5.8 billion, part of which is reflected in the data in Table 5 in net lending from the Caribbean area to Euro-banks, while a larger part was used for lending elsewhere.

TABLE 5

Estimated sources and uses of funds in the Euro-currency markets[1]

In billions of dollars

Uses/sources	Flows within periods								
	1973			1974			1975 Jan. June[1]		
	U	S	Net	U	S	Net	U	S	Net
Vis-a-vis:									
Inside area[2]	12.4	16.3	−3.9	12.9	17.7	−4.8	5.4	11.2	−5.8
of which—									
Nonbanks	8.7	9.7	−1.0	11.5	9.4	2.1	n.a.	n.a.	n.a.
Outside area[3]	27.6	23.7	3.9	32.1	27.3	4.8	12.6	6.8	5.8
of which—									
Other W. Europe	3.7	4.4	−.7	4.3	1.0	3.3	2.8	−.2	3.0
Eastern Europe	2.6	.9	1.7	2.4	1.4	1.0	2.8	−1.2	4.0
Canada	1.8	1.2	.6	−1.7	−1.3	−.4	−.1	−.5	.4
Japan	3.4	2.0	1.4	7.1	.1	7.0	2.0	.1	1.9
Middle East	.9	1.9	−1.0	.9	19.5	−18.6	.7	3.9	−3.2
United States	3.6	2.6	1.0	4.7	2.4	2.3	−1.3	1.5	−2.8
Latin America	4.4	4.0	.4	3.3	.1	3.2	.6	.3	.3
Caribbean area	}			4.7	2.9	1.8	1.1	2.7	−1.6
Singapore	} 7.3	7.0	.3	1.4	.3	1.1	.9	.1	.8
Other and unallocated	}			5.4	2.1	3.3	3.1	.1	3.0
Total	40.0	40.0	—	45.0	45.0	—	18.0	18.0	—

[1]Estimates of the geographic composition of the flows contributing to changes in outstanding net sources of Euro-currency credit as defined in Table 3 and in the corresponding uses.

[2]Those countries listed in Table 3, footnote 1.

[3]Total outside area sources and uses generally are somewhat less than the sum of the geographic components shown separately because of the elimination from the total of certain flows not regarded as representing Euro-currency deposit and loan flows.

[1]Estimates based on preliminary data and are subject to considerable uncertainty.

n.a. Not available.

NOTE. U uses; S sources; Net uses less sources. Data from Bank for International Settlements.

The net flow of funds through the Euro-currency banking markets to Western European countries outside the eight-country area increased markedly in 1974 and the first half of 1975 in relation to previous years. There was a particularly large increase in net flows to Eastern European countries in the first half of this year. Japan was a very sizable net user of Euro-currency funds in 1974; although it continued to increase its net debtor position in the first half of this year, the increase was at a much reduced rate. Canada, which normally borrows sizable amounts in external bond markets—primarily the U.S. market, continued to rely on that source of financing in 1974 and 1975.

The full amount of net financing provided by Euro-banks to the developing nations as a group, and to the non-oil developing nations in particular, is not revealed in the published BIS data. The ultimate destinations of funds channeled through the Caribbean area and Singapore are unknown. But it seems likely that a substantial portion went to the non-oil developing countries, particularly from the Caribbean area, which has been a net re-exporter of funds in 1974 and 1975 from the Euro-currency markets and the United States combined. It is noteworthy that the role of Latin America as a net recipient of flows of funds channeled through the Euro-currency markets in 1974 and the first half of 1975 would be increased by perhaps a billion dollars in each of these periods if Venezuela—a major oil producer—were excluded from the data for Latin America.

Publicized Medium- and Long-Term Euro-Currency Credits

An increase in 1974 in the proportion of total Euro-bank lending in maturities greater than 1 year is reflected in the data on publicized medium- and long-term (generally 5 to 7 years) Euro-currency credits. These data cover only publicly announced credits, and they reflect credit arrangements formally completed but not necessarily drawn upon. In addition, the data are on a gross basis; that is, they do not reflect any loan repayments.

Such credits arranged in 1974 totaled $28.6 billion, up $6.6 billion from 1973. This is equal to roughly two-thirds of the estimated flow of funds—excluding interbank business within the eight-country area—in all maturities through the Euro-currency markets in 1974, whereas in 1973 the proportion was a little more than one-half.

In 1974 the developed nations as a group (as classified in Table 6) increased their use of medium- and long-term Euro-currency bank financing by about 50 per cent over 1973. Britain, France, and Italy together took about two-thirds of the credits obtained by developed nations. The OPEC countries, which had taken about $3 billion of publicized credits in 1973, greatly reduced their borrowings in 1974. Like the developed nations, the non-oil developing

TABLE 6

Publicized medium- and long-term Euro-currency credits, by country of borrower

In millions of U.S. dollars

Borrower	1973	1974	1975 H1
Developed countries	11,233	16,925	1,916
Canada	*51*	*75*	*20*
France	*63*	*3,304*	*377*
West Germany	*...*	*9*	*—*
Italy	*4,713*	*2,240*	*10*
Japan	*150*	*191*	*145*
Netherlands	*252*	*558*	*6*
Sweden	*99*	*189*	*200*
Switzerland	*108*	*10*	*—*
United Kingdom	*3,070*	*5,897*	*238*
United States	*1,248*	*1,439*	*316*
Other[1]	*1,480*	*3,014*	*603*
OPEC countries	3,013	759	1,358
Non-oil developing countries[2]	6,228	8,928	3,233
Socialist countries[3]	721	1,017	859
Borrowers unallocated by country	779	821	319
International organizations	50	174	130
Total	**22,023**	**28,624**	**7,814**

[1] Includes reported borrowings by Australia, Austria, Belgium, Denmark, Finland, Iceland, Ireland, Luxembourg, New Zealand, Norway, Portugal, and South Africa.

[2] IBRD member countries classified as developing countries by the IBRD, excluding OPEC countries, but adding certain nonmember countries not otherwise classified above.

[3] Includes reported borrowings by U.S.S.R., Bulgaria, Cuba, German Democratic Republic, Hungary, Democratic People's Republic of Korea, and Poland.

SOURCE: International Bank for Reconstruction and Development.

countries also substantially increased their arrangements for medium- and long-term borrowings in the Euro-currency markets in 1974.

In the first half of 1975 total publicized medium- and long-term credits arranged for the non-oil developing nations declined sharply; but their share of total publicized credits increased by a third, to more than 40 per cent, as borrowers in the developed countries greatly reduced their reliance on medium- and long-term Euro-currency bank financing in favor of an increase in international bond issues. In contrast to 1974, several OPEC countries—Indonesia, Algeria, and Venezuela in particular—this year have increased their arrangements for medium- and long-term Euro-currency financing, reflecting a diminution in the excess of their export earnings over imports from and transfers to other countries.

In 1974, as in previous years, medium- and long-term Euro-currency credits were denominated almost exclusively in U.S. dollars. Of the \$28.6 billion of such credits publicized in 1974, \$28.0 billion was dollar-denominated; about \$0.5 billion was denominated in German marks and most of the remainder was denominated in sterling, Swiss francs, and Swedish krona. The currency composition of these credits in the first half of 1975 was very similar to that in 1974.

Maturity Transformation Problems

The OPEC countries have kept their deposit balances with a relatively small number of the largest European and U.S. banks. The banks receiving the major portion of OPEC placements in the Euro-currency markets faced potential problems arising from a widening gap between the maturities of their liabilities and the comparatively longer-term maturities of their assets. The loan maturities desired by borrowers in general, and by countries seeking balance of payments financing in particular, have been longer than the maturities preferred by OPEC depositors.

The data summarized in Table 7 reflect the maturity composition of foreign currency assets and liabilities of banks in the United Kingdom as reported by the Bank of England. (U.K. banks account for a large part of the total value of Euro-currency market operations covered by BIS statistics.) Despite the concentration of OPEC placements in relatively short maturities, it appears that over the year 1974 as a whole there was not a substantial shortening of the average maturity of all Euro-currency deposits; in early 1975 there was even some lengthening of average deposit maturities. As OPEC funds have moved into the shorter maturities, depositors other than OPEC countries apparently have lengthened the average maturity of their placements because of increases in longer-term deposit rates relative to those in very short maturities.

In the period of rapidly rising interest rates from early 1974 to the fall of that year, banks were reluctant to fund additional loans with deposits of comparatively short maturity. Consequently, Euro-banks tended to raise rates on deposits and loans in longer maturities relative to those in shorter maturities, in order to encourage depositors toward longer-term placements and borrowers toward shorter-term loans. In the spring and summer months of 1974, although interest rates in all maturities in the Euro-dollar deposit market rose substantially, longer-term rates rose relative to those in the very short maturities. For example, while 6-month and 7-day deposit rates were roughly equal in January and February 1974, by August the rate on 6-month deposits exceeded that on 7-day deposits by more than 2 percentage

Selected Euro-dollar deposit rates

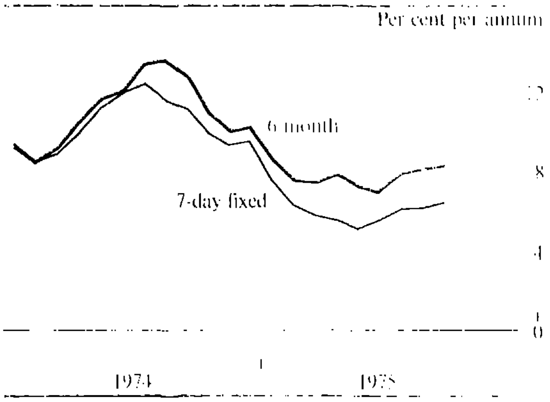


TABLE 7

Maturity distribution of U.K. banks' claims and liabilities in foreign currencies

Per cent of total claims or liabilities

Maturity	Claims				Liabilities			
	Sept. 1973	May 1974	Nov. 1974	May 1975	Sept. 1973	May 1974	Nov. 1974	May 1975
Under 8 days	14.9	17.5	17.4	15.3	19.1	21.1	22.2	22.0
8 days to under 1 month	18.7	16.8	17.2	14.9	19.5	19.8	20.8	17.1
1 month to under 3 months	24.7	24.8	24.1	24.0	26.2	26.8	28.3	28.3
3 months to under 6 months	20.9	17.6	15.1	15.1	20.9	19.5	17.0	17.8
6 months to under 1 year	8.2	7.7	5.6	6.8	8.9	7.3	5.2	7.5
1 year to under 3 years	4.8	5.0	5.6	6.8	2.4	2.0	2.3	3.1
3 years and over	7.8	10.7	14.9	17.1	3.0	3.5	4.4	4.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Bank of England.

points. This differential declined as Euro-dollar rates fell late last year, but widened again in early 1975 and has since remained relatively high.

On the asset side of Euro-banks' balance sheets, there has been some lengthening of average maturities in 1974 and 1975, with particularly large increases in the proportion of claims maturing in 3 years or more. Thus, some increase in maturity transformation by Euro-banks—as reflected in the Bank of England data—appears to have occurred. However, these data tend to overstate the maturity exposure of Euro-banks because assets in the three longest maturity categories are almost wholly "floating-rate" loans. While such loans often commit banks to provide funds for a period of years, they normally afford the same protection against a rise in the cost of short-term deposit funds as would loans of much shorter maturities.

Other Stresses in the Euro-Markets

Confidence problems began to emerge in the Euro-currency banking markets in the spring of 1974, and the markets reacted sharply to the failure in June of the Herstatt Bank in Germany amid an increasing number of reports of sizable foreign exchange losses by a few banks in the United States and a number of banks in other countries. None of the major Euro-currency market banks experienced a foreign exchange loss large enough to threaten its solvency, but concerns arose because many of these banks were active in the foreign exchange markets.

The environment in which these confidence problems appeared was to some extent created by the heavy concentration of OPEC funds in a relatively small number of large banks and in deposits of short maturity, which fostered concern over the vulnerability of these banks to deposit withdrawals and concern over their exposure to maturity transformation risks. More importantly, the deepening recession in many industrialized countries, high interest rates, and the tenuous financial position of many non-oil developing countries generated concern that Euro-banks might be faced with sizable loan defaults. There was also concern over the capital adequacy of banks and uncertainty about the access they might have to official support in the event of large Euro-currency deposit withdrawals or losses on loans.

Well ahead of the Herstatt failure there had been some "tiering" of the deposit rate structure in the markets. OPEC banking preferences had permitted certain favored banks to obtain substantial amounts of OPEC funds at rates below those being paid to other depositors. At the same time, Euro-banks whose parent countries faced particularly acute balance of payments problems found themselves in a less preferred risk class and they had to pay above normal deposit rates to avoid deposit attrition. The tiering of the rate structure was magnified following the Herstatt failure—to the disadvantage of smaller banks in general. This situation created particular problems for many smaller banks that were participants in floating-rate loan syndicates. The yield on these syndicated loans was normally set at a fixed mark-up over the prime London Interbank Offer Rate (LIBOR); but, for many banks, their own cost of rolling over the funding for these loans rose significantly in relation to the LIBOR rate.

As mentioned earlier, reduced confidence in the Euro-currency banking system during the latter half of 1974 contributed to a much slower expansion in the net flow of funds through the Euro-currency banking markets in that period. The more cautious attitudes of Euro-banks were reflected in a sharp contraction in the size of the interbank market, increased spreads between bid and offer rates in the brokers' market for interbank placements, and more conservative policies in lending to nonbank borrowers, as well as an increase in the spread between deposit rates and the loan rates charged to those borrowers. The more cautious attitudes of depositors in the markets were reflected in a widening of the difference between Euro-currency interest rates and rates in national money markets on instruments of the same currency and maturity—most notably in the sizable excess of Euro-dollar deposit rates over U.S. rates on certificates of deposit.

A Return of Confidence and Renewed Growth

In 1975 there has been a renewed growth in the flow of funds channeled through the Euro-currency banking markets, and the tiering of the rate structure has been greatly reduced. In addition, activity in the international bond markets has increased markedly. While demands for financing in the international markets this year have in general continued to reflect the needs of the oil-importing countries, the upturn in market activity has also reflected stronger financing demands in the private sector generated by the beginnings of economic recovery in some countries.

The resumption of growth in funds channeled through the Euro-currency banking markets has been aided by a considerable restoration of confidence in those markets since last summer. One important factor contributing to an easing of tensions was the statement in September 1974 by the central bank governors of the Group of Ten countries, which indicated that means were available to deal with a variety of problems that might arise in connection with banks' Euro-currency operations. A tightening by many central banks of their supervision and regulation of banks' foreign exchange operations also helped to improve market sentiment, as did the absence of any additional bank failures and the general relaxation of monetary restraint in late 1974 and early 1975. Although the stresses that had appeared in the markets last year have since largely subsided, a residual influence of those stresses is visible in the lending practices of Euro-banks, which are generally more conservative now than before mid-1974.

International Bond Markets

Funds raised by borrowers of all types through bond issues outside their own national markets, including both publicly offered issues and private placements, totaled \$22.5 billion in 1974 and the first half of 1975. This was a larger amount in 18 months than in the preceding 2 years. In 1974, when the new-issue markets were in a depressed state and borrowers were finding it difficult as well as costly to obtain underwriting, about two-thirds of the year's total issues of \$12.3 billion were privately placed. This was an unusually large proportion; in 1972 and 1973, private placements had represented only 29 per cent and 38 per cent, respectively, of all new international bond issues.

More than \$3 billion of the 1974 issues were privately placed with monetary authorities, governments, and international organizations. These were mostly obligations of the IBRD and

TABLE 8

International bond issues, by type[1]

In millions of dollars

Type	1972	1973	1974	1975 H1
Euro-bonds	6,928	4,600	4,511	5,498
of which –				
Public offerings	*5,140*	*3,179*	*1,559*	*3,413*
Private placements	*1,788*	*1,421*	*2,952*	*2,085*
Foreign bonds	4,385	5,314	7,776	4,764
of which –				
Public offerings	*2,939*	*2,973*	*2,526*	*3,046*
Private placements	*1,446*	*2,341*	*5,250*	*1,718*
Total	**11,313**	**9,914**	**12,287**	**10,262**
of which –				
Placed with official institutions[2]	871	1,359	3,063	717

[1] These data differ, with respect to coverage and classification of international issues, from similar data published by institutions other than the IBRD. In this table Euro-bonds are defined as internationally syndicated issues offered for sale in several markets; foreign bonds are those principally sold in a single country and denominated in the currency of that country.

[2] Monetary authorities, governments, and certain international organizations.

SOURCE. IBRD.

of other development institutions, sold by them to authorities in the major oil-exporting countries.

The general revival in bond markets in late 1974 and early 1975 brought a marked increase in the volume of publicly offered international issues. The swelling of the flow of new issues was especially strong in the Euro-bond market. On an annual-rate basis, publicly offered Euro-bond issues in the first half of 1975 were nearly 4½ times the 1974 volume, while public offerings of foreign bonds in national markets were almost 2½ times the 1974 rate. This year the average maturity of new Euro-bond issues has generally been much shorter than in earlier years; most issues have had maturities of 5 to 10 years, and few have exceeded 12 years, whereas in the past maturities of about 15 years were standard.

GEOGRAPHIC COMPOSITION OF BORROWINGS

Industrialized countries (those classified as "developed" in Table 9) borrowed nearly half of the $12.3 billion raised through international bond sales in 1974, a proportion not much smaller than in 1973. The developed countries greatly increased their rate of international bond issues in the first 6 months of 1975, when their sales represented nearly three-fourths of the new-issue volume of all borrowers. Important among the issuers of international bonds in 1974 and the first half of 1975 were Canadian companies and local governments—whose bonds were sold primarily in the U.S. market—and borrowers residing in France, the Netherlands, Sweden, and Japan.

International bonds issued by U.S. companies declined to less than $0.2 billion in 1974 compared with $1.3 billion in 1973 and $2.3 billion in 1972—reflecting the termination in January 1974 of the foreign direct investment program and the fact that offshore bond issues generally continued to be costlier for U.S. companies than issues in U.S. bond markets.

Despite the increased need for balance of

TABLE 9

International bond issues, by country of borrower[1]

In millions of dollars

Borrower	1973	1974	1975 H1
Developed countries	5,476	5,836	7,496
Canada	*1,210*	*2,402*	*1,321*
France	*103*	*674*	*1,186*
West Germany	*56*	*136*	*128*
Italy	*25*	*50*	*61*
Japan	*49*	*249*	*810*
Netherlands	*160*	*478*	*558*
Sweden	*145*	*125*	*689*
Switzerland	----	*12*	*79*
United Kingdom	*1,313*	*305*	*175*
United States	*1,318*	*190*	*164*
Other	*1,098*	*1,216*	*2,326*
OPEC countries	99	62	35
Non-oil developing countries	1,173	858	521
Socialist countries	50	40	----
Borrowers unallocated by country	181	99	207
International organizations	2,935	5,393	2,004
of which –			
Development institutions	2,056	3,663	1,306
Total	**9,914**	**12,287**	**10,262**

SOURCE. IBRD.

[1] Includes Euro-bonds and foreign bonds, publicly issued and privately placed (including placements with monetary authorities, governments and international organizations).

payments financing, the non-oil developing countries borrowed less through international bond issues in 1974 than in 1973 and only slightly increased their rate of new-issue sales in the first half of 1975. The external financing requirements of these countries have been partially met with funds obtained in the international bond markets by the IBRD and other development institutions, which in 1974 sold new issues totaling $3.7 billion, far in excess of their issues of about $2 billion a year in both 1972 and 1973. Other sources of external financing for the non-oil developing countries have included OPEC investments in the IMF oil facility and OPEC grants and loans made directly to some of these countries.

Currency Composition of International Bond Issues

Historically, the majority of Euro-bond issues have been denominated in U.S. dollars; in 1974 nearly 60 per cent of Euro-bonds sold were dollar-denominated. In the first half of 1975, however, dollar-denominated Euro-bond issues dropped to about one-third of the total as German mark-denominated issues increased to a record $2.3 billion equivalent (from $0.6 billion in 1974) to account for more than 40 per cent of the value of all new issues.

The increase in offerings of German mark-denominated Euro-bonds was encouraged by the steady decline in yields on those issues from the late fall of 1974 through the first half of 1975. During this period mark-denominated Euro-bond yields have generally been below the yields on dollar-denominated Euro-bond issues. In July of this year the German authorities placed a moratorium on participation by German financial institutions in underwriting of mark-denominated Euro-bond issues—in effect preventing any such new issues until the moratorium is removed. This measure, along with a moratorium on foreign bond issues in the German market, was taken to alleviate upward pressures from external sources on long-term interest rates in Germany. Both of these restrictions have since been renewed and are currently in effect.

An increasing though still modest share—about 3 per cent—of Euro-bond issues in the first half of 1975 was denominated in the currencies of the major oil exporting countries (principally the Kuwaiti dinar and the Saudi Arabian riyal). There was also a larger volume of issues denominated in European currencies other than the German mark. Composite currency issues (for example, European unit of account issues) remained a small fraction of those sold this year and last, but the market was introduced to its first issues denominated in special drawing rights (SDR's) in the second quarter of 1975 when three issues were sold, totaling $112 million equivalent of SDR's.

In 1974 and 1975 the U.S. bond markets have continued to absorb a very sizable part of all foreign bonds issued in national markets: various Canadian borrowers, the IBRD, and Israel have remained the predominant sellers of such issues in the United States. As mentioned earlier, a sizable volume of bonds was sold in 1974 to authorities in OPEC countries by the IBRD and other development institutions. The permissible volume of foreign bond issues in Switzerland was reduced in early 1974 and such issues were prohibited altogether for a few months in the summer of last year. Since January 1974 the Japanese authorities have prohibited private placements of foreign bonds in their domestic markets, and as mentioned above, a moratorium on foreign issues in Germany has been in effect since July of this year.

★ ★ ★

Over all, the international financial markets have shown considerable resilience in the face of the major developments affecting the world economy in the past 2 years. Their role in channeling funds from surplus to deficit countries has helped to make the redistribution of OPEC investible surpluses less of a problem than many had expected. Thus, the performance of the international financial markets has probably helped to avoid a proliferation of trade restrictions or other policies that would have been detrimental to world trade and production. □

Changes in Time and Savings Deposits at Commercial Banks, January–April 1975

Time and savings deposits held by individuals, partnerships, and corporations (IPC's) increased by \$3.0 billion, or less than 1 per cent, not seasonally adjusted, at insured commercial banks in the 3 months ended April 30, according to the latest quarterly survey of time and savings deposits conducted jointly by the Federal Reserve System and the Federal Deposit Insurance Corporation. Holdings of savings deposits and of nearly all major categories of small-denomination (less than \$100,000) time deposits grew faster in this period than in other recent survey quarters. However, a sharp decline in outstanding large-denomination (\$100,000 or more) time deposits offset almost all of this gain and gave rise to the smallest over-all inflow of time and

NOTE. John R. Williams and Virginia Lewis of the Board's Division of Research and Statistics prepared this article.

TABLE 1

Types of time and savings deposits of individuals, partnerships, and corporations held by insured commercial banks on survey dates, July 31, 1974–April 30, 1975

Type of deposit	Number of issuing banks				Amount (in millions of dollars)				Percentage change in deposits (quarterly rate)	
	1974		1975		1974		1975			
	July 31	Oct. 31	Jan. 31	Apr. 30	July 31	Oct. 31	Jan 31	Apr. 30	Oct. 31 – Jan. 31	Jan. 31 – Apr. 30
Total time and savings deposits	**14,099**	**14,138**	**14,204**	**14,263**	**347,555**	**350,995**	**361,388**	**364,736**	**3.0**	**.9**
Savings	**13,810**	**13,857**	**13,989**	**14,052**	**131,701**	**132,449**	**135,856**	**144,250**	**2.6**	**6.2**
Time deposits in denominations of less than \$100,000 - Total	**13,957**	**14,033**	**14,085**	**14,148**	**113,803**	**114,125**	**117,985**	**123,550**	**3.4**	**4.7**
Accounts with original maturity of–										
Less than 1 year	13,421	13,487	13,464	13,570	36,107	34,621	34,628	36,329	(1)	4.9
1 up to 2½ years	13,656	13,820	13,792	13,851	41,006	38,744	37,240	36,203	3.9	2.8
2½ up to 4 years	11,889	12,099	12,285	12,573	15,326	15,865	17,365	18,568	9.5	6.9
4 up to 6 years	....	....	11,336	11,844	21,364	24,895	27,016	30,027	8.5	11.1
6 years and over:										
Negotiable deposits	....	....	2,749	3,860	....	....	1,026	1,157	....	12.8
Nonnegotiable deposits	....	....	1,417	1,885	....	....	710	1,266	....	78.3
All maturities: Open accounts–Passbook or statement form [2]	3,793	3,620	3,769	3,902	29,653	28,643	28,581	30,714	.2	7.5
Time deposits in denominations of \$100,000 or more	**7,855**	**8,253**	**8,295**	**8,363**	**95,855**	**98,516**	**102,082**	**91,378**	**3.6**	**10.5**
Negotiable CD's	3,957	4,217	3,993	3,969	68,212	70,353	71,718	64,298	1.9	10.3
Nonnegotiable CD's and open account	4,407	4,553	4,763	4,929	27,643	28,163	30,364	27,080	7.8	10.8
Christmas savings and other special funds	8,935	7,994	8,770	9,044	6,196	5,905	5,465	5,558	7.5	1.7

1 Less than .05 per cent.

2 Includes time deposits, open account, issued in passbook, statement, or other forms that are direct alternatives for regular savings accounts. Most of these are believed to be in accounts totaling less than \$100,000. The figures shown on this line are included above in the appropriate maturity category.

NOTE.–Data were compiled jointly by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation. For July 31, 1974, Jan 31, and Apr. 30, 1975, the information was reported by a probability sample of all insured commercial banks; for Oct. 31, 1974, the data for member banks were reported by virtually all such banks and for insured nonmember banks by the same sample of these banks reporting in earlier surveys.

Some deposit categories include a small amount of deposits outstanding in a relatively few banks that no longer issue these types of deposits and are not included in the number of issuing banks. Dollar amounts may not add to totals because of rounding.

TABLE 2

Small-denomination time and savings deposits, IPC, held by insured commercial banks on Jan. 31, and Apr. 30, 1975, by type of deposit, by most common rate paid on new deposits in each category, and by size of bank

Deposit group, and distribution of deposits by most common rate	All banks		Size of bank (total deposits in millions of dollars)				All banks		Size of bank (total deposits in millions of dollars)			
			Less than 100		100 and over				Less than 100		100 and over	
	Apr. 30	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jan. 31	Apr. 30	Jan. 31
	Number of banks, or percentage distribution						*Amount of deposits (in millions of dollars), or percentage distribution*					
Savings deposits:												
Issuing banks	14,052	13,989	13,248	13,219	804	770	144,250	135,856	58,897	56,355	85,353	79,501
Distribution:												
Total	100	100	100	100	100	100	100	100	100	100	100	100
4.00 or less	7.1	7.4	7.1	7.3	7.2	8.5	5.3	6.3	4.5	4.6	5.8	7.6
4.01–4.50	7.4	7.7	7.0	7.3	13.8	14.6	19.4	20.3	9.4	10.2	26.3	27.4
4.51–5.00	85.5	84.9	85.9	85.4	79.0	76.9	75.3	73.4	86.1	85.2	67.9	65.0
Time deposits in denominations of less than $100,000:												
Maturities less than 1 year:												
Issuing banks	13,570	13,464	12,765	12,693	805	771	36,329	34,628	17,591	17,115	18,738	17,513
Distribution:												
Total	100	100	100	100	100	100	100	100	100	100	100	100
5.00 or less	7.8	7.0	7.9	7.0	6.7	6.9	8.6	8.4	6.9	6.6	10.2	10.2
5.01–5.50	92.2	93.0	92.1	93.0	93.3	93.1	91.4	91.6	93.1	93.4	89.8	89.8
Maturities of 1 up to 2½ years:												
Issuing banks	13,851	13,792	13,056	13,029	795	763	36,203	37,240	24,342	25,136	11,861	12,104
Distribution:												
Total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	2.7	2.2	2.7	2.3	1.7	1.4	2.4	2.1	1.7	1.5	3.9	3.2
5.51–6.00	97.3	97.8	97.3	97.7	98.3	98.6	97.6	97.9	78.3	98.5	96.1	96.8
Maturities of 2½ up to 4 years:												
Issuing banks	12,573	12,285	11,806	11,547	767	738	18,568	17,365	11,633	11,024	6,935	6,341
Distribution:												
Total	100	100	100	100	100	100	100	100	100	100	100	100
5.50 or less	.1	.1	(1)	.2	.3	.1	.1	.1	(1)	.1	.1	(1)
5.51–6.00	2.0	1.9	2.0	1.8	2.4	3.1	2.0	3.1	1.1	1.6	3.5	5.8
6.01–6.50	97.9	98.0	98.0	98.0	97.3	96.8	97.9	96.8	98.9	98.3	96.4	94.2
Maturities of 4 up to 6 years:												
Issuing banks	11,844	11,336	11,079	10,608	765	728	30,027	27,016	14,834	13,250	15,193	13,766
Distribution:												
Total	100	100	100	100	100	100	100	100	100	100	100	100
6.50 or less	1.4	1.0	1.3	.9	3.2	3.1	1.4	.7	.5	.2	2.3	1.3
6.51–7.00	18.6	20.5	19.1	21.0	11.1	12.7	10.4	11.4	14.4	15.6	6.4	7.3
7.01–7.25	80.0	78.5	79.6	78.1	85.7	84.2	88.2	87.9	85.1	84.2	91.3	91.4
Maturities of 6 years and over—Negotiable deposits:												
Issuing banks	3,860	2,749	3,636	2,553	224	196	1,157	1,026	595	418	562	608
Distribution:												
Total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	.5	.7	.4	.3	3.0	6.0	17.4	34.3	2.8	3.0	32.9	55.8
6.01–7.00	1.8	2.5	1.6	2.5	3.2	2.6	3.3	2.4	3.8	5.8	2.7	.1
7.01–7.50	97.7	96.8	98.0	97.2	93.8	91.4	79.3	63.3	93.4	91.2	64.4	44.1
Maturities of 6 years and over—Nonnegotiable deposits:												
Issuing banks	1,885	1,417	1,471	1,055	414	362	1,266	710	319	133	947	577
Distribution:												
Total	100	100	100	100	100	100	100	100	100	100	100	100
6.00 or less	.4	2.3	.2	2.4	.7	2.2	.1	5.6	(1)	1.1	.1	6.6
6.01–7.00	.6	1.0	.4	.3	2.0	2.9	2.1	6.1	.8	.8	2.5	7.3
7.01–7.50	99.0	96.7	99.4	97.3	97.3	94.9	97.8	88.3	99.1	98.1	97.4	86.1

[1] Less than .05 per cent.

NOTE. *The most common interest rate for each instrument refers* to the basic stated rate per annum (before compounding) in effect on the survey date that was generating the largest dollar volume of deposit inflows. If the posted rates were unchanged during the 30-day period just preceding the survey date, the rate reported as the most common rate was the rate in effect on the largest dollar volume of deposit inflows during the 30-day period. If the rate changed during that period, the rate reported was the rate prevailing on the largest dollar volume of inflows from the time of the last rate change to the survey date.

While rate ranges of ¼ or ½ of a percentage point are shown in this and other tables, the most common rate reported by most banks was the top rate in the range; for example, 4.00, 4.50, etc. Some deposit categories exclude a small amount of deposits outstanding in a relatively few banks that no longer issue these types of deposits and are not included in the number of issuing banks.

Figures may not add to totals because of rounding.

savings deposits since the October 1970–January 1971 period.

Interest rates paid on large-denomination time deposits declined substantially during the January April period, reflecting a reduction in competition for funds by banks in light of low demands for credit by businesses throughout the period and strong growth in small-denomination time and savings deposits. Rates paid on these latter deposits remained close to the ceiling levels set by regulatory authorities. Consequently, as yields on competitive market instruments, such as Treasury obligations, continued to decline from their mid-1974 peaks, rates on small-denomination deposits became more attractive. As a result, many small investors apparently shifted funds to commercial bank deposits.

TABLE 3

Average of most common interest rates paid on various categories of time and savings deposits, IPC, at insured commercial banks on April 30, 1975

Bank location and size of bank (total deposits in millions of dollars)	Savings and small-denomination time deposits	Savings	Time deposits in denominations of less than $100,000						
			Total	Maturing in—					
				Less than 1 year	1 up to 2½ years	2½ up to 4 years	4 up to 6 years	6 years and over—	
								Negotiable deposits	Nonnegotiable deposits
All banks:									
All size groups	5.48	4.85	6.23	5.46	5.98	6.49	7.21	7.19	7.46
Less than 10	5.74	4.89	6.16	5.46	5.99	6.49	7.18	7.45	7.50
10–50	5.62	4.90	6.23	5.46	5.98	6.50	7.22	7.47	7.47
50–100	5.52	4.91	6.25	5.47	5.99	6.49	7.21	7.17	7.48
100–500	5.42	4.85	6.24	5.46	5.98	6.49	7.21	7.47	7.45
500 and over	5.33	4.78	6.24	5.44	5.97	6.47	7.21	6.62	7.47
Banks in—									
Selected large SMSA's[1]:									
All size groups	5.36	4.83	6.24	5.45	5.97	6.48	7.21	6.95	7.46
Less than 10	5.55	4.89	6.20	5.46	5.98	6.50	7.19	7.44	7.50
10–50	5.47	4.91	6.27	5.47	5.97	6.50	7.21	7.42	7.44
50–100	5.44	4.91	6.24	5.46	5.99	6.49	7.22	6.96	7.50
100–500	5.37	4.85	6.23	5.47	5.98	6.49	7.22	7.47	7.45
500 and over	5.32	4.78	6.24	5.43	5.97	6.46	7.21	6.51	7.46
All other SMSA's:									
All size groups	5.50	4.85	6.24	5.47	5.98	6.49	7.20	7.47	7.45
Less than 10	5.67	4.85	6.26	5.48	5.99	6.50	7.18	7.29	7.50
10–50	5.60	4.85	6.28	5.46	5.99	6.50	7.22	7.50	7.43
50–100	5.52	4.90	6.20	5.45	5.97	6.47	7.18	7.44	7.46
100–500	5.44	4.84	6.24	5.47	5.98	6.48	7.19	7.48	7.44
500 and over	5.44	4.79	6.22	5.48	5.99	6.50	7.25	7.50	7.50
Banks outside SMSA's:									
All size groups	5.69	4.91	6.20	5.46	5.99	6.49	7.21	7.49	7.50
Less than 10	5.77	4.90	6.15	5.46	5.99	6.48	7.18	7.49	7.50
10–50	5.69	4.91	6.20	5.46	5.99	6.50	7.22	7.50	7.50
50–100	5.67	4.93	6.31	5.49	6.00	6.50	7.22	7.50	7.50
100–500	5.55	4.88	6.29	5.45	5.99	6.48	7.23	7.46	7.50
500 and over	5.74	5.00	6.32	5.50	6.00	6.50	7.25	7.50	....

[1] The selected large Standard Metropolitan Statistical Areas, as defined by the Office of Management and Budget and arranged by size of population in the 1970 Census, are as follows:

New York City	Minneapolis–St. Paul	San Jose	Albany–Schenectady–Troy	Richmond
Los Angeles–Long Beach	Seattle–Everett	New Orleans	Akron	Jacksonville
Chicago	Milwaukee	Tampa–St. Petersburg	Hartford	Flint
Philadelphia	Atlanta	Portland	Norfolk–Portsmouth	Tulsa
Detroit	Cincinnati	Phoenix	Syracuse	Orlando
San Francisco–Oakland	Paterson–Clifton–Passaic	Columbus	Gary–Hammond–E. Chicago	Charlotte
Washington, D.C.	Dallas	Rochester	Oklahoma City	Wichita
Boston	Buffalo	San Antonio	Honolulu	West Palm Beach
Pittsburgh	San Diego	Dayton	Ft. Lauderdale–Hollywood	Des Moines
St. Louis	Miami	Louisville	Jersey City	Ft. Wayne
Baltimore	Kansas City	Sacramento	Salt Lake City	Baton Rouge
Cleveland	Denver	Memphis	Omaha	Rockford
Houston	San Bernardino–Riverside	Ft. Worth	Nashville–Davidson	Jackson, Miss.
Newark	Indianapolis	Birmingham	Youngstown–Warren	

NOTE.—The average rates were calculated by weighting the most common rate reported on each type of deposit at each bank by the amount of that type of deposit outstanding. Christmas savings and other special funds, for which no rate information was collected, were excluded.

CONSUMER-TYPE TIME AND SAVINGS DEPOSITS

Passbook savings deposits registered an increase of $8.4 billion, or 6.2 per cent, in the 3 months ended April 30. This was the largest percentage increase in such deposits during any single quarter since the first quarter of 1971, and the largest absolute rise since the survey of time and savings deposits became quarterly in 1967. With nearly all banks paying ceiling rates on savings deposits, and given the relatively low level of market rates and the uncertainty regarding future interest rate movements, many customers probably considered passbook accounts to be an attractive temporary investment alternative. Although savings accounts have relatively low yields, the fact that an increasing number of banks are paying interest from day of deposit to day of withdrawal enables customers to shift quickly and without penalty into higher paying investments if market conditions warrant.

Small-denomination time deposits also grew considerably during the January–April period, in large part because of the declining rates on market instruments. Typically, most of the increase in such deposits was in deposits with maturities greater than 2½ years; growth in these longer-maturity deposits has been rapid since Regulation Q was amended in July 1973 to impose graduated rate ceilings according to maturity. Inasmuch as most banks offered rates at or near the maximum allowable on each maturity range during the reporting period, customers were encouraged to substitute longer-maturity deposits for shorter-maturity deposits.

As in previous surveys, the 1- to 2½-year category showed an absolute decline. Unlike previous quarters, however, time deposits maturing in less than 1 year expanded moderately. Deposits in the latter maturity range probably increased for much the same reason that passbook savings expanded; that is, customers may have wished to hold deposits with short maturities in anticipation that rates on alternative investments would soon rise.

LARGE-DENOMINATION TIME DEPOSITS

Outstanding large-denomination time deposits decreased substantially—by more than 10 per cent—in the 3 months ended April 30, after having increased at a reduced pace since the fall of 1974. Banks apparently allowed CD's to run off because the rapid inflow of passbook savings and small time deposits supplied more than enough funds to satisfy the continued weak loan demand emanating from the sluggish economy that had existed throughout the period. Moreover, many banks may have decreased their reliance on money-market-type funds in order to improve their liquidity positions.

Rates paid on large-denomination time deposits fell steadily between the July 1974 and April 1975 surveys. Results of the July survey had indicated that banks paying rates in excess of 10 per cent held nearly 90 per cent of all outstanding negotiable CD's. By the end of October most banks were paying rates of 8.50 to 9.50 per cent on new CD's, and the January 1975 survey showed that the most common rate paid at the majority of banks had fallen to less than 7 per cent. By April 30 rates of 6 per cent or less had become predominant; banks paying such rates held almost two-thirds of all large negotiable CD's. Rates on large nonnegotiable CD's and open accounts exhibited declines similar to those on negotiable CD's. □

APPENDIX

TABLE 1

Savings deposits

Most common interest rates paid by insured commercial banks on new deposits, April 30, 1975

Group	Total	Most common rate paid (per cent)				Total	Most common rate paid (per cent)			
		4.00 or less	4.50	4.75	5.00		4.00 or less	4.50	4.75	5.00
	NUMBER OF BANKS					MILLIONS OF DOLLARS				
All banks	**14,052**	**1,002**	**1,035**	**3**	**12,012**	**144,250**	**7,638**	**27,987**	**353**	**108,272**
Size of bank (total deposits in millions of dollars):										
Less than 10	4,920	573	134		4,213	5,491	438	160		4,893
10–50	7,188	320	699		6,169	36,406	1,579	3,818		31,009
50–100	1,140	51	91		998	17,000	644	1,582		14,774
100–500	628	43	79	3	503	31,335	2,303	4,434	353	24,245
500 and over	176	15	32		129	54,018	2,674	17,993		33,351

TABLE 2

Time deposits, IPC, in denominations of less than $100,000—maturing in less than 1 year

Most common interest rates paid by insured commercial banks on new deposits, April 30, 1975

Group	Total	Most common rate paid (per cent)				Total	Most common rate paid (per cent)			
		4.75 or less	5.00	5.25	5.50		4.75 or less	5.00	5.25	5.50
	NUMBER OF BANKS					MILLIONS OF DOLLARS				
All banks	**13,570**	**6**	**1,047**	**112**	**12,405**	**36,329**	**1**	**3,118**	**274**	**32,936**
Size of bank (total deposits in millions of dollars):										
Less than 10	4,660		446	18	4,196	1,862		146	4	1,712
10–50	6,971	6	474	82	6,409	10,970	1	804	118	10,047
50–100	1,134		73	8	1,053	4,758		264	71	4,423
100–500	629		38	4	587	7,686		501	81	7,104
500 and over	176		16		160	11,053		1,403		9,650

TABLE 3

Time deposits, IPC, in denominations of less than $100,000—maturing in 1 up to $2\frac{1}{2}$ years

Most common interest rates paid by insured commercial banks on new deposits, April 30, 1975

Group	Total	Most common rate paid (per cent)				Total	Most common rate paid (per cent)			
		5.25 or less	5.50	5.75	6.00		5.25 or less	5.50	5.75	6.00
	NUMBER OF BANKS					MILLIONS OF DOLLARS				
All banks	**13,851**	**16**	**359**	**335**	**13,141**	**36,203**	**13**	**861**	**780**	**34,549**
Size of bank (total deposits in millions of dollars):										
Less than 10	4,871	10	114	74	4,673	5,808	1	48	114	5,645
10–50	7,051	6	163	207	6,675	15,154	12	305	299	14,538
50–100	1,133		68	28	1,037	3,381		49	60	3,272
100–500	623		10	14	599	4,866		112	144	4,610
500 and over	173		4	12	157	6,994		347	163	6,484

For notes to Appendix Tables 1–8, see p. 624.

TABLE 4

Time deposits, IPC, in denominations of less than $100,000 maturing in 2½ years up to 4 years
Most common interest rates paid by insured commercial banks on new deposits on April 30, 1975

Group	Total	Most common rate paid (per cent)				Total	Most common rate paid (per cent)			
		5.75 or less	6.00	6.25	6.50		5.75 or less	6.00	6.25	6.50
	NUMBER OF BANKS					MILLIONS OF DOLLARS				
All banks	**12,573**	**88**	**172**	**34**	**12,279**	**18,568**	**202**	**180**	**60**	**18,126**
Size of bank (total deposits in millions of dollars):										
Less than 10	4,018	4	53	4	3,957	1,877	1	51	([1])	1,825
10-50	6,690	17	63	22	6,588	7,666	5	31	4	7,626
50-100	1,099	64	39	1	995	2,090	([2])	28	([2])	2,042
100-500	602	2	13	5	582	2,566	([2])	41	([2])	2,495
500 and over	164	1	4	2	157	4,369	([2])	29	([2])	4,138

TABLE 5

Time deposits, IPC, in denominations of less than $100,000 maturing in 4 years up to 6 years
Most common interest rates paid by insured commercial banks on new deposits on April 30, 1975

Group	Total	Most common rate paid (per cent)					Total	Most common rate paid (per cent)				
		6.25 or less	6.50	6.75	7.00	7.25		6.25 or less	6.50	6.75	7.00	7.25
	NUMBER OF BANKS						MILLIONS OF DOLLARS					
All banks	**11,844**	**40**	**133**	**45**	**2,155**	**9,471**	**30,027**	**176**	**236**	**68**	**3,050**	**26,497**
Size of bank (total deposits in millions of dollars):												
Less than 10	3,713	4	38	25	1,056	2,590	1,503	1	5	5	367	1,125
10-50	6,308	12	64	11	856	5,365	9,393	1	17	16	1,236	8,123
50-100	1,058	16	14	7	160	861	3,939	9	30	13	508	3,379
100-500	598	7	12	2	71	506	6,178	([2])	78	([2])	587	5,459
500 and over	167	1	5	......	12	149	9,014	([2])	([2])	......	352	8,411

TABLE 6

Time deposits, IPC, in denominations of less than $100,000 maturing in 6 years or more negotiable and nonnegotiable deposits
Most common interest rates paid by insured commercial banks on new deposits on April 30, 1975

Group	Total	Most common rate paid (per cent)			Total	Most common rate paid (per cent)		
		7.00 or less	7.25	7.50		7.00 or less	7.25	7.50
	NUMBER OF BANKS				MILLIONS OF DOLLARS			
All banks	**5,744**	**107**	**228**	**5,409**	**2,423**	**267**	**142**	**2,014**
Size of bank (total deposits in millions of dollars):								
Less than 10	1,238	35	55	1,148	98	7	4	87
10-50	3,145	31	127	2,987	544	7	52	485
50-100	723	16	16	691	272	28	15	229
100-500	483	18	26	439	531	5	65	461
500 and over	155	7	4	144	978	220	6	752

For notes to Appendix Tables 1-8, see p. 624.

APPENDIX—Continued

TABLE 7

Negotiable CD's, IPC, in denominations of $100,000 or more

Most common interest rates paid by insured commercial banks on new deposits on April 30, 1975

Group	Total	Most common rate paid (per cent): 5.75 or less	6.00	6.25	6.50	7.00	7.25	7.50	More than 7.50	Total	Most common rate paid (per cent): 5.75 or less	6.00	6.25	6.50	7.00	7.25	7.50	More than 7.50
	NUMBER OF BANKS									MILLIONS OF DOLLARS								
All banks	**3,969**	**594**	**655**	**360**	**370**	**782**	**342**	**224**	**642**	**64,298**	**12,681**	**28,879**	**4,771**	**2,579**	**7,660**	**460**	**964**	**6,304**
Size of bank (total deposits in millions of dollars):																		
Less than 10	729	43	71	93	24	150	131	45	172	284	12	37	54	5	61	31	9	75
10–50	2,400	334	302	168	282	568	173	141	432	2,829	263	455	206	352	784	124	126	519
50–100	388	92	138	38	17	33	33	23	14	1,737	299	447	189	146	239	155	223	39
100–500	297	93	80	40	32	18	4	11	19	5,705	1,388	1,500	1,056	722	353	(2)	(2)	310
500 and over	155	32	64	21	15	13	1	4	5	53,743	10,719	26,440	3,266	1,354	6,223	(2)	(2)	5,361

TABLE 8

Nonnegotiable CD's and open account deposits, IPC, in denominations of $100,000 or more

Most common interest rates paid by insured commercial banks on new deposits on April 30, 1975

Group	Total	Most common rate paid (per cent): 5.50 or less	5.75	6.00	6.25	6.50	7.00	7.50	More than 7.50	Total	Most common rate paid (per cent): 5.50 or less	5.75	6.00	6.25	6.50	7.00	7.50	More than 7.50
	NUMBER OF BANKS									MILLIONS OF DOLLARS								
All banks	**4,929**	**686**	**387**	**944**	**413**	**486**	**888**	**707**	**418**	**27,080**	**3,378**	**5,216**	**7,873**	**3,125**	**2,519**	**2,235**	**1,085**	**1,649**
Size of bank (total deposits in millions of dollars):																		
Less than 10	478	28	14	121	40	96	95	80	4	97	3	2	23	8	35	12	14	(1)
10–50	3,101	384	212	487	284	302	562	547	323	3,202	249	220	525	416	349	823	415	205
50–100	735	131	73	195	27	28	180	41	60	2,335	222	257	922	125	88	442	153	126
100–500	468	108	70	104	47	48	43	23	25	5,965	684	1,121	1,295	853	834	754	213	211
500 and over	147	35	18	37	15	12	8	16	6	15,481	2,220	3,616	5,108	1,723	1,213	204	290	1,107

NOTES TO APPENDIX TABLES 1–8:

[1] Less than $500,000.

[2] Omitted to avoid individual bank disclosure.

NOTE. Data were compiled from information reported by a probability sample of member and insured nonmember commercial banks. The data were expanded to provide universe estimates.

Figures exclude banks that reported no interest rate paid and that held no deposits on the survey dates, and they also exclude a few banks that had discontinued issuing these instruments but still had some deposits outstanding on the survey date. Dollar amounts may not add to totals because of rounding.

In the headings of these tables under "Most common rate paid (per cent)" the rates shown are those being paid by nearly all reporting banks. However, for the relatively few banks that reported a rate in between those shown, the bank was included in the next higher rate.

Statements to Congress

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. Senate, September 25, 1975.

I am pleased to meet with this committee today to discuss the condition of the national economy and the course of monetary and fiscal policy.

The American economy is now in the process of emerging from the deepest decline of business activity in the postwar period. Total industrial production has risen in each of the last 4 months and the scope of the recovery is broadening. At the same time, the demand for labor has been improving. This August 1½ million more workers were employed than in March. The unemployment rate has declined from a peak of about 9 per cent in May to about 8 per cent currently. And the lengthening of the average workweek in our factories is indicative of a return to more normal production schedules.

As we look back, it is clear that the consumer has led the way out of recession and into recovery. Early this year, when price concessions became common, consumer purchases began to pick up. Retail sales of nondurable goods have risen briskly, and by this summer exceeded their level in the final quarter of 1974 by 8 per cent in dollar terms and 3 per cent in real terms. As confidence improved, consumers also became more willing to dip into their savings or to incur new indebtedness in order to purchase big ticket items. Thus, outlays for consumer durables have also strengthened. This is clearly evident in the automobile sector, where sales of new cars have been running recently at around a 9½ million annual rate—a considerable advance from the 7 million rate recorded last November.

The spending of consumers has not been the only element of strength in the economy this year. A sharp turnaround in foreign trade has also helped to pave the way for recovery. Our merchandise trade balance was unfavorable throughout 1974 and reached an unprecedented $9 billion annual rate of deficit in the third quarter. But a deep cutback of imports, especially of fuel and of industrial supplies, occurred during the recession, while the demand for our exports held up well. The result was a swing in our trade position to a surplus at an annual rate of nearly $14 billion in the second quarter of this year. The value of the dollar in foreign exchange markets reflects this basic improvement of our international competitive position.

The sustained buying by foreigners and American consumers at a time of declining industrial production has enabled business firms to make remarkable progress in clearing their shelves of excess inventories. Liquidation of inventories got under way around the turn of the year, and by the second quarter the rate of decline was larger in relation to the gross national product than in any quarter of the entire postwar period. The ratio of stocks to sales began to decline at retail stores in January; reductions soon followed in factories producing nondurable goods and more recently in durable goods manufacturing. The improvement in industrial production over recent months reflects the better balance between inventories and sales that developed as this inventory adjustment took place.

The basis for recovery was laid in large measure by adjustments of the private economy that served to correct the imbalances that had precipitated the recession. Most notably, the slowing of inflation helped to rebuild confidence and led to larger consumer spending early this year. By the second quarter, the annual rate of increase in the general price level had receded to 5½ per cent—half that of a year earlier. In the highly competitive environment created by the recession, business managers found it necessary to devote more attention to cost controls and improvements in efficiency. Their efforts have begun to bear fruit, as shown by the increase in output per manhour during the second quarter—the first increase in over 2 years.

The self-corrective forces of the recession have been aided materially by fiscal and monetary policies that sought to cushion the effects of economic adversity and to provide some stimulus to economic recovery. On the fiscal side, public employment programs were expanded, unemployment insurance was liberalized, and income taxes were reduced. The Tax Reduction Act of 1975, besides bolstering consumer purchasing power, strengthened incentives for business investment in fixed capital.

On the monetary side, Federal Reserve policies sought to bring about substantial improvement in financial conditions. Interest rates—particularly on short-term loans and on securities—moved to lower levels as a result of declining credit demands and the efforts of the Federal Reserve to increase the availability of money and credit. Business corporations made effective use of the easier credit conditions that have prevailed this year. They have issued exceptionally large amounts of long-term securities, and they have used much of the proceeds to repay short-term debt or to acquire liquid assets. Banks and other financial institutions also have strengthened their liquidity position. Consumers too have paid down some of their indebtedness, while adding substantially to their savings deposits and other financial assets.

The easing of credit conditions has been helpful to the severely depressed housing sector. Lower rates of interest on market instruments encouraged a larger flow of savings funds to specialized mortgage lenders; the turn occurred last fall, and a substantial rise in new mortgage loan commitments soon followed. Early this year the volume of sales of both new and old dwellings turned up, and these sales are continuing to run well above their lows of last winter. With better market conditions, housing starts—especially of single-family dwellings—have been moving up again.

The recovery process thus appears to be broadening and gathering momentum. Monthly statistical reports on employment cover each of 172 nonfarm industries. In February only 17 per cent of these industries reported an increase in employment over the preceding month. Since then, the percentage of industries that are improving has gone up steadily, and reached 72 per cent in August. Industrial production rose 1.3 per cent last month, far more than the gain in any of the previous 3 months. The acceleration of industrial activity reflects stronger consumer demand for goods and services. It also reflects the fact that inventory liquidation has slowed or has given way in some branches of industry to renewed accumulation. This is the beginning of a process of rebuilding stocks that should provide considerable thrust to economic activity over the next year.

In addition, many signs now seem to be pointing to an early turnaround in business fixed investment. The latest Government survey of spending on plant and equipment suggests that business plans for capital outlays have stabilized. New orders for nondefense capital goods already have risen appreciably from their March trough. Production of business equipment increased in August after ten consecutive months of decline. Contracts for commercial and industrial construction are moving upward again, and so too is the rate of formation of new firms—a useful early indicator of capital investment. Once expenditures on plant and equipment begin to contribute to cyclical recovery—as I believe they soon may—the pace of over-all economic expansion is likely to become quite vigorous.

The strength of economic recovery, however, could be undermined by a renewal of strong inflationary pressures. We have already witnessed an ominous upsurge in prices during the current quarter. Wholesale prices rose at an average annual rate of 12 per cent in July and August. Consumer prices have also advanced more rapidly, though there was some improvement last month. To be sure, special factors—Russian grain purchases and the further rise in energy prices—contributed to the spurt in the price indexes, but that is only a part of the story. Price increases have also occurred in various industries—autos, steel, aluminum, industrial chemicals, among others—where considerable slack exists.

These developments must be viewed with concern. It was uncontrolled inflation that brought on the severe economic decline we have recently experienced, and we must recognize the threat to a sustained recovery embodied in any new wave of inflation. Wider expectations and fears of inflation already are beginning to manifest themselves. Financial markets—specifically the behavior of interest rates and stock prices—have become very sensitive to any indication or suggestion of accelerating inflation. History suggests that at this early stage of a business upturn confidence in the economic future should be strengthening steadily. A revival of consumer and business confidence is indeed under way, but it is being hampered by concern that a fresh burst of double-digit inflation may develop and, before long, bring on another recession.

In setting monetary policy, the Federal Reserve has been alert to developments in the sphere of prices. We have been equally alert to the need to provide the financial basis for economic recovery. In effect, we have sought a prudent middle ground. This is reflected in the monetary growth paths specified by the Federal Open Market Committee for the 12 months ending in the second quarter of 1976—that is, growth of 5 to 7½ per cent in M_1, which includes currency plus demand deposits, 8½ to 10½ per cent in M_2, which includes, besides M_1, consumer-type time and savings deposits at commercial banks, and 10 to 12 per cent in M_3, which includes, besides M_2, deposits at thrift institutions.

These growth ranges are appropriate under current conditions, when the economy is struggling with widespread unemployment of labor and industrial capital. However, these growth ranges are on the generous side by historical standards, and our economy would have little or no chance of regaining general price stability if they were maintained indefinitely. Even so, the Federal Reserve System has frequently been urged to raise its present target rates for the money supply. We have resisted these suggestions because, in our judgment, such a policy would soon lead to accelerated inflation and thereby frustrate the process of economic recovery.

Month to month changes in the monetary aggregates have deviated this year from the longer-run target ranges, and they can be expected to do so in the future. Since the demands of the public for money are subject to rather wide short-term variations, efforts by the Federal Reserve to maintain a constant growth rate of the money supply could lead to sharp swings in interest rates and risk damage to financial markets and the economy. For example, there was a huge bulge in the monetary aggregates this May and June, when tax rebates and supplementary social security payments disbursed by the Treasury were temporarily added to the public's holdings of currency, demand deposits, and savings accounts. Some transitory increase in monetary expansion was practically unavoidable in these circumstances and, as expected, the bulge was followed by lower monetary growth rates in July and August.

Nevertheless, the extraordinary surge of the money supply last spring threatened to raise the longer-term monetary growth rates to unacceptably high levels, and the Federal Reserve set forces in motion to ensure a return to the more moderate expansion path desired. These actions, along with exceptionally heavy Treasury borrowing and the emerging signs of economic recovery, served to raise short-term market rates of interest somewhat. This appeared to us to be necessary if monetary expansion over the longer run is to be held within appropriate bounds. And our policy moves certainly helped to reassure the business and financial community that the Federal Reserve would continue to steer a course toward sustainable economic growth.

The Federal Reserve, however, cannot alone be expected to assure success in the battle against inflation. The general public, as well as the business and financial community, is watching to see whether the Congress and the administration will pursue a course of fiscal prudence.

The credit markets currently face an enormous demand for funds from the Treasury. Recently, official estimates of Treasury borrowing in the second half of this year were raised by $3 billion to $6 billion because, among other reasons, expenditures are outrunning earlier projections. The announcement of this larger need drove interest rates on Treasury securities to a higher level and served to raise private borrowing costs as well. The massive Federal Government deficit may well cause a further rise in interest rates, and this can have an adverse effect on business capital investment and on residential construction.

Therefore, it is of the utmost importance that this committee persuade the Congress to hold expenditures for fiscal 1976 at or below the levels specified in the First Concurrent Resolution. Not only that, but this committee and the Congress should be seeking ways to pull back on the growth of Federal spending as the recovery gathers momentum. Such a fiscal course will enhance the prospects for regaining price stability and a lasting prosperity.

I find it disturbing that some economists today are proposing additional stimulative measures on the basis of their projections that a larger gain in employment might be achieved over the next year with minimal effects on the rate of inflation. Such recommendations miss the mark for two reasons. First, they fail to take account of the sensitivity to rising rates of inflation that people in our country and elsewhere have exhibited in recent years. In practically every industrial nation, more rapid inflation has led to larger precautionary savings and sluggish consumer buying. Second, they fail to look far enough into the future, for it may not be until 2 or 3 years down the road that the full inflationary impact of more stimulative policies would be felt. To overlook these basic facts of economic life is to court disaster.

Once inflation has come to dominate the thinking of consumers and businesses—and this I believe is our present condition—there is no longer a meaningful trade-off between unemployment and inflation. Even if highly expansionary monetary and fiscal policies could, for a short time, provide some additional thrust to economic activity, the resulting acceleration of inflation would soon create even more difficult economic problems than we have yet encountered. The American people have paid a heavy penalty for past neglect of economic realities. The only sound fiscal and monetary policy today is a policy of prudence and moderation. □

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. House of Representatives, October 2, 1975.

I am pleased to meet with this committee today to discuss the condition of the national economy and the course of monetary and fiscal policy.

The American economy is now in the process of emerging from the deepest decline of business activity in the postwar period. Total industrial production has risen in each month since April, and the scope of the recovery is broadening. At the same time, the demand for labor has been improving. This August 1½ million more workers were employed than in March. The unemployment rate has declined from a peak of about 9 per cent in May to about 8 per cent currently. And the lengthening of the average workweek in our factories is indicative of a return to more normal production schedules.

As we look back, it is clear that the consumer has led the way out of recession and into recovery. Early this year, when price concessions became common, consumer purchases began to pick up. Retail sales of nondurable goods have risen briskly, and by this summer exceeded their level in the final quarter of 1974 by 8 per cent in dollar terms and 3 per cent in real terms. As confidence improved, consumers also became more willing to dip into their savings or to incur new indebtedness in order to purchase big ticket items. Thus, outlays for consumer durables have also strengthened. This is clearly evident in the automobile sector, where sales of new cars have been running recently at around a 10 million annual rate—a considerable advance from the 7 million rate recorded last November.

The spending of consumers has not been the only element of strength in the economy this year. A sharp turnaround in foreign trade has also helped to pave the way for recovery. Our merchandise trade balance was unfavorable throughout 1974 and reached an unprecedented $9 billion annual rate of deficit in the third quarter. But a deep cutback of imports, especially of fuel and of industrial supplies, occurred during the recession, while the demand for our exports held up well. The result was a swing in our trade position to a surplus at an annual rate of over $13 billion in the second quarter of this year. The rise in the value of the dollar in foreign exchange markets reflects this basic improvement of our international competitive position.

The sustained buying by foreigners and American consumers at a time of declining industrial production has enabled business firms to make remarkable progress in clearing their shelves of excess inventories. Liquidation of inventories got under way around the turn of the year, and by the second quarter the rate of decline was larger in relation to the gross national product than in any quarter of the entire postwar period. The ratio of stocks to sales began to decline at retail stores in January; reductions soon followed in factories producing nondurable goods and more recently in durable goods manufacturing. The improvement in industrial production over recent months reflects the better balance between inventories and sales that developed as this inventory adjustment took place.

The basis for recovery was laid in large measure by adjustments of the private economy that served to correct the imbalances that had precipitated the recession. Most notably, the slowing of inflation helped to rebuild confidence and led to larger consumer spending early this year. By the second quarter, the annual rate of increase in the general price level had receded to 5½ per cent—half that of a year earlier. In the highly competitive environment created by the recession, business managers found it necessary to devote more attention to cost controls and improvements in efficiency. Their efforts have begun to bear fruit, as is evidenced by the increase in output per manhour during the second quarter—the first increase in over 2 years.

The self-corrective forces of the recession have been aided materially by fiscal and monetary policies that sought to cushion the effects of economic adversity and to provide some stimulus to economic recovery. On the fiscal side, public employment programs were expanded, unemployment insurance was liberalized, and income taxes were reduced. The Tax Reduction Act of 1975, besides bolstering consumer purchasing power, strengthened incentives for business investment in fixed capital.

On the monetary side, Federal Reserve policies sought to bring about substantial improvement in financial conditions. Interest rates—particularly on short-term loans and securities—moved to lower levels as a result of declining credit demands and the efforts of the Federal Reserve to increase the availability of money and credit. Business corporations made effective use of the easier credit conditions that have prevailed this year. They have issued exceptionally large amounts of long-term securities, and they have used much of the proceeds to repay short-term debt or to acquire liquid assets. Banks and other financial institutions also have strengthened their liquidity position. Consumers too have paid down some of their indebtedness, while adding substantially to their savings deposits and other financial assets.

The easing of credit conditions has been helpful to the severely depressed housing sector. Lower rates of interest on market instruments encouraged a larger flow of savings funds to specialized mortgage lenders; the turn occurred last fall, and a substantial rise in new mortgage loan commitments soon followed. Early this year the volume of sales of both new and old dwellings turned up, and these sales are continuing to run well above their lows of last winter. With better market conditions, housing starts—especially of single-family dwellings—have been moving up again.

The recovery process thus appears to be broadening and gathering momentum. Monthly statistical reports on employment cover each of 172 nonfarm industries. In February only 17 per cent of these industries reported an increase in employment over the preceding month. Since then, the percentage of industries that are improving has gone up steadily and reached 72 per cent in August. Industrial production rose 1.3 per cent in August, far more than the gain in any of the three previous months. The acceleration of industrial activity reflects stronger consumer demand for goods and services. It also reflects the fact that inventory liquidation has slowed or has given way in some branches of industry to renewed accumulation. This is the beginning of a process of rebuilding stocks that should provide considerable thrust to economic activity over the next year.

In addition, many signs now seem to be pointing to an early turnaround in business fixed investment. The latest Government survey of spending on plant and equipment suggests that business plans for capital outlays have stabilized. New orders for nondefense capital goods already have risen appreciably from their March trough. Production of business equipment increased in August after ten consecutive months of decline. The decline in contracts for commercial and industrial construction appears to have ended. The rate of formation of new firms—a useful early indicator of capital investment—is moving upward again. Once expenditures on plant and equipment begin to contribute to cyclical recovery—as I believe they soon may—the pace of over-all economic expansion is likely to become quite vigorous.

The strength of economic recovery, however, could be undermined by a renewal of strong inflationary pressures. We have already witnessed an ominous upsurge in prices during the third quarter. Wholesale prices rose at an average annual rate of 12 per cent in July and August. Consumer prices have also advanced more rapidly, though there was some improvement in August. To be sure, special factors—Russian grain purchases and the further rise in energy prices—contributed to the spurt in the price indexes, but that is only a part of the story. Price increases have also occurred in various industries—autos, steel, aluminum, industrial chemicals, among others—where considerable slack exists. And the recently announced increase in the price of imported oil is bound to lead to price advances over a wide range of domestic petroleum products.

These developments must be viewed with concern. It was uncontrolled inflation that brought on the severe economic decline we have recently experienced, and we must recognize the threat to a sustained recovery embodied in any new wave of inflation. Wider expectations and fears of inflation already are beginning to manifest themselves. Financial markets—specifically the behavior of interest rates and stock prices—have become very sensitive to any indication or suggestion of accelerating inflation. History suggests that at this early stage of a business upturn confidence in the economic future should be strengthening steadily. A revival of consumer and business confidence is indeed under way, but it is being hampered by concern that a fresh burst of double-digit inflation may develop and, before long, bring on another recession.

In setting monetary policy, the Federal Reserve has been alert to developments in the sphere of prices. We have been equally alert to the need to provide the financial basis for economic recovery. In effect, we have sought a prudent middle ground. This is reflected in the monetary growth paths specified by the Federal Open Market Committee for the 12 months ending in the second quarter of 1976—that is, growth of 5 to 7½ per cent in M_1, which includes currency plus demand deposits, 8½ to 10½ per cent in M_2, which includes, besides M_1, consumer-type time and savings deposits at commercial banks, and 10 to 12 per cent in M_3, which includes, besides M_2, deposits at thrift institutions.

These growth ranges are appropriate under current conditions, when the economy is just beginning to emerge from recession and is still struggling with widespread unemployment of labor and industrial capital. However, by historical standards, these growth ranges are on the generous side, and our economy would have little or no chance of regaining general price stability if they were maintained indefinitely. Even so, the Federal Reserve System has been frequently urged to raise its present target rates for the money supply. We have resisted these suggestions because, in our judgment, such a policy would soon lead to accelerated inflation and thereby frustrate the process of economic recovery.

A similar judgment was reached last spring by the Senate Committee on Banking, Housing, and Urban Affairs in its report on the monetary policy oversight hearings. The committee expressed the belief "that pursuit of the monetary policy plans announced by the Federal Reserve Board will be helpful to the nation's economic recovery," and stated unequivocally its agreement that "if inflation is rekindled, any recovery will be shortlived and will end in another recession, one almost certain to be more virulent than the present one."

Late this spring growth of the various money supply measures spurted far above the longer-run target ranges, as tax rebates and special social security payments disbursed by the Treasury were temporarily added to the public's holdings of currency, demand deposits, and savings accounts. Some transitory increase in monetary expansion was viewed as necessary by the Federal Reserve System, in view of the nature of the fiscal actions that had been voted by the Congress. The bulge in the monetary aggregates was expected to be largely self-correcting, as recipients of the Treasury payments spent the proceeds or shifted them to more permanent savings forms.

In fact, the increase in the money supply was considerably larger than we had anticipated and threatened to raise the longer-term monetary growth rates to unacceptably high levels. The Federal Reserve therefore set forces in motion to ensure a return to the more moderate expansion path desired. These actions, along with exceptionally heavy Treasury borrowing and the early signs of economic recovery, served to raise short-term market rates of interest somewhat. This appeared to us to be unavoidable if monetary expansion over the longer run was to be held within appropriate bounds. Our policy moves and the subsequent moderation in monetary growth rates during the summer months certainly helped to reassure the business and financial community that the Federal Reserve would continue to steer a course toward sustainable economic growth.

The Federal Reserve, however, cannot alone be expected to assure success in the battle against inflation. The general public, as well as the business and financial community, is watching to see whether the Congress and the administration will pursue a course of fiscal prudence. The credit markets currently face an enormous demand for funds from the Treasury. Recently, official estimates of Treasury borrowing in the second half of this year were raised by $3 billion to $6 billion because, among other reasons, expenditures are outrunning earlier projections. The announcement of this larger need drove interest rates on Treasury securities to a higher level and served to raise private borrowing costs as well. The massive Federal Government deficit may well cause a further rise in interest rates, and this can have an adverse effect on business capital investment and on residential construction.

Therefore, it is of the utmost importance that this committee persuade the Congress to hold expenditures for fiscal 1976 at or below the levels specified in the First Concurrent Resolution. Not only that, but this committee and the Congress should be seeking ways to pull back on the growth of Federal spending as the recovery gathers momentum. Such a fiscal course will enhance the prospects for regaining price stability and a lasting prosperity.

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Supplemental statement for this date begins on page 640.

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Joint Economic Committee, October 8, 1975.

I am here to join you in discussing the economic and financial problems posed by the financial crisis of New York City.

The difficulties now facing New York stem from the erosion of its financial position over the past decade. During this period the expenditures by the City's government grew rapidly while revenues failed to keep pace. To close the gap between its revenues and expenditures, the City relied increasingly on borrowed funds. Not only capital expenditures but also the mounting deficits on current operations were financed in this fashion. By the end of 1974 New York City's outstanding debt amounted to over $13 billion, much of which was in the form of short-term notes—that is, obligations maturing in a year or less.

Investors may learn slowly, but their innocence does not last forever. As poor management of New York finances persisted, at first a few, but in time more and more investors became concerned about the City's financial condition. During the past winter and spring the City began to experience very serious difficulties in rolling over its debt—to say nothing of adding to its outstanding indebtedness.

Unfortunately, the City failed to take clear-cut remedial measures, and there was some loose talk about an investor conspiracy against the City. The basic facts, of course, were quite simple. First, commercial bankers, being aware of their responsibility for other people's money, felt they may already have approached—if not exceeded—the limits of prudence in their holdings of New York City securities. Second, the many thousands of individuals who invest on their own account likewise focused on safety; they were no longer much tempted by promises of an exceptionally high yield. Investor confidence in the City's finances thus dwindled, while its need to pay current bills and to refinance maturing obligations became more pressing. Once this stage was reached, the possibility of default on the City's obligations became very real, and it was so advertised almost daily in our Nation's newspapers.

The financial crisis confronting the Nation's largest city prompted the government of New York State to offer financial and managerial assistance. Starting in April, the State put at the City's disposal substantial sums that were not scheduled for payment until some months later. Then, around mid-June, the State legislature created a new agency—the Municipal Assistance Corporation (MAC). This agency was empowered to sell up to $3 billion of its debt obligations, which were to be backed by certain tax revenues that otherwise would have gone to the City, and then to make the proceeds of its borrowing available to the City. Armed with such broad authority, MAC sought to wring some clarity out of the City's tangled finances and to help develop a budgetary plan that could lead the City back to a balanced budget.

These measures, however, proved insufficient to restore investor confidence in the City's financial management, and even the new securities issued by MAC soon came under a cloud. To ward off imminent default by the City of New York, the State adopted firmer measures on September 9. First of all, control of the City's finances was turned over to a State-dominated Emergency Financial Control Board. Second, the power of MAC to issue debt securities was enlarged. Third, the State sought to arrange additional financing of $2.3 billion for the City, of which $750 million in loans was to be provided by the State. This financial plan was designed to tide the City over until early December, and it was hoped that by that time the newly organized control board would have in being a sufficiently strong program of budgetary restraints to enable the City to resume the sale of its securities to the investing public.

But when investor confidence is once shaken, it can rarely be restored quickly or easily. The new financial plan failed to elicit enthusiasm on the part of investors. In general, the financial community remained skeptical about the City's ability to avert default and rebuild its financial strength. The concern of market participants was heightened by a judicial ruling on September 29 that brought into question a portion of the financial aid package, namely, the purchase of MAC bonds by the State pension funds. Beyond that the recent intertwining of the State's finances with the City's finances has troubled many investors and damaged the State's credit standing. Thus, the stresses and strains that developed in the municipal securities market over the summer months have become more acute in recent days.

Since the summer, and to an increasing degree in recent weeks, the participants in the municipal market—that is, investment bankers, securities dealers, and ultimate investors—have been attempting to reduce their exposure to the risk of loss. This has affected not only securities bearing a New York name but also issues of some other State and local governments. Thus, many securities dealers have sought to cut back on their inventory of municipal securities, and they have often found it necessary to offer bonds for sale at prices considerably below their purchase price. Underwriters of municipal issues have generally scaled back on their participation in new offerings, thereby protecting their capital in an uncertain and volatile market. Some underwriters have gone so far as to withdraw entirely from bidding syndicates. And investors—the ultimate buyers of municipals—have been tending to shift to higher-quality municipal securities or to categories of investment judged to be less hazardous.

Trading in the market for outstanding tax-exempt bonds has therefore slowed appreciably, and the spread between bid and asked quotations has widened. These developments are characteristic of a period when investor confidence has been shaken, and they are indicative of a weakened market.

The recent behavior of investors and dealers has resulted in a rise of the yields on municipal securities to the highest level ever experienced in the tax-exempt market. Yields for even the highest-rated borrowers have risen over the past few months. Some of this increase has been associated with the upward drift of open market interest rates since midyear. In addition, municipal yields have been under upward pressure because of the heavy volume of new tax-exempt issues flowing to market. The market for tax-exempt securities is more concentrated, and therefore smaller, than for taxable bonds. Hence, when unusually large amounts of such securities have to be placed, larger yield adjustments relative to taxable markets are likely to occur. Nevertheless, until the last 2 weeks, I would judge that the yields on the highest-rated municipal issues have not been out of line with those available on corporate bonds of comparable quality.

In choosing among tax-exempt securities, however, investors have become increasingly selective. The differences in yields, comparing lower-rated bonds with higher-rated issues, have increased considerably since last spring and have become unusually large. Thus, the average yield on Moody's A-rated bonds now exceeds that on Aaa-rated bonds by more than a full percentage point—or about three times the risk differential required by investors during the preceding 6 years. Thus, the interest cost for lower-rated borrowers coming to market has risen materially.

The deterioration of the market for municipals of less than the highest quality has been especially pronounced for obligations of New York City, New York State, and certain of the State agencies. In the case of the State proper, investors have become concerned that the resources being diverted to the City are damaging the financial position of the State itself. Some of the State's agencies that issue "moral obligation" securities rather than "full faith and credit" obligations have been unable in recent months to finance themselves in the public market. There now appears to be some tendency on the part of investors to underestimate the financial strength of these agencies—an attitude that stems at least in part from the temporary default earlier this year by the Urban Development Corporation. To a lesser extent, there has also been some reluctance by investors to acquire the securities of similar agencies in other States.

During the past week or so, the impact of the market's unease has spilled over to a wider range of securities. Significant increases in yields have occurred in the case of some outstanding bonds of governmental units that enjoy a high financial standing. Moreover, a few issuers have not received any bids for their bonds or have rejected the bids received because the interest cost was deemed excessive. These developments reflect increasing concern over the crisis of New York City.

If the weakness of the market for municipals were to persist and spread further, many soundly run, creditworthy communities and public agencies could have great difficulty—or suffer excessive costs—in raising needed funds. Holders of municipal securities, among which financial institutions are numerous, would to some degree be affected and so might others less directly involved. Hence, if the New York City crisis remains unresolved, and if the fate of New York State remains tied to the City's, the process of economic recovery now under way in our Nation could be injured.

Until this most recent turn of events—which I trust will prove to be a transitory phenomenon—the market for municipal securities, taken as a whole, functioned very effectively. During the third quarter of this year, even as pressures associated with the New York City problem intensified, new bond issues amounted to about $9.5 billion. This is by far the largest volume ever for a third quarter, and it would have been a record even in the absence of the $2.4 billion of MAC bonds sold during the period.

In seeking ways to resolve New York City's crisis, the suggestion has occasionally been advanced that the Federal Reserve might serve as a source of emergency credit. No formal application for such credit was ever received by the Board of Governors or the Federal Reserve Bank of New York. But I want to explain why we probably would have disapproved such an application had it been made.

As the ultimate source of financial liquidity in the economy, the Federal Reserve has certain powers to extend emergency credit even to institutions that are not members of the System. But the use of that authority is tightly circumscribed. The basic provision—contained in Section 13, paragraph 13, of the Federal Reserve Act—states that emergency loans with maturities no longer than 90 days may be made by the Federal Reserve Banks on the basis of promissory notes backed by Treasury or Federal agency securities. To qualify for credit assistance under this provision of law, a local government would have to possess sizable amounts of unencumbered Federal obligations. This would be an unusual situation for any distressed borrower, and it obviously does not apply to New York City.

The lending authority under paragraph 3 of Section 13 of the Federal Reserve Act is broader, permitting the Board, in unusual and exigent circumstances, to authorize Reserve Banks to make loans on the kinds of collateral eligible for discount by member banks. Such paper may not have a maturity of more than 90 days and must afford adequate security to the Reserve Bank against the risk of loss. Furthermore, in view of restrictions of law and congressional intent, certain conditions must be met in order to permit the extension of emergency credit under this authority. Among these conditions is a requirement that an applicant has exhausted other sources of funds before coming to the Federal Reserve, that the borrower is basically creditworthy and possesses adequate collateral, and that the borrower's need is solely for short-term accommodation. It does not appear that New York City is now in a position to meet all these requirements. Certainly, its finances would hardly permit early repayment of emergency borrowings.

In addition to the emergency lending provisions in Section 13 of the Federal Reserve Act, the Reserve Banks have authority under Section 14(b) to purchase short term obligations of State and local governments issued in anticipation of assured revenues, subject to regulations by the Board. Legislative history indicates that this authority was designed to assist the Federal Reserve Banks in meeting their operating expenditures and also to enable them to make the discount rate effective when little borrowing took place at the discount window. There is nothing in the Federal Reserve Act or its legislative history to suggest that Section 14(b) contemplated the purchase of municipal securities as a means of aiding financially distressed communities.

The Congress, of course, could amend the Federal Reserve Act so as to relax the requirements for extending Federal Reserve credit to financially troubled governmental units. But the Board of Governors would have the gravest doubts about any such action. If loans were to be made to State or local governments, the Federal Reserve would have to involve itself in the activities of these governmental units, including particularly their expenditure budgets and the adequacy of their revenues. Moreover, since numerous demands for credit might ensue, the Federal Reserve would have to set standards of eligibility. Being thus placed in the position of having to allocate credit among governmental units, the Nation's central bank would inevitably become subject to intense political pressures, and its ability to function constructively in the monetary area would be undermined.

The Board fully recognizes that the Federal Reserve System has the responsibility, subject only to restrictions under existing laws, to serve as the Nation's lender of last resort. Over the years, we have therefore developed contingency plans to deal with possible emergency situations. As I previously informed your chairman, our plans have been adapted recently to cope with the financial strains that might be associated with the default of a major municipality.

In that event, I assure you, the Board is prepared to act promptly. The contingency plan calls for lending to commercial banks through the Federal Reserve discount window beyond the amounts required by normal discounting operations. Credit provided in this manner would assist banks in meeting their temporary liquidity needs. Not only that, the proceeds of the special loans made at the discount window could also be used by the banks to assist municipalities, municipal securities dealers, and other customers who are temporarily short of cash because of unsettled conditions in the securities markets. In addition, the System would, of course, be ready to use its broad power to stabilize markets through open market purchases of Treasury or agency securities.

In the event this contingency plan has to be activated, the Board will make funds available on whatever scale is deemed necessary to assure an orderly financial environment. The Board recognizes that sizable extensions of Federal Reserve credit would run the risk of leading to a substantially larger expansion of bank reserves and the money supply than is consistent with longer-run monetary objectives. Clearly, therefore, any such expansion must be only temporary. In time any excessive growth in bank reserves would need to be corrected through offsetting open market operations and through repayment of bank borrowing from the System.

There are also certain supervisory and examination questions that may arise with respect to banks in the event of a major municipal default. In this connection the Board and other regulatory agencies have plans to revise procedures that apply to the valuation of defaulted securities, so that any write downs may be postponed until the market has had a few months to stabilize and thus provide more reliable indications of their value.

Even so, a default may ultimately require write-downs that could seriously impair the capital of some banks. In that event, the Federal Deposit Insurance Corporation has statutory powers to assist Federally insured banks that might find their capital impaired by a decline in the value of securities in their portfolio. I understand that the Corporation is prepared to implement, with appropriate safeguards, its contingency plans for dealing with insured banks that require a temporary infusion of supplemental capital for the above reason.

I think it evident from the far-flung scope of our contingency plans that we believe a default on debt obligations by New York City could produce serious strains in securities markets. For a time it could also adversely affect municipalities that need to issue new debt. The like is true of financial institutions that hold such securities in significant volume and also on individual investors who have part of their life savings at risk in these bonds. I still believe that the damage stemming from a prospective default by New York City is likely to be short-lived. Indeed, the possibility of such a default has already been discounted to an appreciable degree by the market. But I am also aware of the uncertainty that inherently attaches to a judgment on this score; and I recognize that a default, besides being a very serious matter for the City and State of New York, could have troublesome results for the Nation at large.

The very fact that this committee and other committees of the Congress are holding hearings on New York City's finances implies that concern is spreading that a New York default may injure the economic recovery now in process. I have said enough to indicate that I feel this possibility can no longer be dismissed lightly. That, however, does not ease the task that the Congress faces in dealing with the New York problem; for the precise issue is whether Federal financial assistance to New York may not cause national problems over the long run that outweigh any temporary national advantage.

As this matter is debated by the Congress, the adverse effects of a New York City default will undoubtedly receive full attention—as they indeed should. I would only urge that the longer-run risks also be considered thoroughly. A program of Federal assistance to the City may well lead to demands for similar assistance for other hard-pressed communities, even those whose distress was brought on by gross negligence or mismanagement. Substantial Federal credit—whether through insurance, guarantees, or direct loans—would compete directly with the already huge amounts of Federal financing needs. Most important of all, the provision of Federal credit for local government will necessarily inject a major Federal presence in local spending and taxing decisions.

It is highly important, therefore, to recognize that the issue of assistance to New York City goes to the very heart of our entire Federal system of separation of powers—a system that, despite enormous economic and social changes, still prevails in our country. □

Statement by J. Charles Partee, Managing Director for Research and Economic Policy, Board of Governors of the Federal Reserve System, before the Subcommittee on Commerce, Consumer, and Monetary Affairs, of the Committee on Government Operations, U.S. House of Representatives, October 8, 1975.

I am glad to appear before this committee today to describe briefly the program of analysis that has been carried on by the Federal Reserve staff in order to keep the Board informed of developments and implications of the New York City financial situation. A great deal of work of the kinds I will be describing has been done at the Federal Reserve Bank of New York as well as at the Board of Governors.

As the New York City financial crisis began to deepen this past spring, following shortly upon the temporary default by the Urban Development Corporation—a so-called "moral obligation" agency of New York State—it became clear to us that there might be four separate areas of possible involvement by the Federal Reserve System for which background analysis or contingency planning would be needed.

First, it seemed conceivable that the Federal Reserve would be approached by the City with an application for emergency credit assistance. Efforts were made, both at the Federal Reserve Bank of New York and at the Board, to assess the basic financial position of New York City, in order to be prepared for such an eventuality. Governor Mitchell has already testified before this committee, on June 25, as to the considerations the Board would have had to take into account if it were to consider the use of our existing authority in support of the City.

Our second concern was for the possible implications of a New York City default on the behavior of the financial markets and the performance of the economy generally. In this regard, I should point out that there is little historical precedent to go on in evaluating the probable repercussions of a failure of this magnitude, other than the events surrounding the Penn-Central bankruptcy in the spring of 1970. Nevertheless, we have been following developments in the municipal securities market and in State and local employment and spending trends with unusual care, and we have attempted at every opportunity to probe investor sentiment as to current and prospective New York City developments both in the United States and abroad. Until very recently, when New York State and various other governmental units have been caught up in widening investor concerns, the staff view generally has been that a New York City default would not be likely to have significant national repercussions, though its financial and economic effects in the New York area could, of course, be substantial.

Third, the Federal Reserve necessarily would be concerned with any failure of financial markets to function because of its role as the ultimate source of liquidity to the economy. In the event of a major default, financial flows could well become distorted for a time. Some commercial banks might suffer deposit outflows or have unusual needs for liquidity. Some municipalities might find it impossible to carry on planned financings in the market and could find themselves in a temporary liquidity squeeze. Similarly, participants in the municipal market—both investors and dealers—might be unable to liquidate positions as planned and could find themselves in necessitous need of temporary credit accommodation. Our contingency plans for use of the Federal Reserve Bank discount window—a source of temporary financing that could accommodate larger-than-ordinary flows of credit through the banking system—were therefore reviewed, updated, and adapted for possible use in the event of a municipal securities market collapse.

Fourth, the Federal Reserve System has a bank regulatory responsibility, especially with regard to the supervision of State-chartered member banks. Through the spring and summer the Federal Reserve Bank of New York kept itself informed as to the portfolio position in New York City issues of the City's major banks. Then in August, in order to spot where problems were most likely to develop, Federal Reserve examiners were asked to identify, from their worksheets, those State member banks throughout the country that held New York City, State, or State-agency securities that accounted for a sizable proportion of their capital accounts. Later that month we obtained current data from these banks as to their holdings of New York City issues. I am submitting separately, for the committee's use, a general summary of the results of these informal surveys.[1]

The Federal Reserve staff intends to keep fully abreast of the financial and economic ramifications of the New York City problem on a day-to-day basis. All that can be said with confidence at this point is that the potential repercussions will depend importantly on the precise character of developments in the market and in the City's situation as they take place. □

[1]Available upon request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Statement by Jeffrey M. Bucher, Member, Board of Governors of the Federal Reserve System, before the Subcommittee on Consumer Affairs of the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, October 9, 1975.

I am pleased to be here today to discuss the difficulties that the Board has encountered in implementing Section 167 of the Fair Credit Billing Act, which relates to the issue of discounts for payments in cash.

As you are aware, Section 167 provides that a discount of up to 5 per cent offered by a merchant to induce customers to pay in cash rather than by credit card does not constitute a finance charge under the Truth in Lending Act. Previously, the Truth in Lending Act required that any such discount be disclosed at the point of sale as a finance charge. Another provision of Section 167 prohibits card issuers from contractually preventing merchants from offering these discounts for cash.

Section 167 is based on the premise that cash customers are currently being forced to subsidize the costs of credit-card plans. Proponents of this provision argued that merchants have increased their prices for all buyers to compensate for the rate at which they discount their credit-card invoices to card issuers. The theory behind the section is that merchants should be able to offer a price differential to cash buyers that reflects the savings realized by not having to pay the card issuer a percentage of the sales price to service the credit transaction. While nothing in Section 167 requires merchants to offer a discount for cash, the section encourages them to do so by removing the legal and contractual barriers that have made it difficult in the past to offer a discount.

The difficulty the Board has encountered in connection with Section 167 has arisen over the interpretation that is to be given to the term "discount." On the one hand, it has been argued that the term envisions only those pricing systems under which a percentage of the tagged price is *deducted* to arrive at the cash price. For example, if the tagged price is $100, a merchant may offer a discount of 4 per cent and charge the cash purchaser $96. Under this interpretation, only *deductions* from a *tagged* price are exempted from the point-of-sale finance charge disclosure that is required by the Truth in Lending Act.

On the other hand, it has been argued that the term "discount" envisions any type of two-tier pricing system that *results* in a lower price to cash purchasers, regardless of the form of the pricing mechanism that results in the lower price. Under this view, the exemption from finance charge disclosure would extend to surcharge and two-tag pricing systems in addition to strict discount systems. A surcharge system is one in which the tagged price is the cash price and a premium or surcharge is added to the tagged price if the customer chooses to use a credit card. A two-tag system, as the name implies, is one in which all merchandise is tagged with two prices, one for cash and one for credit. The argument is that in each of these systems the cash customer pays less and is therefore receiving a discount.

Thus, in writing the regulations to implement Section 167, the Board was faced with a decision as to how broadly the section should be interpreted. Neither the Act nor its legislative history provides any clear indication of the congressional intent.

Relying upon a literal reading of the section, our proposed regulations interpreted the term "discount" in its narrowest sense and provided for different treatment of discounts and surcharges. The proposal provided that strict discounts of up to 5 per cent for cash payment did not have to be disclosed as a finance charge but that any surcharge on the use of a credit card did have to be disclosed.

Critics of this proposal argued that the Congress did not intend to exclude surcharges from the scope of Section 167. They pointed out that discounts and surcharges are mirror images of each other and there is no economic difference between them. Additionally, they argued that the goal of Section 167 was to eliminate the subsidy being paid by cash purchasers and that allowing merchants the flexibility of instituting whichever type of two-tier pricing system that best fits their merchandising methods would make it more likely that some form of discount would be offered to cash buyers.

Another criticism of the proposal was that the Congress, in passing Section 167, desired to eliminate what was considered to be an anti-competitive practice. Most card issuer-merchant contracts prohibit the merchant from passing on to cardholders the fee imposed on the merchant for servicing each credit sale, and the Senate report on S. 2101 indicates a concern that these restrictive clauses may violate the antitrust laws. The argument is that if a prohibition on the offering of a discount is anticompetitive, so is a prohibition on the imposition of a surcharge, and the Congress could not have intended to prohibit the use of one anticompetitive clause while allowing the continued use of the other.

Taking into account the information received on its initial proposal, the Board, on July 30, issued a revised proposed regulation providing that surcharges of up to 5 per cent on the use of credit cards should be accorded the same treatment with respect to finance charge disclosures as discounts.

The comments on this new proposal raised several important objections. First, it was argued that the Act does not authorize the Board to give this special treatment to surcharges inasmuch as the language of Section 167 speaks only in terms of "discount." In this connection, it was maintained that the Congress had carved out a narrow exception to the normal finance charge disclosures required by the Truth in Lending Act and that the Board would be overstepping its authority by extending that exception to surcharges.

Critics argued that a surcharge carries the connotation of a *penalty* on credit-card users while a discount is viewed as a *bonus* to cash customers. They contended that this difference in psychological impact makes it more likely that surcharge systems will discourage customers from using credit cards, with a resulting adverse effect on the economy.

Critics also felt that the allowance of surcharges would have the effect of harming credit-card purchasers without any corresponding benefit to cash purchasers. The argument is that notwithstanding the impact of competitive market influences surcharges will have an inflationary impact on prices and will not reflect the actual costs of credit because merchants will simply add on an extra charge to cardholders.

Critics of the proposal also suggested that the allowance of surcharges will make it more difficult to comparison shop because the unsophisticated consumer will be faced with many different prices and pricing systems from one store to the next. The fact that a 5 per cent surcharge on a \$100 item results in a credit price of \$105, while a 5 per cent discount on a \$105 item does not give a cash price of \$100 further complicates the consumer's choice.

Taking into account the balance of arguments cited above, the Board, in promulgating the final regulations, decided to exclude surcharges from the scope of the exemption from finance charge disclosure. In reaching its decision, the Board reasoned in part that since the Truth in Lending Act is a disclosure statute, any exceptions from its disclosure provisions should be read as narrowly as possible in the absence of any evidence of congressional intent to the contrary. Because the effect of Section 167 is to exempt certain costs from disclosure as finance charges, the regulations view the term "discount" in its narrowest sense and exclude surcharge pricing systems from their scope. At the same time, the Board sought the assistance of the Congress in order to obtain express legislative action to clarify the intended application of Section 167.

I would now like to discuss the problem concerning the interplay between Section 167 and State usury laws. As discussed earlier, discounts—however the term is interpreted—of up to 5 per cent to induce payment in cash do not constitute a finance charge for purposes of the Truth in Lending Act disclosure requirements. However, despite the fact that these discounts do not constitute a finance charge for truth in lending purposes, they may still constitute a finance charge, time price differential, or interest, under the usury laws of many States. Thus, as the law in many States now stands, if a seller gives a discount for cash, card issuers who are already charging interest at the State usury ceiling may be placed in violation of the usury laws. Compounding the problem is the fact that card issuers may not necessarily know whether a merchant is giving discounts and therefore may have no way of determining whether a specific transaction violates the law or not.

The Board has indications that there are a number of States for which discounts or surcharges under Section 167 will violate their usury laws. The possible violations of State usury laws threaten to frustrate the intent behind Section 167. Merchants probably will not offer discounts for cash, and where they do, it is likely to result in inadvertent violations of the usury laws by card issuers. It appears that some form of remedial legislation either at the State or Federal level is necessary to make Section 167 a viable provision.

This concludes my testimony on Section 167 of the Fair Credit Billing Act. Clearly, the section raises difficult problems and any guidance that the Congress can give the Board in resolving these problems will be welcomed. I appreciate the opportunity extended to me to appear before you today. □

Statement by Arthur F. Burns, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. House of Representatives, October 2, 1975.

I shall address myself to five questions that I think are of vital interest to you, Mr. Chairman, and to the members of your committee.

First, is the recovery of economic activity proceeding satisfactorily?

Second, what is the economic outlook for the year ahead?

Third, what developments may endanger the continuance of economic expansion over the coming year?

Fourth, how well is the Federal Reserve System supporting the aim of the Congress of promoting the recovery of production and jobs?

Finally, fifth, what governmental policies are most likely to return our national economy to a path of sustainable growth and prosperity?

Let me turn, if I may, to these questions, seriatim.

First, is the recovery of economic activity proceeding satisfactorily?

I would answer this question without hesitation in the affirmative. Retail sales have been rising quite briskly since the beginning of the year. Housing starts have moved up from their sharply depressed level of late 1974. Our exports have been well maintained, in spite of the sharp recession of economic activity in foreign countries. And with aggregate demand of the private economy again increasing, our gross national product in real terms rose modestly in the second quarter and quite rapidly during the quarter that has just come to a close.

Industrial production reached a trough this April. In August we had a sharp rise, the fourth successive monthly rise. In that month industrial production was reported by the Federal Reserve Board to have increased 1.3 per cent. I believe that that figure will eventually be revised upward. During the month of September, industrial production continued to rise, and another spirited increase will be reported in due course.

Since March of this year, total employment of men and women across the country has risen by 1.5 million. The unemployment rate has declined from 9.2 per cent earlier in the year to 8.4 per cent in August. My guess would be that the September figure will not be any higher. It may well be a little lower.

The length of the workweek has risen appreciably, particularly in manufacturing industries. Perhaps most important of all, the recovery has been broadening out; it has been diffusing itself over the economic system.

The Bureau of Labor Statistics, as you may know, reports on the employment of 172 individual nonfarm industries. In the month of February, the Bureau reported that only 17 per cent of these 172 industries experienced an increase in employment over the preceding month. That was the low point. Since then that percentage has risen month by month, and in August it reached a figure of 72 per cent. To me, this particular series on the diffusion of employment increases is the most telling evidence of what has been happening to our economy; namely, the recovery process has been broadening out across the economic system.

The gains in economic activity have been accompanied by an impressive strengthening of the dollar in foreign exchange markets. This improvement in the position of the dollar, which has also helped to restore our country's international prestige, reflects fundamentally the improvement in our foreign trade balance.

In the third quarter of last year our foreign trade registered a deficit at an annual rate of $9 billion. In the second quarter of this year our foreign trade registered a surplus of something over $13 billion, a remarkably large turnaround in a brief period.

I might add that the gains in economic activity that we have experienced this year have been accompanied by a decline in the rate of inflation. The best measure that we have of the rate of inflation is an index with a complicated name, that is, the fixed-weight gross private product price index. That index showed in the third quarter of last year an advance at an annual rate of 13.8 per cent. In the fourth quarter, the rate of inflation declined to 12.6 per cent, declining further to 7.7 per cent in the first quarter of this year and 5.5 per cent in the second quarter.

This is, all in all, a rather impressive record of recent economic performance.

Let me turn now to my second question, what is the economic outlook for the year ahead?

In my judgment, the economic expansion that is now under way is likely to continue and to gain strength. Inventory liquidation was a sharp drag on economic activity during the past year, but liquidation of inventories is now proceeding at a much diminished rate. Indeed, the process of rebuilding inventories has already begun in some trades, and this process, as it continues and broadens out, will provide considerable thrust to economic activity over the coming year.

Furthermore, early indicators of business capital spending suggest that a turnaround of business investment in fixed capital cannot be very far away.

During the past 6 months or so, contracts for commercial and industrial construction have stabilized. In the past few months new orders for business capital goods have risen. During the past few months, the rate of formation of new business firms, a very useful early indicator of business capital investment, has been moving up. Furthermore, the index of production of business equipment, which we compile at the Federal Reserve Board, turned up in August. This was the first rise after 10 consecutive months of decline.

Once expenditures on plant and equipment begin to contribute to economic recovery, as I believe they soon may, the economic expansion now under way will have a firmer and a more lasting foundation.

So far I have been on the cheerful side. But now I must turn to the third question; namely, what developments may endanger the continuance of economic expansion over the coming year?

I have just presented some telling evidence on the slowing in the rate of inflation through the second quarter of the year. But this merry tale has been interrupted by some disturbing price movements since the middle of the year, and I have called attention to this development in my prepared statement.

During the months of July and August, wholesale prices rose at an average annual rate of 12 per cent. The figures for September have just been released. They show another sizable advance although the figures are a little difficult to interpret. Laws of arithmetic these days appear to be no more stable than laws of economics. You will grasp the full import of this statement if you study the September numbers closely.

Consumer prices have also been advancing more rapidly, though some improvement was reported in August. We have had some special factors at work, particularly the Russian grain purchases and a further rise in energy prices. These developments undoubtedly contributed to the spurt in the price indices, but that is only part of the story. Price increases have also occurred in various industries where considerable slack exists, including, among others, automobiles, steel, aluminum, and industrial chemicals. And, as you know, OPEC has recently announced a 10 per cent increase in the price of imported oil; this is bound to lead to price increases over a wide range of domestic petroleum products in the months ahead.

These developments, if I may continue referring to my prepared statement, must be viewed with concern. It was uncontrolled inflation that brought on the severe economic decline we recently experienced, and we must recognize the threat to a sustained recovery that is involved in any new wave of inflation. Wider expectation and fears of inflation already are beginning to manifest themselves. Financial markets, specifically the behavior of interest rates and stock prices, have become very sensitive to any indication or suggestion of accelerating inflation.

History suggests that at this early stage of a business upturn, confidence in the economic future should be strengthening steadily. A revival of consumer and business confidence is indeed under way, but it is being hampered by concern that a fresh burst of double-digit inflation may develop and before long bring on another recession.

Besides the danger of renewed rapid inflation, some obstacles to the continuance of economic expansion may come from energy shortages. We have become, as a Nation, very large importers of oil and we are now dangerously exposed to high-handed, arbitrary actions by OPEC with respect to the price or availability of oil. In addition, if this coming winter proves severe, we could experience a troublesome shortage of natural gas in some parts of our country.

Finally, candor compels me to note that among the possible disturbances of our economy, the financial crisis of New York City must be noted. This crisis remains unresolved. Indeed, the finances of the State of New York are now intricately and perhaps inseparably intertwined with the finances of New York City. If this crisis is not resolved, it could injure the recovery process that is now under way in our national economy.

So much for my third question.

Now I turn to the fourth question that I stated at the outset. This question may be of special interest to this committee; namely, how well is the Federal Reserve System supporting the aim of the Congress to promote recovery of production and jobs? To put this question in more colloquial terms—terms that I occasionally hear but fortunately not often—is the Federal Reserve working at cross purposes with the Congress?

I have addressed that question quite thoroughly in my prepared statement. Let me read the relevant passages, and undoubtedly members of this committee may want to question me further on this issue.

As my prepared statement indicated, in setting monetary policy the Federal Reserve has been equally alert to the need to prevent the release of new inflationary forces and the need to provide the financial basis for economic recovery. In effect, we have sought a prudent middle ground. This is reflected in the monetary growth paths specified by the Federal Open Market Committee for the 12 months ending in the second quarter of 1976—that is, growth of 5 to 7½ per cent in M_1 (which includes currency plus demand deposits), 8½ to 10½ per cent in M_2 (which includes, besides M_1, consumer-type time and savings deposits at commercial banks), and 10 to 12 per cent in M_3 (which includes, besides M_2, deposits at thrift institutions).

These growth ranges are appropriate under current conditions when the economy is just beginning to emerge from recession and is still struggling with widespread unemployment of labor and industrial capital. However, by historical standards, these growth ranges are on the generous side, and our economy would have little or no chance of regaining general price stability if they were maintained indefinitely. Even so, the Federal Reserve System has been frequently urged to raise its present target rates for the money supply. We have resisted these suggestions because, in our judgment, such a policy would soon lead to accelerated inflation and thereby frustrate the process of economic recovery.

A similar judgment was reached last spring by the Senate Committee on Banking, Housing, and Urban Affairs in its report on the monetary policy oversight hearings. The committee expressed the belief "that pursuit of the monetary policy plans announced by the Federal Reserve Board will be helpful to the nation's economic recovery," and stated unequivocally its agreement that "if inflation is rekindled, any recovery will be shortlived and will end in another recession, one almost certain to be more virulent than the present one."

Late this spring growth of the various money supply measures spurted far above the longer-run target ranges as tax rebates and special social security payments disbursed by the Treasury were temporarily added to the public's holdings of currency, demand deposits, and savings accounts. Some transitory increase in monetary expansion was viewed as necessary by the Federal Reserve System, in view of the nature of the fiscal actions that had been voted by the Congress. The bulge in the monetary aggregates was expected to be largely self-correcting as recipients of the Treasury payments spent the proceeds or shifted them to more permanent savings forms.

In fact, the increase in the money supply during the months of May and June was considerably larger than we had anticipated, and threatened to raise the longer-term monetary growth rates to unacceptably high levels. The Federal Reserve therefore set forces in motion to ensure a return to the more moderate expansion path desired. These actions, along with exceptionally heavy Treasury borrowing and the early signs of economic recovery, served to raise short-term market rates of interest somewhat. This appeared to us to be unavoidable if monetary expansion over the longer run was to be held within appropriate bounds. Our policy moves and the subsequent moderation in monetary growth rates during the summer months—certainly helped to reassure the business and financial community that the Federal Reserve would continue to steer a course toward sustainable economic growth.

Let me say in conclusion that the Federal Reserve, as it must as a matter of law and ethics and good citizenship, is supporting fully the aims of the Congress to promote recovery of production and jobs.

I shall turn next to the final question that I listed at the beginning of this hearing, namely, what policies are most likely to return our national economy to a path of sustainable growth and prosperity?

Let us consider, first of all, the subject that is of primary concern to your committee now that you face the awesome task of acting on the second concurrent resolution.

I have, I am bound to say, grave doubts about the wisdom of resorting at this time to additional fiscal stimuli. Our Nation already faces an enormous deficit this fiscal year. In fact, if the books were kept properly, and I do not think they are, the deficit would approach $90 billion, perhaps even exceed $90 billion.

Borrowing by the Treasury is proceeding week by week on a heavy scale, and this borrowing is already exerting upward pressure on interest rates. A larger deficit would undoubtedly intensify such pressure.

Now I am well aware of the fact that the Federal Reserve System has been widely criticized for the recent rise in market interest rates. The one interest rate over which the Federal Reserve System has a strong influence is the Federal funds rate, which is essentially an interbank lending rate. But that interest rate, after rising between June and July, has been quite stable between July and the present time—that is, through September and early October. What has happened to other open market interest rates, particularly Treasury borrowing rates, during this period? The Treasury bill rate between July and September rose by 29 basis points. The 3-month commercial paper rate rose by 47 basis points. Two-year Treasury notes, which have been threatening disintermediation, rose between July and September by 60 basis points. All this happened while the one interest rate over which the Federal Reserve has strong control, the Federal funds rate, remained substantially stable.

These facts have to be recognized. I do not see how there can be any doubt that further additions to the enormous Federal deficit we already have will exercise additional and direct upward pressure on market interest rates. This is only part of the full story.

In addition, any increased deficit would exercise significant, indirect pressure on market interest rates by strengthening or rekindling inflationary expectations.

We might as well recognize the fact that when lenders expect the price level to rise, they tend to hold out for higher interest rates. Borrowers at such a time are willing to pay higher interest rates, since by and large they expect to be able to discharge their indebtedness with cheaper dollars.

Now let me say a few words about monetary expansion. I also have grave doubts about the wisdom of more rapid monetary expansion. The growth path that the Federal Reserve is pursuing is, in my judgment and that of my colleagues in the Federal Reserve System, entirely sufficient to finance a vigorous economic recovery.

I know full well that many economists whom I respect disagree with this judgment. The main reason they disagree, I think, is that they concentrate on the stock of money in existence, and rather ignore the turnover—that is, the velocity or the rate of use—of money.

It is a historical fact, and one well known to a small group of business cycle experts—I say small group because the number of business cycle experts is so small—that the truly dynamic factor in the business cycle is not the stock of money at all, but the turnover of money. It is not so much the money supply that matters in the short run, but the velocity of money.

The velocity of money or its turnover depends on the willingness to use the existing stock of money. The willingness to use money means simply the willingness to spend money, and the willingness to spend money depends on the state of confidence.

If the Federal Reserve System were to speed up the growth of the money supply beyond its present moderate rate, a rate that is quite sufficient to finance a good recovery, the business and financial community, which has become highly sensitive to this factor of finance, would very promptly conclude that the Federal Reserve has joined the inflationists, and that a new, huge rate of inflation is being released on our country once again.

If we pursued such a policy, then long-term interest rates, instead of declining, would actually rise, reflecting higher inflationary expectations. Such a rise could be quite sizable, and it could injure recovery in homebuilding, in public utility construction, and in other branches of investment spending.

Let me add a word about how the consumer might behave in such an environment. By now there is compelling evidence in practically every industrial economy, evidence that is not yet well understood, that when the inflation rate becomes moderately high, people tend to hesitate to spend their money. The personal saving rate, instead of declining, tends to rise, indeed to rise rather sharply. This is a subject that may be of some interest to this committee; and if you would like to have me elaborate on this aspect of your problem and my problem and the Nation's problem, I will be very pleased to cite the detailed evidence.

All this has implications that we must recognize. You might consider this economics turned upside down, but we have to do fresh thinking in light of new evidence, and as we find that old policies are not working the way we thought they would.

For a long period conventional policies of economic stabilization worked well in our country, and they worked well in other countries. Why? Because during periods of economic slack, we also had stable or declining prices. That was a world in which Keynesian policies could flourish and bring about expected results, and by and large they did just that. I favored them from the beginning, as early as 1930 before Keynes' theories were known, but we now have a different world. It is a non-Keynesian world. We have unemployment but we no longer have stable prices. We have a price level that is rising at a disconcerting rate, and in such a world Keynesian policies no longer work very well.

Therefore, when you men in the Congress and my fellow economists talk about releasing forces that may increase employment and reduce the very troublesome unemployment that we have, and when it is argued that lower taxes and more governmental spending and easier credit will tend to produce such a result, I can only say to you that what was good policy at an earlier time when we had substantial unemployment is unlikely to be good policy at a time like this when we have not only unemployment but also a price level that is rising at a disconcerting pace.

The question then is: What are we to do?

One alternative would be to let things alone, trust the economic process that is now under way, and trust the economic recovery that is gathering momentum to do the basic job for us.

I for one would not follow that route, because I am deeply concerned, as I believe all of you are, about the high level of unemployment. I would like to hasten the process of bringing it down, but I no longer look to special fiscal or monetary stimuli to accomplish this. I rather look in the direction of structural policies.

I gave a talk on that subject at the University of Georgia on September 19. This talk, I am glad to say, has been placed in the *Congressional Record*. Some of you may have had an opportunity to read it, and if you have not, I very much hope that you will. I say this not because I am convinced that what I have had to say is wise or right. My main hope is that what I had to say may contribute to the process of rethinking our economic policies. If the proposals that I have made do not appeal to you, and I would not be surprised if that were the case, there are hundreds if not thousands of men in this country who should be able to come forward with better and wiser proposals.

What I sought to do, beyond stating my own beliefs in that speech, was to direct the attention of legislators and my fellow economists toward structural policies. This branch of economic policy has been rather neglected in recent years. If my ideas are unacceptable, then let us produce better ideas, and get on with the job.

That concludes my statement, Mr. Chairman. I want to thank you for your patience.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON AUGUST 19, 1975

1. Domestic Policy Directive

The information reviewed at this meeting suggested that output of goods and services—after having fallen sharply for two quarters—had bottomed out in the second quarter of 1975 and was likely to increase appreciably in the current quarter. Staff projections suggested that expansion in output would remain strong in the fourth quarter. It was expected that the rate of increase in prices—which had moderated earlier this year—would be somewhat more rapid in the third and fourth quarters.

In July retail sales continued to expand at a vigorous pace, in real as well as in dollar-value terms. Industrial production—which had turned up in June after 8 months of decline—rose moderately further, reflecting in large part gains in output of consumer goods. The average workweek of production workers in manufacturing industries increased considerably, and employment in nonfarm establishments also rose. Although the civilian labor force increased, after having contracted in June, the unemployment rate declined further, from 8.6 to 8.4 per cent.

The advance in the index of average hourly earnings for private nonfarm production workers, which had continued to moderate in the second quarter of the year, was relatively slow in July. The wholesale price index rose sharply, in large part because of substantial increases in prices of grains, hogs, meats, and some other foods and foodstuffs; among industrial commodities, prices of fuels and related products and power rose significantly. In June the rise in the consumer price index had accelerated again, reflecting mainly increases in retail prices of foods and fuels.

Staff projections for the second half of 1975, compared with those of 5 weeks earlier, suggested a larger rise in prices and a more vigorous recovery in output. The faster rate of expansion in real GNP reflected for the most part a more marked slowing in business inventory liquidation from the sharp rate of liquidation in the second quarter. Business fixed investment outlays now were projected to strengthen late in the year. As before, it was anticipated that real consumption expenditures would increase at a rapid pace and that residential construction also would expand but that exports would rise less than imports.

The average exchange value of the dollar against leading foreign currencies—which had begun to appreciate in late June—rose considerably further between mid-July and mid-August, reflecting a continued rise in short-term interest rates on dollar assets relative to comparable rates on assets denominated in other currencies. Moreover, a large increase in the U.S. foreign trade surplus was reported for June—when exports increased sharply while imports declined slightly further—and the surplus for the second quarter as a whole was substantially greater than for the first quarter.

Total loans and investments at U.S. commercial banks expanded moderately in July. On a seasonally adjusted basis, outstanding loans to businesses changed little, and the outstanding volume of commercial paper issued by nonfinancial businesses rose somewhat, following several months of decline. Banks continued to add to their holdings of U.S. Government securities but not at so rapid a pace as in earlier months of this year. Most major banks raised the prime rate from 7 to 7¾ per cent, owing in part to recent increases in short-term market interest rates.

M_1 increased relatively little in July, after having grown extremely rapidly in May and June in association with disbursement of Federal income tax rebates and of supplementary social security payments. Inflows of consumer-type time and savings deposits to banks and to nonbank thrift institutions—which also had been augmented by the special Treasury payments—slowed in July, but they were still fairly large; growth in M_2 and M_3, although substantially below the pace in the preceding 2 months, was moderate.

System open market operations since the July 15 meeting had been guided by the Committee's decision to maintain about the prevailing bank reserve and money market conditions, provided that growth in monetary aggregates appeared to be slowing substantially from the bulge during the second quarter. Data that had become available immediately after the July meeting suggested that in the July–August period the aggregates would grow at rates above the upper limits of the ranges of tolerance that had been specified by the Committee. Accordingly, System operations had been directed toward a slight firming in bank reserve and money market conditions, and the Federal funds rate had risen to the vicinity of 6⅛ to 6¼ per cent in the latter part of July from about 6 per cent at the time of the July meeting. Later data suggested that growth in the aggregates would be within the specified ranges, and System operations were directed toward maintaining steady conditions.

On July 23 the Treasury announced that it would auction up to $5.8 billion of notes and bonds, of which $4.8 billion represented refunding of publicly held notes that were to mature on August 15. In auctions on July 29, 30, and 31, respectively, the Treasury sold $3 billion of 2¾ year notes at an average price to yield 7.94 per cent, $2 billion of 7 year notes at an average price to yield 8.14 per cent, and $800 million of 25 year bonds at an average price to yield 8.44 per cent. On August 6 the Treasury announced that over the following 2 weeks it would sell 2 year and 4 year notes and additional amounts of bills to raise $6 billion in new cash.

Market interest rates in general had risen appreciably further since the July meeting of the Committee, in response to indications of the strengthening in economic activity, to the pick up in the rate of increase in prices, to the large current and prospective financing requirements of the Treasury, and to the firming in money market conditions. In the short-term market, rates on Treasury securities had risen somewhat more than those on private instruments. On the day before this meeting, the rate on 3 month Treasury bills was 6.42 per cent, up about 40 basis points from the rate at the time of the July meeting.

In markets for longer term securities, upward pressures were also greater for Government than for private securities, reflecting the heavy offerings of Treasury coupon issues. Conditions in the market for State and local government securities were adversely affected by the uncertainties stemming from the financing problems of New York City. Offerings of such securities were large in July, but a decline was in prospect for August. On the other hand, upward pressures on corporate bond yields were dampened by cancellation or postponement of some new issues that had been scheduled for marketing in August. The volume of public offerings of corporate bonds fell in July from the record high of June, and a further decline was in prospect for August.

A staff analysis suggested that growth in monetary aggregates would pick up moderately in the August–September period from the reduced rate in July, in part because of the gathering strength in economic activity. It was further suggested that if nominal GNP were to expand over the second half of the year at about the rates now projected, the demand for money would strengthen considerably.

At its previous meeting, the Committee had agreed that growth in the monetary and credit aggregates on the average over the period from the second quarter of 1975 to the second quarter of 1976 at rates within the following ranges appeared to be consistent with its broad economic aims: M_1, 5 to 7½ per cent; M_2, 8½ to 10½ per cent; M_3, 10 to 12 per cent; and the bank credit proxy, 6½ to 9½ per cent. It was understood that the ranges, as well as the particular list of aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings. It also was understood that from month to month short-run factors might cause the rates of growth of the various aggregates to fall outside the ranges contemplated for annual periods.

In the course of the Committee's discussion of current policy at this meeting, it was noted that the economic recovery appeared to have gained strength over the past month—suggesting that expansion in activity would be relatively vigorous over the second half of the year—and that inflationary expectations had increased. It was also suggested, however, that financial markets had overreacted to the minor tightening in bank reserve and money market conditions that had occurred over the past 2 months; that financial markets in general were unsettled, in part because of the financial problems of New York City and the possible repercussions of those problems; and that interest rates were high for this stage of the business cycle. In the circumstances, most members advocated maintenance of about the prevailing bank reserve and money market conditions in the period immediately ahead, provided that the monetary aggregates appeared to be growing in the August–September period at about the moderate rates expected. However, some members advocated a slight further firming in bank reserve and money market conditions in order to restrain monetary expansion later on.

The Committee decided to seek bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the months ahead, while taking account of developments in domestic and international financial markets. Specifically, the members agreed that growth in M_1 and M_2 over the August September period at annual rates within ranges of tolerance of 4½ to 7 per cent and 8¼ to 10¾ per cent, respectively, would be acceptable. Such growth rates were thought likely to involve an annual rate of change in reserves available to support private nonbank deposits (RPD's) within a range of 1½ to 4 per cent.

The members agreed that in the period until the next meeting the weekly average for the Federal funds rate might be expected to vary in an orderly fashion within a range of 5¾ to 7 per cent, although it was understood that operations would not be directed toward establishing reserve conditions consistent with a movement in the rate above or below the current 6⅛ to 6¼ per cent area unless it appeared that in the August September period growth in the monetary aggregates would be substantially stronger or weaker than now expected. It was also understood that the Chairman might call upon the Committee to consider the need for supplementary instructions before the next scheduled meeting if significant inconsistencies appeared to be developing among the Committee's various objectives and constraints.

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

> The information reviewed at this meeting suggests that output of goods and services bottomed out in the second quarter and is likely to increase appreciably in the current quarter. In July retail sales expanded further and industrial production rose moderately for the second consecutive month, following 8 months of decline. Conditions in labor markets improved further; employment increased, the unemployment rate declined from 8.6 to 8.4 per cent, and the average workweek in manufacturing lengthened considerably. Average wholesale prices rose sharply in July, chiefly because of increases in prices of agricultural and energy products. The advance in average wage rates has continued to moderate over recent months.

In recent weeks the average exchange value of the dollar against leading foreign currencies has risen considerably further, reflecting additional increases in interest rates on U.S. dollar assets relative to rates on foreign currency assets. In June the U.S. foreign trade surplus rose substantially, as exports increased sharply while imports declined slightly further.

In July M_1 increased relatively little and growth in M_2 and M_3 slowed substantially, following a sharp increase in depositors' balances in May and June in connection with Federal income tax rebates and supplementary social security payments. Market interest rates in general have risen appreciably further in recent weeks, in association with indications of strengthening economic activity, more rapid inflation, and larger current and prospective Treasury financing requirements. Corporate bond offerings moderated somewhat in July but State and local government offerings continued large. Financial markets reflected considerable uncertainty stemming from New York City's financing problems. Business demands for short-term credit remained weak, although less so than in earlier months.

In light of the foregoing developments it is the policy of the Federal Open Market Committee to foster financial conditions conducive to stimulating economic recovery, while resisting inflationary pressures and contributing to a sustainable pattern of international transactions.

To implement this policy, while taking account of developments in domestic and international financial markets, the Committee seeks to achieve bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the months ahead.

Votes for this action: Messrs. Burns, Volcker, Baughman, Bucher, Coldwell, Eastburn, Holland, Jackson, MacLaury, Mayo, Mitchell, and Wallich. Votes against this action: None.

Subsequent to the meeting, on September 5, the available data suggested that in the August-September period M_1 would grow at a rate in the lower part of the range of tolerance that had been specified by the Committee and that M_2 would grow at a rate just below the lower limit of its range. In view of the likelihood of substantial strengthening in demands for money and credit over coming months, it appeared that a decline in the Federal funds rate at this time might have to be reversed shortly—a sequence that could seriously compound uncertainties in financial markets. Therefore, Chairman Burns recommended that until the next meeting of the Committee the Manager be instructed to continue to maintain reserve conditions consistent with a Federal funds rate in the 6⅛ to 6¼ per cent area, while leaning toward the lower figure. Available members of the Committee concurred in the Chairman's recommendation.

2. Authorization for Domestic Open Market Operations

On August 6, 1975, Committee members had voted to increase from $2 billion to $3 billion the limit on System holdings of special short-term certificates of indebtedness purchased directly from the Treasury, specified in paragraph 2 of the authorization for domestic open market operations, effective immediately, for the period until the close of business on August 19, 1975.

> *Votes for this action:* Messrs. Burns, Bucher, Coldwell, Eastburn, Mitchell, Volcker, Wallich, Balles, and Francis. *Votes against this action:* None.
>
> *Absent and not voting:* Messrs. Baughman, Holland, Jackson, MacLaury, and Mayo. (Messrs. Balles and Francis voted as alternates for Messrs. MacLaury and Baughman, respectively.)

This action, which was ratified at today's meeting, was taken on the recommendation of the System Account Manager. At the time of the recommendation, Treasury balances at Federal Reserve Banks were in overdraft in the amount of $651 million. Overdrafts were expected to continue until August 18 or 19, and it appeared possible that Treasury cash borrowing from the System substantially in excess of the $2 billion limit would be required.

3. Authorization for Foreign Currency Operations

The Committee approved an increase from $180 million to $360 million in the System's swap arrangement with the Bank of Mexico and the corresponding amendment to paragraph 2 of the authorization for foreign currency operations, effective after review and approval by Chairman Burns following resolution of certain technical matters. The Chairman approved the increase on August 29, 1975. With this change, paragraph 2 of the authorization read as follows:

The Federal Open Market Committee directs the Federal Reserve Bank of New York to maintain reciprocal currency arrangements ("swap" arrangements) for the System Open Market Account for periods up to a maximum of 12 months with the following foreign banks, which are among those designated by the Board of Governors of the Federal Reserve System under Section 214.5 of Regulation N, Relations with Foreign Banks and Bankers, and with the approval of the Committee to renew such arrangements on maturity:

Foreign bank	Amount of arrangement (millions of dollars equivalent)
Austrian National Bank	250
National Bank of Belgium	1,000
Bank of Canada	2,000
National Bank of Denmark	250
Bank of England	3,000
Bank of France	2,000
German Federal Bank	2,000
Bank of Italy	3,000
Bank of Japan	2,000
Bank of Mexico	360
Netherlands Bank	500
Bank of Norway	250
Bank of Sweden	300
Swiss National Bank	1,400
Bank for International Settlements:	
Dollars against Swiss francs	600
Dollars against authorized European currencies other than Swiss francs	1,250

Votes for this action: Messrs. Burns, Volcker, Baughman, Bucher, Coldwell, Eastburn, Holland, Jackson, MacLaury, Mayo, Mitchell, and Wallich. Votes against this action: None.

This action was taken in order to expand the facilities available for coping with the possible temporary pressures on the peso.

* * * * *

Records of policy actions taken by the Federal Open Market Committee at each meeting, in the form in which they will appear in the Board's *Annual Report*, are released about 45 days after the meeting and are subsequently published in the BULLETIN.

Law Department

Statutes, regulations, interpretations, and decisions

SECURITIES CREDIT TRANSACTIONS

The Board of Governors has amended its Regulations G, T, and U to reinstate the same-day substitution level at 30 per cent on November 3, 1975.

AMENDMENTS TO REGULATIONS G, T, AND U

Effective September 30, 1975 the Supplements to Regulations G, T, and U are amended to read as set forth below:

SECURITIES CREDIT BY PERSONS OTHER THAN BANKS, BROKERS, OR DEALERS

SECTION 207.5—SUPPLEMENT

* * * * *

(f) **Minimum equity ratio.** The minimum equity ratio of a credit subject to § 207.1 is 30 per cent. For the period November 5, 1974, through November 2, 1975, all same day substitutions of collateral permitted by section 207.1(j)(2) for credits in which the equity ratio equals or exceeds the minimum equity ratio shall also be permitted for all credits in which the equity ratio is less than the minimum equity ratio.

CREDIT BY BROKERS AND DEALERS

SECTION 220.8—SUPPLEMENT

* * * * *

(g) **Account subject to section 8(g).** For the purposes of the computation described in § 220.3(b)(1)(ii),

(1) The maximum loan value of a registered non-equity security held in the account on March 11, 1968, and continuously thereafter, and of a margin equity security shall be 70 per cent of the current market value of such security, and the maximum loan value of an exempted security held in the account on March 11, 1968, and continuously thereafter shall be the maximum loan value of the security as determined by the creditor in good faith.

(2) The amount to be included in the adjusted debit balance of the account pursuant to § 220.3(d)(3) as margin required for short sales of securities (other than exempted securities) shall be 30 per cent of the current market value of each security.

(3) For the period November 5, 1974, through November 2, 1975, all transactions permitted by §§ 220.3(b)(1) and 220.3(p) for accounts not subject to section 8(g) shall also be permitted in accounts subject to section 8(g).

CREDIT BY BANKS FOR THE PURPOSE OF PURCHASING OR CARRYING MARGIN STOCK

SECTION 221.4—SUPPLEMENT

* * * * *

(f) **Minimum equity ratio.** The minimum equity ratio of a credit subject to § 221.1 is 30 per cent. For the period November 5, 1974, through November 2, 1975, all same day transactions permitted by 221.1(c) for credits in which the equity ratio is equal to or exceeds the minimum equity ratio shall also be permitted for those credits in which the equity ratio is less than the minimum equity ratio.

TRUTH IN LENDING

The Board of Governors has amended its Regulation Z to implement Titles III and IV of P. L. 93-495 relating to fair credit billing and description of transactions.

AMENDMENTS TO REGULATION Z

Effective October 28, 1975, Regulation Z is amended as follows:

1. To implement section 102, § 226.1(a) is amended as follows:

a. Section 226.1(a)(1) is revised as set forth below.

b. Section 226.1(a)(2) is amended by inserting the following sentence immediately before the last sentence to read as set forth below.

SECTION 226.1
AUTHORITY, SCOPE, PURPOSE, etc.

(a) **Authority, scope, and purpose.** (1) This Part comprises the regulations issued by the Board of Governors of the Federal Reserve System pursuant to Title I (Truth in Lending Act) and Title V (General Provisions) of the Consumer Credit Protection Act, as amended (15 U.S.C. § 1601 et seq.). Except as otherwise provided herein, this Part, within the context of its related provisions, applies to all persons who are creditors, as defined in paragraph (s) of § 226.2.

(2) * * * In addition, this Part is designed to assist the customer to resolve credit billing disputes in a fair and timely manner, to regulate certain billing and credit card practices, and to strengthen the legal rights of consumers.* * *

2. Certain paragraphs of sections 226.2 and 226.13 are redesignated as shown below.

OLD SECTION NO.	NEW SECTION NO.
226.13(a)(1)	226.2(a)
226.13(a)(2)	226.2(c)
226.13(a)(3)	226.2(*l*)
226.13(a)(4)	226.2(m)
226.13(a)(6)	226.2(r)
226.13(a)(7)	226.2(ii)
226.2(a)	226.2(b)
226.2(b)	226.2(d)
226.2(c)	226.2(e)
226.2(d)	226.2(f)
226.2(e)	226.2(g)
226.2(f)	226.2(h)
226.2(g)	226.2(i)
226.2(h)	226.2(k)
226.2(i)	226.2(n)
226.2(j)	226.2(o)
226.2(k)	226.2(p)
226.2(*l*)	226.2(q)
226.2(m)	226.2(s)
226.2(n)	226.2(t)
226.2(o)	226.2(u)
226.2(p)	226.2(v)
226.2(q)	226.2(w)
226.2(r)	226.2(x)
226.2(s)	226.2(y)
226.2(t)	226.2(z)
226.2(u)	226.2(aa)
226.2(v)	226.2(bb)
226.2(w)	226.2(dd)
226.2(x)	226.2(ee)
226.2(y)	226.2(ff)
226.2(z)	226.2(gg)
226.2(aa)	226.2(hh)
226.2(bb)	226.2(jj)
226.2(cc)	226.2(kk)
226.2(dd)	226.2(*ll*)

3. To implement sections 103 and 161, in § 226.2, redesignated paragraphs (h), (p), (q), (s), (u), and (x) are revised and new paragraphs (j) and (cc) are added as set forth below:

SECTION 226.2
DEFINITIONS AND RULES OF CONSTRUCTION

* * * * *

(h) "Arrange for the extension of credit" means to provide or offer to provide consumer credit which is or will be extended by another person under a business or other relationship pursuant to which the person arranging such credit.

(1) Receives or will receive a fee, compensation, or other consideration for such service, or

(2) Has knowledge of the credit terms and participates in the preparation of the contract documents required in connection with the extension of credit.

It does not include honoring a credit card or similar device where no finance charge is imposed at the time of that transaction.

* * * * *

(j) "*Billing error*" *means:*

(1) A reflection on or with a periodic statement of an extension of credit which (i) was not made to the customer, or (ii) was made to a person who did not have actual, implied, or apparent authority of the customer to use the account and from which use the customer received no benefit, or (iii) if made, was misidentified, insufficiently identified, or was not in the amount indicated or on the date specified on or with the periodic statement, or

(2) A reflection on a periodic statement of an extension of credit or indebtedness for which the customer requests explanation or clarification, including requests for copies of documentary evidence of the indebtedness reflected thereon, or

(3) A reflection on a periodic statement of an extension of credit for property or services not accepted by the customer or his designee, or not delivered to the customer or his designee in ac

cordance with any agreement made in connection with the transaction,[1] or

(4) Any failure to properly reflect on a periodic statement, a payment or other credit to the customer's account, or

(5) A computational error or similar error of an accounting nature made by the creditor on a periodic statement, including errors in computing finance charges, late payment charges, or other charges, or

(6) A failure to mail or deliver a customer's periodic statement to his current designated address, if the creditor has received notification of any change of address at least 10 days prior to the closing date of the billing cycle for which the periodic statement was incorrectly mailed or delivered.

* * * * *

(p) "Consumer credit" means credit offered or extended to a natural person, in which the money, property, or service which is the subject of the transaction is primarily for personal, family, household, or agricultural purposes. "Consumer loan" is one type of "consumer credit."

(q) "Credit" means the right granted by a creditor to a customer to defer payment of debt, incur debt and defer its payment, or purchase property or services and defer payment therefor. (See also paragraph (jj) of this section.)

* * * * *

(s) "Creditor" means a person who in the ordinary course of business regularly extends or arranges for the extension of consumer credit, or offers to extend or arrange for the extension of such credit, which is payable by agreement in more than four instalments, or for which the payment of a finance charge is or may be required, whether in connection with loans, sales of property or services, or otherwise. For purposes of the requirements of §§ 226.7(a)(6), (7), (8), and (9); 226.7(b)(1)(i), (ii), (iii), (ix), and (x); 226.7(b)(2); 226.7(c), (d), (f), (g), (h), and (i); 226.13; and 226.14, the term "creditor" shall also include card issuers, whether or not the payment of a finance charge is or may be required. For purposes of the requirements of §§ 226.4(i) and 226.13(k) the term "creditor" shall include any person who honors a credit card.

* * * * *

(u) "Customer" means (1) a cardholder or (2) a natural person to whom consumer credit is offered or to whom it is or will be extended, and includes a comaker, endorser, guarantor, or surety for such natural person who is or may be obligated to repay the extension of consumer credit.

* * * * *

(x) "Open end credit" means consumer credit extended on an account pursuant to a plan under which (1) the creditor may permit the customer to make purchases or obtain loans, from time to time, directly from the creditor or indirectly by use of a credit card, check, or other device, as the plan may provide; (2) the customer has the privilege of paying the balance in full or in instalments; and (3) a finance charge may be computed by the creditor from time to time on an outstanding unpaid balance. For purposes of the requirements of §§ 226.7(a)(6), (7), (8), and (9); 226.7(b)(1)(i), (ii), (iii), (ix), and (x); 226.7(b)(2); 226.7(c), (d), (f), (g), (h), and (i); 226.13(i), (j), and (k); and 226.14, the term includes consumer credit extended on an account by use of a credit card, whether or not a finance charge may be imposed. The term does not include negotiated advances under an open end real estate mortgage or a letter of credit.

* * * * *

(ee) "Proper written notification of a billing error" is any written notification (other than notice on a payment medium or other material accompanying the periodic statement if the creditor so stipulates in the disclosure required by § 226.7(a)(9), (d), and (i)) received at the address disclosed under § 226.7(b)(1)(x) within 60 days of the first mailing or delivering to the customer's current designated address (as required in § 226.7(b)) of the periodic statement on which the disputed item(s) or amount(s) is reflected in which the customer

(1) Sets forth or otherwise enables the creditor to identify the name and account number (if any) of the customer,

(2) Indicates the customer's belief that the periodic statement contains a billing error and the suspected amount of such error, and

(3) Sets forth the reasons for such belief, to the extent applicable or known by the customer.

[1] The delivery of property or services different from that described in any agreement, the delivery of the wrong quantity, late delivery, or delivery to the wrong location shall be considered to be a billing error subject to this paragraph, but any dispute with respect to the quality of property in the physical possession of the customer or services performed for the customer shall not be considered to be a billing error under this paragraph.

* * * * *

4. Footnote in section 226.3 is redesignated as follows:

SECTION 226.3
EXEMPTED TRANSACTIONS

Footnote 1 is redesignated 1a, footnote 1a is redesignated 1b, and new footnote 1 is added as set forth in § 226.2(j)(3) *supra*.

5. To implement section 167, § 226.4(i) is added as follows:

SECTION 226.4
DETERMINATION OF FINANCE CHARGE

* * * * *

(i) **Discounts for payments in cash.** (1) Notwithstanding any other provision of this section, a discount which a creditor offers, allows, or otherwise makes available for the purpose of inducing payment for a purchase by cash, check, or similar means rather than by use of an open end credit card account, whether or not a credit card is physically used, is not a finance charge. Provided that:

(i) Such discount does not exceed five per cent when computed or expressed as a percentage of the tag, posted, or advertised price of the property or services which are the subject of the transaction,

(ii) Such discount is available to all prospective buyers, whether or not they are card holders, and such fact is clearly and conspicuously disclosed by a sign or display posted at or near each public entrance to the seller's place of business wherein such discount is offered, and at all locations within the place of business where a purchase may be paid for, and

(iii) If an offer of property or services is advertised in any medium or if offers are invited or accepted through the mail, over the telephone, or by means other than personal contact between the customer and the creditor offering such a discount, and if customers are allowed to pay by use of a credit card or its underlying account and such fact is disclosed in the advertisement, telephone contact, or in other correspondence, the availability of a discount for payments in cash must be clearly and conspicuously disclosed in any advertisement for such offerings and, in any case, before the transaction has been completed by use of the credit card or its underlying account.

(2) With respect to any such discount for cash which is greater than five per cent, the total amount of such discount shall constitute a finance charge under § 226.4(a) to be disclosed in accordance with § 226.7(e).

(3) The availability of any discount may be limited by the creditor offering such discount to certain types of property or services or to certain outlets maintained by that creditor provided that such limitations are clearly and conspicuously disclosed.

(4) Notwithstanding anything contained in the foregoing paragraph to the contrary, any amount added to the tag, posted, or advertised price of property or services offered by a creditor which is imposed by such creditor as a condition or consequence of the use of the credit card with respect to a transaction involving such property and services, shall be a finance charge subject to the requirements of this section and § 226.7(e).

6. To implement section 171(a) and to provide a transition period to obtain new forms, section 226.6 is amended as follows:

SECTION 226.6
GENERAL DISCLOSURE REQUIREMENTS

* * * * *

(b) **Inconsistent State requirements.** (1) With respect to the requirements of this Part, State law is inconsistent with the requirements of the Act and this Part, within the meaning of section 111(a) of the Act to the extent that it:

(i) Requires a creditor to make disclosures or take actions different from the requirements of this Part with respect to form, content, terminology, or time of delivery;

(ii) Requires disclosure of the amount of the finance charge determined in any manner other than that prescribed in § 226.4; or

(iii) Requires disclosure of the annual percentage rate of the finance charge determined in any manner other than that prescribed in § 226.5.

(2)(i) A State law with respect to credit billing practices which is similar in nature, purpose, scope, intent, effect, or requisites of the provisions of §§ 161 or 162, or both, of the Act is inconsistent with the Act and this Part within the meaning of § 171(a) of the Act, and is preempted, if it provides procedures or imposes rights or responsibilities upon either customers or creditors which are different from those required by §§ 161 or 162, or both, of the Act and their implementing provisions in this Part; except that, any such State law which allows a customer to make inquiry concerning an open end credit account and imposes upon the creditor an obligation to respond to such an inquiry after the time allowed in this Part for the customer to submit a proper written notification of a billing error shall not be preempted as to any situation in which the time period for making a proper written notification of a billing error as provided in this Part has expired.

(ii) A State law which is similar in nature, purpose, scope, intent, effect, or requisites of a section of Chapter 4 of the Act other than §§ 161 or 162 is not inconsistent with the Act or this Part within the meaning of § 171(a) of the Act if the creditor can comply with the State law without violating this Part. If the creditor cannot comply with a State law without violating a provision of this Part which implements a section of Chapter 4 of the Act other than § § 161 or 162, such State law is inconsistent with the requirements of the Act and this Part within the meaning of § 171(a) of the Act and is preempted.

(iii) A State law which requires disclosure or notification to customers of provisions of State law which are inconsistent with Chapter 4 of the Act and its implementing provisions in this Part within the meaning of § 171(a) of the Act is inconsistent with the Act and this Part within the meaning of §§ 111(a) and 171(a) of the Act, and the creditor shall not make such a disclosure or provide such a notice. When a creditor gives written notice to a customer of the customer's rights under any provision of State law which would permit a customer to inquire concerning an open end credit account after the time period allowed in this Part for submission of a proper written notification of a billing error has expired, the creditor shall clearly and conspicuously set forth in the notice that reliance upon the longer time period available under State law may result in the customer losing important rights which could be preserved by acting more promptly under Federal law and that the State law provisions only become operative upon the expiration of the time period provided by this Part for submitting a proper written notification of a billing error. If such a disclosure is made on the same side of a sheet of paper as the disclosures required by §§ 226.7(a) (d), and (i) of this Part, such State disclosures shall appear separately and below the disclosures required by §§ 226.7(a) (d), and (i) of this Part; the disclosures required by §§ 226.7(a) (d), and (i) shall be clearly and conspicuously identified by a heading indicating they are made in compliance with Federal law and the disclosures of State law shall appear separately and below a conspicuous demarcation line.

(iv) A State, through its Governor, Attorney General, or other appropriate official having primary enforcement or interpretive responsibilities for its credit billing practices law, may apply to the Board for a determination that the State law offers greater protection to customers than a comparable provision(s) of Chapter 4 of the Act and its implementing provision(s) in this Part, or is otherwise not inconsistent with Chapter 4 of the Act and this Part, or for a determination with respect to any issues not clearly covered by § 226.6(b)(2)(i), (ii), (iii) as to the consistency or inconsistency of a State law with Chapter 4 of the Act or its implementing provisions in this Part.

* * * * *

(k) **Transition period.** Any creditor who can demonstrate that he has taken bona fide steps, prior to October 28, 1975, to obtain printed forms which are necessary to comply with the requirements of this Part may, until such forms are received but in no event later than April 30, 1976, utilize existing supplies of printed forms for the purpose of complying with the disclosure requirements of this Part, provided that such forms are altered or supplemented as necessary to assure that all of the items of information the creditor is required to disclose to the customer are set forth clearly and conspicuously in every case except:

(1) Where a creditor has, prior to October 28, 1975, prepared the § 226.7(a) disclosures without the notice and statement required by § 226.7(a)(9) and dispersed them to remote locations, as in the case of mail order catalogs, the statement required by § 226.7(a)(9) may be made separately from the other § 226.7(a) disclosures until April 30, 1976, so long as the § 226.7(a)(9) statement is mailed or delivered to the customer no later than the date the first payment is due. For the purpose of this paragraph the creditor may disregard the required notice in §226.7(a)(9) until April 30, 1976;

(2) Where a creditor's forms must be adapted to comply with the disclosure requirements of § 226.7(b)(1)(x), the creditor need not supplement or alter his forms if there is only one address listed on or with the periodic statement. In the case where a creditor has more than one address listed on or with the periodic statement and the creditor has not complied with the requirements of § 226.7(b)(1)(x), the creditor must accept as properly received any proper written notification of a billing error at any of the addresses listed on or

with the periodic statement. New forms which comply with the requirements of § 226.7(b)(1)(x) must be in use no later than April 30, 1976;

(3) Where a creditor's forms must be adapted to comply with the disclosure requirements of § 226.7(g), the creditor need not supplement or alter his forms; however, complying forms must be in use no later than April 30, 1976;

(4) Where a creditor is disclosing inconsistent State law provisions within the meaning of § 171(a) of the Act and § 226.6(b)(2) of this Part or is making disclosures not in compliance with § 226.6(b)(2)(iii) on or with the disclosure required by this Part, the creditor need not alter or supplement his forms; however, complying forms must be in use not later than April 30, 1976; and

(5) Where, because of operational limitations, a creditor is unable to comply with the disclosure requirements in § 226.7(b)(1)(i) and (ix), which require appropriate identification of credit balances, or with the disclosure requirement in § 226.7(b)(1)(iii), which requires the dates of payments and credits, the creditor need not supplement or alter his forms; however, complying forms and procedures must be in use not later than April 30, 1976.

7. To implement sections 127(a)(8), 127(b)(11), 127 (c), 163, 164, 165, and 167, § 226.7 is amended as follows:

a. Paragraph (a)(9) is added as set forth below.

b. The text following the heading of paragraph (b) is redesigned as paragraph (b)(1).

c. Paragraphs (b)(1) through (9) are redesignated as paragraphs (b)(1)(i) through (ix).

d. Paragraph (b)(1)(x) is added as set forth below.

e. Redesignated paragraphs (b)(1)(i), (ii), (iii), (v), and (ix) are revised as set forth below.

f. Paragraph (b)(2) is added as set forth below.

g. Paragraphs (c)(1) and (2) are revised, and old paragraph (c)(3) is redesignated as paragraph (c)(4). New paragraph (c)(3) is added.

h. Paragraphs (d) and (e) are redesignated as paragraphs (e) and (f); new paragraphs (d), (g), (h), and (i) are added. Redesignated paragraph (e) is revised as set forth below.

Section 226.7 Open End Credit Accounts—Specific Disclosures

(a) ***

(9) The following notice: "NOTICE: See accompanying statement for important information regarding your rights to dispute billing errors" and a separate statement containing substantially the following text,[9b] as applicable, written clearly and conspicuously, shall accompany the statement required by paragraph (a) of this section; or the following text without the preceding notice may be included on the statement required by paragraph (a) of this section if disclosed clearly and conspicuously; or the following text may be included on the reverse side of the statement required by paragraph (a) of this section with the following notice on the face of the statement: "NOTICE: See reverse side for important information regarding your rights to dispute billing errors.":

In Case of Errors or Inquiries About Your Bill

The Federal Truth in Lending Act requires prompt correction of billing mistakes

1. If you want to preserve your rights under the Act, here's what to do if you think your bill is wrong or if you need more information about an item on your bill:

a. Do not write on the bill. On a separate sheet of paper write [Alternate: Write on the bill or other sheet of paper] (you may telephone your inquiry but doing so will not preserve your rights under this law) the following:

i. Your name and account number (if any)

ii. A description of the error and an explanation (to the extent you can explain) why you believe it is an error.

If you only need more information, explain the item you are not sure about and, if you wish, ask for evidence of the charge such as a copy of the charge slip. Do not send in your copy of a sales slip or other document unless you have a duplicate copy for your records.

iii. The dollar amount of the suspected error.

iv. Any other information (such as your address) which you think will help the creditor to identify you or the reason for your complaint or inquiry.

b. Send your billing error notice to the address on your bill which is listed after the words: "Send Inquiries To:" or similar wording. [Alternate: Send your billing error notice to: (creditor's name and address)].

Mail it as soon as you can, but in any case, early enough to reach the creditor within 60 days after the bill was mailed to you. If you have authorized your bank to automatically pay from your checking or savings account any credit card bills from that bank, you can stop or reverse payment on any amount you think is wrong by mailing your notice so the creditor receives it within 16 days after the bill was sent to you. However, you do not have to meet this 16 day deadline to get the creditor to investigate your billing error claim

2. The creditor must acknowledge all letters pointing out possible errors within 30 days of receipt, unless the creditor is able to correct your bill during that 30 days. Within 90 days after receiving your letter, the creditor must either correct the error or explain why the creditor believes the bill was correct. Once the creditor has explained the bill, the creditor has no further obligation to you even though you still believe that there is an error, except as provided in paragraph 5 below.

3. After the creditor has been notified, neither the creditor nor an attorney nor a collection agency may send you collection

[9b] Wherever the word "creditor" appears or is referred to in the statement, the creditor may substitute appropriate references, such as "company," "bank," "we" or a specific name

letters or take other collection action with respect to the amount in dispute, but periodic statements may be sent to you, and the disputed amount can be applied against your credit limit. You cannot be threatened with damage to your credit rating or sued for the amount in question, nor can the disputed amount be reported to a credit bureau or to other creditors as delinquent until the creditor has answered your inquiry. However, you remain obligated to pay the parts of your bill not in dispute.

4. If it is determined that the creditor has made a mistake on your bill, you will not have to pay any finance charges on any disputed amount. If it turns out that the creditor has not made an error, you may have to pay finance charges on the amount in dispute, and you will have to make up any missed minimum or required payments on the disputed amount. Unless you have agreed that your bill was correct, the creditor must send you a written notification of what you owe; and if it is determined that the creditor did make a mistake in billing the disputed amount, you must be given the time to pay which you normally are given to pay undisputed amounts before any more finance charges or late payment charges on the disputed amount can be charged to you.

5. If the creditor's explanation does not satisfy you and you notify the creditor in writing within 10 days after you receive his explanation that you still refuse to pay the disputed amount, the creditor may report you to credit bureaus and other creditors and may pursue regular collection procedures. But the creditor must also report that you think you do not owe the money, and the creditor must let you know to whom such reports were made. Once the matter has been settled between you and the creditor, the creditor must notify those to whom the creditor reported you as delinquent of the subsequent resolution.

6. If the creditor does not follow these rules, the creditor is not allowed to collect the first $50 of the disputed amount and finance charges, even if the bill turns out to be correct.

7. If you have a problem with property or services purchased with a credit card, you may have the right not to pay the remaining amount due on them, if you first try in good faith to return them or give the merchant a chance to correct the problem. There are two limitations on this right:

a. You must have bought them in your home State or if not within your home State within 100 miles of your current mailing address; and

b. The purchase price must have been more than $50.

However, these limitations do not apply if the merchant is owned or operated by the creditor, or if the creditor mailed you the advertisement for the property or services.

(b) **Periodic statements required.** (1) Except in the case of an account which the creditor deems to be uncollectible or with respect to which delinquency collection procedures have been instituted, the creditor of any open end credit account shall mail or deliver to the customer, for each billing cycle at the end of which there is an outstanding undisputed debit or credit balance in excess of $1 in that account or with respect to which a finance charge is imposed, a statement or statements which the customer may retain, setting forth in accordance with paragraph (c) of this section each of the following items to the extent applicable:

(i) The outstanding balance in the account at the beginning of the billing cycle, using the term "previous balance," and in the case of a credit balance, an appropriate identification as such.

(ii)(A) In cases in which an actual copy of the document evidencing the credit transaction (which does not include a so-called "facsimile draft") accompanies the periodic statement on which the transaction is first reflected, the amount of the transaction and either the date of the transaction or the date the transaction is debited to the customer's account; or

(B) In cases in which an actual copy of the document evidencing the credit transaction does not accompany the periodic statement, then on or with the periodic statement on which the credit transaction is first reflected at least:

(*1*) The date on which the transaction took place[7] and the amount of the transaction; and

(*2*) A brief identification[7a] of the property or services purchased in cases in which the creditor and the seller are the same person or related persons, or the seller's name (as disclosed on the document evidencing the transaction provided to the customer) and the address (city and state or foreign country, using understandable and generally accepted abbreviations if the creditor so desires) where the transaction took place in cases in which the creditor and the seller are not the same person or related persons.

(C) Notwithstanding the provisions of §§ 226.7(b)(1)(ii)(A) and 226.7(b)(1)(ii)(B), in cases in which a transaction involving nonsale credit, such as a cash advance or an overdraft or other checking plan transaction, is reflected on the periodic statement, at least:

(*1*) An actual copy of the document evidencing the transaction which shows the dollar amount of the transaction and either the date of the transaction, the date the transaction was debited to the customer's account, or the date placed on the document or instrument by the customer (if the customer signed the document or instrument); or

[7] With respect to transactions which are not billed in full on any single statement but for which precomputed instalments are billed periodically, the date the transaction takes place for purposes of this paragraph shall be deemed to be the date on which the amount is debited to the customer's account.

[7a] For purposes of this paragraph, designations such as "merchandise" or "miscellaneous" shall not be considered sufficient identification of property or services, but a reference to a department in a sales establishment which accurately conveys the identification of the type(s) of property or services which are available in such department shall be sufficient under this paragraph. Identification may be made on an accompanying slip or by symbol relating to an identification list printed on the statement.

(*2*) An identification of the transaction, which characterizes it as a cash advance, loan, overdraft loan, or other designation as appropriate, and which includes the amount and the date of the transaction[7b] or the date which appears on the document evidencing the transaction (if the customer signed the document or instrument).

(D) In a case in which any of the information with regard to the date of the transaction, the date placed on a document signed by the customer, the description of the property and services purchased, or the seller's name and address as required by §§ 226.7(b)(1)(ii)(B) and 226.7(b)(1)(ii)(C) is not available to the creditor, an identifying number or symbol which appears on the document evidencing the credit transaction given to or used by the customer at the time of or in connection with the transaction. The provisions of the first sentence of this paragraph shall not relieve the creditor of responsibility for maintaining procedures reasonably adapted to enable the creditor to obtain the primarily required information at the time the amount of the transaction is transmitted to the creditor for debiting to the customer's account.

(E) In complying with the disclosure requirements of paragraphs (b)(1)(ii)(A), (B), (C), and (D):

(*1*) In cases in which the creditor and the seller are not the same or related persons,[7c] the creditor may rely upon and disclose the information supplied by the seller with respect to the date and amount of the transaction.

(*2*) Notwithstanding the provisions of paragraph (b)(1)(ii)(D), from July 1, 1976, to October 28, 1977, the date of debiting the amount of the transaction to the customer's account may be substituted for the date of the transaction or the date placed on the document evidencing a credit transaction when either such date is unavailable to the creditor; and an identifying number or symbol which appears on the document evidencing the *credit transaction given to or used by the customer* at the time of or in connection with the transaction may be substituted for the seller's name and address or description of the property or services purchased when such information is unavailable to the creditor.

(*3*) The effective date of §§ 226.7(b)(1)(ii)(A) through 226.7(b)(1)(ii)(E)(2), inclusive, is July 1, 1976. Until July 1, 1976, the creditor shall disclose the date of each extension of credit or the date such extension of credit is debited to the account during the billing cycle, the amount of such extension of credit and, unless previously furnished, a brief identification[7d] of any goods or services purchased or other extension of credit.

(iii) The amounts and dates of crediting to the account during the billing cycle for payments, using the term "payments," and for other credits including returns, rebates of finance charges, and adjustments, using the term "credits," and unless previously furnished a brief identification[8] of each of the items included in such other credits.

* * * * *

(v) *Each periodic rate, using the term "periodic rate"* (or "rates"), that may be used to compute the finance charge (whether or not applied *during the billing cycle*), *the range of balances* to which it is applicable, and the corresponding annual percentage rate determined by multiplying *the periodic rate by the number of periods in a* year. The words "corresponding annual percentage rate," "corresponding nominal annual percentage rate," "nominal annual percentage rate," or "annual percentage rate" (or "rates") may be used to describe the corresponding annual percentage rate. The requirements of § 226.6(a) of this Part with respect to disclosing the term "annual percentage rate" more conspicuously than other required terminology shall not be applicable to the disclosure made under this paragraph, although such term (or words incorporating such term) may, at the creditor's option, be shown as conspicuously as the terminology required under (b)(1)(vi) of this paragraph. Where a minimum charge may be applicable to the account, the

[7b] In cases in which an amount is debited to a customer's open end credit account under an overdraft checking plan, the date of debiting the open end credit account shall be considered the date of the transaction for purposes of this paragraph.

[7c] For purposes of this paragraph, a person is not related to the creditor simply because he and the creditor have an agreement or contract pursuant to which he is authorized to honor the creditor's credit card under the terms specified in *the agreement or contract. Franchised or licensed sellers of* a creditor's product shall be considered to be related to the *creditor for purposes of this paragraph.* Sellers who assign or sell open end customer sales accounts to a creditor or arrange for such credit under an open end credit plan which allows the customer to use the credit only in transactions with that seller shall be considered related to the creditor for purposes of this paragraph.

[7d] Identification may be made on an accompanying slip or by symbol relating to an identification list printed on the statement.

[8] Identification may be made on an accompanying slip or by symbol *relating to an identification list printed on the* statement.

amount of such minimum charge shall be disclosed.[9a]

* * * * *

(ix) The closing date of the billing cycle and the outstanding balance in the account on that date, using the term "new balance," and in the case of a credit balance, appropriately identified as such, accompanied by the statement of the date by which, or the period within which, if any, payment must be made to avoid additional finance charges, except that the creditor may, at his option and without disclosure, impose no such additional finance charges if payment is received after such date or termination of such period.

(x) An address to be used by the creditor for the purpose of receiving billing inquiries from customers. Such address shall be preceded by the caption "Send Inquiries To:", or other similar language indicating that the address is the proper location to send such inquiries.

(2) If the terms of the open end credit plan provide a time period within which the customer may repay any portion of the new balance without incurring an additional finance charge, late payment charge, or other charge, no such charge may be imposed with respect to any portion of such new balance unless the periodic statement disclosing the new balance is mailed or delivered to the customer at least 14 days prior to the date specified in the statement as being the date by which payment of the new balance must be made in order to avoid the imposition of that finance charge or late payment charge, except that such time limitation shall not apply in any case where the creditor has been prevented, delayed, or hindered in mailing or delivering the periodic statement within such time limit because of an act of God, war, civil disorder, natural disaster, or strike.

(c) * * *

(1) The information required to be disclosed under paragraph (b)(1)(ii) of this section and itemization of the amounts and dates required to be disclosed under paragraph (b)(1)(iii) of this section and of the amount of any finance charge required to be disclosed under paragraph (b)(1)(iv) of this section may be made on the reverse side of the periodic statement or on a separate accompanying statement(s), provided that the totals of debits and credits are disclosed on the face of the periodic statement; and

(2) The disclosures required under paragraph (b)(1)(v) and (b)(1)(viii) of this section, except the disclosure of the balance on which the finance charge was computed, may be made on the reverse side of the periodic statement or on the face of a single supplemental statement which shall accompany the periodic statement.

(3) The disclosure required by paragraph (b)(1)(x) of this section may be made on the reverse side of the periodic statement.

(4) If the creditor exercises any of the options provided under this paragraph, the face of the periodic statement shall contain one of the following notices, as applicable: "NOTICE: See reverse side for important information" or "NOTICE: See accompanying statement(s) for important information" or "NOTICE: See reverse side and accompanying statement(s) for important information," and the disclosures shall not be separated so as to confuse or mislead the customer or to obscure or detract attention from the information required to be disclosed.

(d) **Semiannual statement required.** (1) The creditor shall mail or deliver during two billing cycles per year to each customer entitled to receive a periodic statement under § 226.7(b) for such billing cycle, the statement required by § 226.7(a)(9), written clearly and conspicuously either on one or both sides of a separate page or on one or both sides of the periodic statement required by paragraph (b) of this section.

(2) The timing of the mailing or delivery of such semiannual statements shall be not less than 5 nor more than 7 months after the month in which the last preceding such statement was mailed or delivered, Provided that:

(i) The creditor shall select at least 2 billing cycles in any 12 month calendar period for the mailing or delivery of such statements; and

(ii) The first semiannual statement to any new customer may be mailed or delivered to that customer during the next regularly scheduled mailing or delivery of semiannual statements in which he is entitled to receive a semiannual statement under paragraph (d)(1) of this section.

(3) If the creditor chooses to alter the cycle of mailing or delivering semiannual statements, the creditor may mail or deliver the semiannual statement less than 5 months after the last preceding such statement was mailed or delivered, provided that the creditor mails or delivers at least 3 such statements in the next twelve months computed from the month in which the last preceding semiannual statement was mailed or delivered.

(4) Nothing in this section shall be construed

to prohibit a creditor from mailing or delivering the statement required by this section more frequently than semiannually.

(5) As an alternative to the requirements of paragraph (d)(1) of this section, the creditor may mail or deliver, on or with each periodic statement required under paragraph (b)(1) of this section, substantially the following statement and, if applicable, the periodic statement must contain one of the notices provided for in paragraph (c)(4) of this section, provided that the creditor must promptly but in no event later than 30 days, mail or deliver to a customer the statement required by § 226.7(a)(9) at any time upon a customer's request and also upon receipt of each billing error notice mailed or delivered to the creditor by a customer:

In Case of Errors or Inquiries About Your Bill

Send your inquiry in writing [at creditor's option on a separate sheet] so that the creditor receives it within 60 days after the bill was mailed to you. Your written inquiry must include:

1. Your name and account number (if any).
2. A description of the error and why (to the extent you can explain) you believe it is an error; and
3. The dollar amount of the suspected error.

If you have authorized your creditor to automatically pay your bill from your checking or savings account, you can stop or reverse payment on any amount you think is wrong by mailing your notice so that the creditor receives it within 16 days after the bill was sent to you.

You remain obligated to pay the parts of your bill not in dispute, but you do not have to pay any amount in dispute during the time the creditor is resolving the dispute. During that same time, the creditor may not take any action to collect disputed amounts or report disputed amounts as delinquent.

If you have a problem with property or services purchased with a credit card, you may have the right not to pay the remaining amount due on them if you first try in good faith to return them or give the merchant a chance to correct the problem. There are two limitations on this right:

1. You must have bought them in your home State or, if not within your home State, within 100 miles of your current mailing address; and
2. The purchase price must have been more than $50.

However, these limitations do not apply if the merchant is owned or operated by the creditor, or if the creditor mailed you the advertisement for the property or services.

This is a summary of your rights; a full statement of your rights and the creditor's responsibilities under the Federal Fair Credit Billing Act will be sent to you both upon request and in response to a billing error notice.

(e) **Finance charge imposed at the time of transaction.** (1) Any creditor, other than the creditor of the open end credit account, who imposes a finance charge not excepted by § 226.4(i) *Discounts for payments in cash*, at the time of honoring a customer's credit card, shall make the disclosures required under paragraphs (b)(2) and (d) of § 226.8 *Credit other than open end—specific disclosures*, at the time of that transaction, and the annual percentage rate to be disclosed shall be determined by dividing the amount of the finance charge by the amount financed and multiplying the quotient (expressed as a percentage) by 12.

(2) The creditor of the open end credit account shall not separately consider any charge imposed under this paragraph for purposes of the disclosure requirements of paragraphs (a) and (b) of this section.

* * * * *

(g) **Prompt crediting of payments.** Regardless of the date of actual posting of a payment to an account, such payment shall be credited to the customer's account as of the date such payment is received by the creditor, and no finance charge, late payment charge, or other charge shall be imposed with respect to the amount of such payment which is properly received by the creditor on or before the time indicated by the creditor as necessary to avoid imposition thereof, Provided that:

(1) If a creditor fails to post the customer's payment in time to avoid the imposition of finance charges, late payment charges, or other charges, the creditor shall adjust the customer's account so that the finance charges, late payment charges, or other charges are credited to the account during the customer's next billing cycle.

(2) For the purposes of paragraph (g) of this section the creditor may specify on the periodic statement or on accompanying material that need not be retained by the customer, reasonable requirements with respect to the form, amount, manner, location, and time for receipt of payments, except that:

(i) If no particular hour of the day has been clearly specified by the creditor as the time by which payment must be received by the creditor in order to obtain crediting to the customer's account as of that date, payments received prior to the close of business on that day must be credited as of that date;

(ii) If no location(s) has been clearly specified as the location(s) at which payment may be made, then payment at any location where the creditor conducts business shall be credited as of the date such payment is presented; and

(iii) If no particular manner of payment has been clearly specified, then payment by check, cash, money order, bank draft or other similar instrument in properly negotiable form shall constitute proper manner of payment.

(3) If the creditor accepts payment at locations other than those specified under paragraph (g)(2)(ii) of this section, the creditor shall credit the customer's account promptly (in no case later than 5 days from the date of receipt), provided that the possibility of such delay is clearly disclosed to the customer on the periodic statement or on accompanying material that need not be retained by the customer.

(4) Payments need not be credited as of the date of receipt (but in any case must be credited promptly) if a delay in crediting does not result in the imposition of any finance charges, late payment charges, or other charges for that billing cycle or a later billing cycle.

(5) If, because of operational limitations, the creditor is unable to credit a payment made on an average daily balance or daily balance account as of the date of receipt and there was a "previous balance" in the account for the billing cycle in which such payment was received, *or the account is one in which the terms do not provide a time period within which the customer may repay any* portion of the new balance without incurring an additional finance charge, late payment charge, or other charge, a creditor may credit such payment promptly (in no case later than 5 days from the date of receipt) until October 28, 1976.

(h) **Crediting and refunding excess payments.** (1) Whenever a customer mails or delivers payment to the creditor in excess of the new balance (as provided in § 226.7(b)(1)(ix)) to which the payment is to be applied, the creditor shall:

(i) Credit the customer's account with the total amount of the payment as specified in paragraph (g) of this section, or

(ii) Credit the customer's account with an amount equal to the total new balance as specified in paragraph (g) of this section and promptly (in no case *later than 5 business days from the creditor's* receipt of the payment) refund the excess amount.

(2) Notwithstanding the provisions of paragraph (h)(1) of this section, if the customer requests in writing a refund of any excess payments, a creditor shall refund any such excess payments, of $1 or more, promptly (in no case later than 5 business days from receipt of the customer's request).

(3) After crediting a customer's account with the total amount of a payment under paragraph (h)(1)(i) of this section, a creditor may refund any excess payment of any amount, whether or not requested by the customer.

(i) **Open end credit accounts existing on October 28, 1975.** In the case of any open end credit account in existence and in which a balance of more than $1 is outstanding at or after the closing date of the creditor's first full billing cycle after October 28, 1975, and which account is deemed to be collectible and with respect to which delinquency collection procedures have not been instituted, the items described in paragraph (a) of this section, to the extent applicable and not previously required to be disclosed to the customer, shall be disclosed in the form prescribed in paragraph (a) of this section, and mailed or delivered to the customer not later than the time of mailing or delivery of the periodic statement required under paragraph (b) of this section for that billing cycle.

8. To implement section 103(f) and to clarify certain disclosure requirements with respect to credit other than open end which is extended on an account by use of a credit card, §§ 226.8(n) *and (o)(6) are revised and* § 226.8(q) is added as follows:

SECTION 226.8 CREDIT OTHER THAN OPEN END SPECIFIC DISCLOSURES

* * * * *

(n) **Periodic statements.** (1) If a creditor transmits a periodic billing statement[13] other than a delinquency notice, payment coupon book, or payment passbook, or transmits a statement, billing, or advice relating exclusively to amounts to be paid by the customer as escrows for payment of taxes, insurance, and water, sewer, and land rents, it shall be in a form which the customer may retain and shall set forth:

(i) The annual percentage rate or rates unless exempted by § 226.8(b)(2); and

(ii) The date by which, or the period, if any, *within which payment must be made in order* to avoid late payment or delinquency charges.

(2) If the creditor is required to send a periodic statement under paragraph (q) of this section, the requirements of §§ 226.7(b)(1)(i), (ii), (iii), (ix), and (x), and § 226.7(b)(2) shall be met, as

[13] Any statement, notice, or reminder of payment due on any transaction payable in instalments which is mailed or delivered periodically to the customer in advance of the due date of the instalment shall be a periodic billing statement for the purpose of this paragraph.

applicable, *in addition to the disclosures required* by this paragraph.

(o) ***

* * * * *

(6) If a transaction subject to § 226.8(o) is *debited to an open end credit account,* disclosures shall be made as specified in paragraph (1) of this section *and also as specified in § 226.7. The full* amount of the obligation including the amount of *the discount may be debited to the* open end credit account, under § 226.7(b)(1)(ii), and the amount of any finance charge representing the discount need not be added to any other finance charge for the purpose of computing and disclosing the total amount of finance charge and the annual percentage rate under § 226.5(a) and § 226.7.[13d]

* * * * *

(q) **Credit card accounts.** In addition to the *requirements of this section, consumer credit other* than open end which is extended on an account by use of a credit card shall also be subject to the requirements of §§ 226.7(a)(6), (7), (8), and (9); 226.7(b)(1)(i), (ii), (iii), (ix), and (x); 226.7(b)(2); 226.7(c), (d), (g), (h), and (i); 226.13(i), (j), and (k); and 226.14.

9. Section 226.11(a)(2) and (3) is revised as follows:

Section 226.11—Comparative Index of Credit Cost for Open End Credit

(a) ***

* * * * *

(2) Shall recompute the Comparative Index of Credit Cost in accordance with paragraph (b) of this section based upon any new open end credit account terms to be adopted and shall disclose the new Comparative Index of Credit Cost in accordance with paragraph (e)(2) of this section concurrently with the notice required under paragraph (f) of § 226.7.

(3) Shall, when making such disclosure under the provisions of paragraphs (a)(5) and (b)(1)(vii) of § 226.7, make the disclosure to all open end credit account customers; and

* * * * *

10. To implement § 171, § 226.12(a) and (b) is revised as follows:

Section 226.12—Exemption of Certain State Regulated Transactions

(a) **Exemption for State regulated transactions.** In accordance with the provisions of Supplements II, IV, and V to Regulation Z, any State may make application to the Board for exemption of any class of transactions within the State from the requirements of Chapters 2 and 4 of the Act and the corresponding provisions of this Part. Provided that:

(1) The Board determines that under the law *of that State, that class of transactions is subject* to requirements substantially similar to those imposed under Chapter 2 or Chapter 4 of the Act, or both, and the corresponding provisions of this Part; *or in the case of* Chapter 4, the consumer is afforded greater protection than is afforded under Chapter 4 of the Act, and

(2) There is adequate provision for enforcement.

(b) **Procedures and criteria.** The procedures and criteria under which any State may apply for the determination provided for in paragraph (a) of this section are set forth in Supplement II to Regulation Z with respect to disclosure and rescission requirements (§§ 121-131 of Chapter 2), Supplement IV with respect to the prohibition of the issuance of unsolicited credit cards and the liability of the cardholder for unauthorized use of a credit card (§§ 132-133 of Chapter 2), and in Supplement V which will be issued on or before October 28, 1975, with respect to fair credit billing requirements (§§ 161-171 of Chapter 4).

* * * * *

11. To implement sections 166, 167, 168, 169, and 170, § 226.13 is amended as follows:

a. Paragraphs (a)(1) through (4), and (a)(6) and (7), are incorporated into § 226.2 as shown in the redesignation table of paragraph 2 above.

b. Paragraph (a)(5) is deleted.

c. Paragraphs (b) through (i) are redesignated as paragraphs (a) through (h).

d. Paragraphs (a) through (h) are revised and *paragraphs (i), (j), (k), and (l) are added as set forth below.*

Section 226.13—Credit Card Transactions—Special Requirements

(a) **Issuance of credit cards.** Regardless of whether a credit card is to be used for personal, family, household, agricultural, business, or commercial purposes, *no credit card shall be issued* to any person except:

(1) In response to a request or application therefor, or

(2) As a renewal of, or in substitution for, an accepted credit card whether such card is issued by the same or a successor card issuer.

(b) **Conditions of liability of cardholder.** A cardholder shall be liable for unauthorized use of each credit card issued only if,

(1) The credit card is an accepted credit card:

(2) Such liability does not exceed the lesser of $50 or the amount of money, property, labor, or services obtained by such use prior to notification of the card issuer pursuant to paragraph (e) of this section;

(3) The card issuer has given adequate notice to the cardholder of his potential liability on the credit card or within two years preceding the unauthorized use: and

(4) The card issuer has provided the cardholder with an addressed notification requiring no postage to be paid by the cardholder which may be mailed by the cardholder in the event of the loss, theft, or possible unauthorized use of the credit card.

(c) **Other conditions of liability.** In addition to the conditions of liability in paragraph (b) of *this section, no cardholder shall be liable for the* unauthorized use of any credit card which was issued after January 24, 1971, and, regardless of the date of its issuance, after January 24, 1972, no cardholder shall be liable for the unauthorized use of any credit card, unless the card issuer has provided a method whereby the user of such card can be identified as the person authorized to use it, such as by signature, photograph, or fingerprint on the credit card or by electronic or mechanical confirmation.

(d) **Notice to cardholder.** The notice to cardholder pursuant to paragraph (b)(3) of this section may be given by printing the notice on the credit card, or by any other means reasonably assuring the receipt thereof by the cardholder. An acceptable form of notice must state that liability shall not exceed $50 (or any lesser amount), that notice of loss, theft, or possible unauthorized use may be given orally or in writing, and the name and address of the party to receive the notice. It may include any additional information which is not inconsistent with the provisions of this section. An example of an acceptable notice is as follows:

"You may be liable for the unauthorized use of your credit card [or other term which describes the credit device]. You will not be liable for unauthorized use which occurs after you notify [name of card issuer or his designee] at [address] orally or in writing of loss, theft, or possible unauthorized use. In any case liability shall not exceed [insert $50 or any lesser amount under other applicable law or under any agreement with the cardholder]."

(e) **Notice to card issuer.** For the purposes of this section, a cardholder notifies a card issuer by taking such steps as may be reasonably required in the ordinary course of business to provide the card issuer with the pertinent information with respect to loss, theft, or possible unauthorized use of any credit card, whether or not any particular officer, employee, or agent of the card issuer does, in fact, receive such notice or information. Irrespective of the form of notice provided under paragraph (b)(4) of this section, at the option of the cardholder, notice may be given to the card issuer or his designee in person or by telephone or by letter, telegram, radiogram, cablegram, or, other written communication which sets forth the pertinent information. Notice by mail, telegram, radiogram, cablegram, or other written communication shall be considered given at the time of receipt or, whether or not received, at the expiration of the time ordinarily required for transmission, whichever is earlier

(f) **Action to enforce liability.** In any action by *a card issuer to enforce liability for the use* of a credit card, the burden of proof is upon the card issuer to show that the use was authorized or, if the use was unauthorized, then the burden of proof is upon the card issuer to show that the conditions of liability for the unauthorized use of a credit card, as set forth in paragraphs (b) and (c) of this section, have been met.

(g) **Effect on other applicable law or agreement.** Nothing in this section imposes liability upon a cardholder for the unauthorized use of a credit card in excess of his liability for such use under other applicable law or under any agreement with the card issuer.

(h) **Business use of credit cards.** If 10 or more credit cards are issued by one card issuer for use by the employees of a single business or other organization, nothing in this section prohibits the card issuer from agreeing by contract with such business or other organization as to liability for unauthorized use of any such credit cards without regard to the provisions of this section, but in no case may any business or other organization or card issuer impose liability on any employee of such business or other organization with respect to unauthorized use of such credit card except in accordance with and subject to the other liability limitations of this section.

(i) **Right of cardholder to assert claims or defenses against card issuer.** (1) When a person who provides property or services fails to satisfactorily resolve a dispute as to property or services purchased by use of a credit card in connection with a consumer credit transaction, the cardholder may assert all claims (other than tort claims) and defenses arising out of the transaction and relating to such failure against the card issuer, and the cardholder may withhold payment up to the amount of credit outstanding with respect to the property or services which gave rise to the dispute and any finance charges, late payment charges, or other charges imposed on that amount if:

(i) The cardholder has made a good faith attempt to obtain satisfactory resolution of the disagreement or problem relating to the transaction from the person honoring the credit card,

(ii) The amount of credit extended by the card issuer to the cardholder to obtain the property or services which resulted in the assertion of the claim(s) or defense(s) by the cardholder exceeds $50, and

(iii) The initial transaction which gave rise to the assertion of the claim(s) or defense(s) by the cardholder occurred in the same State as the cardholder's current designated address or, if not within the State of the cardholder's address, within 100 miles from such address, except that the limitations stated in paragraphs (ii) and (iii) of this section shall not apply when the person honoring the credit card:

(A) Is the same person as the card issuer, or

(B) Is controlled, directly or indirectly, by the card issuer, or

(C) Is under the direct or indirect control of a third person who also directly or indirectly controls the card issuer, or

(D) Controls, directly or indirectly, the card issuer, or

(E) Is a franchised dealer in the card issuer's products or services, or

(F) Has obtained the order for the transaction, relative to which the claim(s) or defense(s) is asserted, through a mail solicitation made by or participated in by the card issuer, in which the cardholder is solicited to enter into such transaction by using the credit card issued by the card issuer.

Simply honoring or indicating that a person honors a particular credit card is not any of the relationships described in paragraphs (A) through (F) for the purpose of removing the dollar and distance limitations.

(2) The amount of the claim(s) or defense(s) assertable by the cardholder under this section may not exceed the amount of credit outstanding with respect to the transaction which gave rise to the assertion of the claim(s) or defense(s) at the time the cardholder first notifies the card issuer or the person honoring the credit card for such transaction of the existence of such claim(s) or defense(s). For purposes of determining the amount of credit outstanding with respect to such transactions as provided in the preceding sentence, payments and other credits to the cardholder's account will be deemed to have been applied in the order indicated to the payment of:

(i) Late charges in the order of entry to the account,

(ii) Finance charges in the order of entry to the account,

(iii) Any other debits in the order in which each debit entry was made to the account, and

(iv) When more than one item is included in a single extension of credit, credits are to be distributed pro rata according to prices and applicable taxes.

(3) This section does not apply to cash advances obtained with a credit card when the advance is unrelated to any specific credit sale item.

(4) If the cardholder refuses to pay the amount of credit outstanding with respect to the property or services which gave rise to the claim(s) or defense(s) under this section, the creditor may not report to any person that particular amount as delinquent until the dispute is settled or judgment is rendered.

(j) **Prohibition of offsets by card issuer.** (1) A card issuer may not take any action to offset a cardholder's indebtedness arising in connection with a consumer credit transaction under the relevant credit card plan against funds of the cardholder held on deposit with the card issuer unless a court order[16] is obtained.

(2) The prohibition in paragraph (j)(1) of this section does not apply to credit card plans in which

[16] This paragraph does not alter or affect the right of a card issuer acting under State law to attach or otherwise levy upon funds of a cardholder held on deposit with the card issuer if that remedy is constitutionally available to creditors generally.

the cardholder authorizes the card issuer as a method of payment to periodically deduct all or a portion of the cardholder's credit card debt from his deposit account with the card issuer (subject to the limitations in § 226.14(c)), Provided that:

(i) Such automatic debit was previously authorized in writing by the cardholder, or

(ii) With respect to such automatic debit accounts in existence on October 28, 1975, the card issuer has given notice of the provisions of paragraph (j) of this section to such accounts prior to renewal of the authorization (in no case later than October 28, 1976).

(k) ***Prompt notification of returns.*** (1) When any creditor other than the card issuer accepts the return of property or forgives a debt for services which is to be reflected as a credit to the customer's open end credit card account, he shall promptly (in no case later than 7 business days from the date the return is accepted) transmit a statement with respect thereto to the card issuer through the normal channels established by the card issuer for the transmittal of such statements.

(2) Upon receipt of a credit statement, the card issuer shall credit the customer's account promptly (in no case later than 3 business days from receipt of the refund statement) with the amount of the refund.

(3) If it is a creditor's (other than a card issuer) policy to give cash refunds to cash customers, he must also give credit or cash refunds to credit card customers, unless he clearly and conspicuously discloses that he does not give credit or cash refunds for returns at the time the transaction is consummated. Nothing in this section shall be construed to require that a creditor give refunds for returns nor shall it be construed to prohibit refunds in kind.

(l) **Prohibited acts of card issuers.** (1) No card issuer may, by contract or otherwise:

(i) Prohibit any person from offering any cash discounts to all customers of such person, including cardholder customers, to induce such customers to pay by cash, check, or similar means rather than by use of a credit card or its underlying account for the purchase of property or services, or

(ii) Require any person who honors the card issuer's credit card to open or maintain a deposit account or procure any other service not essential to the operation of the credit card plan from the card issuer, its subsidiary, agent, or any other person, as a condition of participation in a credit card plan.

(2) Within 30 days of the effective date of these regulations, any card issuer with existing contracts which include either one or both of the restrictive clauses prohibited in paragraph (1) shall inform all parties to the contract that such provisions are inapplicable and no longer enforceable.

12. To implement sections 161, 162, and 170, § 226.14 is added as follows:

Section 226.14 Billing Errors Resolution Procedure

(a) **Correction of billing errors.** After the creditor receives proper written notification of a billing error, unless the customer has subsequently agreed that the periodic statement is correct, the creditor shall:

(1) Not later than 30 days after receipt of such notification, mail or deliver written acknowledgement thereof to the customer's current designated address, unless the appropriate actions in paragraph (2) of this section are taken within such 30 day period; and

(2) Resolve the dispute not later than 2 complete billing cycles (in no event more than 90 days) from the date of receipt of the notice of billing error and prior to any action by the creditor to collect[17] any portion of the amount(s) indicated by the customer as being a billing error or any finance charges, late payment charges, or other charges computed on such disputed amount(s) by:

(i) Correcting the customer's account in the full amount indicated by the customer to have been erroneously billed in accordance with paragraph (b)(2) of this section and mailing or delivering to the customer a written notification of corrections;[18] or

(ii) Correcting the customer's account by a differing amount from that indicated by the customer as being erroneously billed in accordance with paragraph (b)(2) of this section and mailing or delivering to the customer an explanation of the change(s), accompanied by copies of documentary evidence of the customer's indebtedness

[17] If, despite the establishment by the creditor of procedures reasonably adapted to assure compliance with this paragraph, the creditor or his agent, within 2 business days after receiving proper written notification of a billing error pursuant to this section, inadvertently takes action to collect in contravention of this paragraph, such inadvertent action to collect will not be considered in violation of this paragraph.

[18] A notice on a subsequent billing statement clearly identifying any amount credited to the customer's account in response to a proper written notification of a billing error is one type of a proper transmittal of a written notification of corrections.

if such evidence is requested by the customer; or

(iii) Mailing or delivering a written explanation or clarification to the customer, after having conducted a reasonable investigation, setting forth, to the extent applicable, the reasons why the creditor believes the amount(s) was correctly shown on the periodic statement and, if the customer so requests, furnishing copies of documentary evidence of the customer's indebtedness with respect to the alleged billing error(s). In any case where the customer alleges that the periodic statement reflects property or services not delivered to the customer or his designee in accordance with any agreement made in connection with the transaction giving rise to the disputed amount, a creditor may not construe such amount to be correctly shown on the periodic statement unless the creditor determines, upon reasonable investigation, that such property or services were actually delivered, mailed, or otherwise sent to the customer or his designee and provides the customer with a written statement explaining such determination. In any case where the customer alleges that an amount of a transaction reflected on the periodic statement is incorrect because the person honoring the credit card has made an incorrect report to the card issuer of the amount which should have been charged, the card issuer may not construe such amount to be correctly reflected on the periodic statement unless the creditor determines, upon reasonable investigation, that the correct amount is shown on the periodic statement and provides the customer with a written statement explaining such determination.

After complying with the provisions of this section with respect to an alleged billing error, a creditor has no further responsibility under this section if the customer continues to make substantially the same allegation with respect to such error.

(b) **Minimum periodic payments and finance charges on disputed amounts.** (1) When a minimum periodic payment is permitted, the customer may withhold that portion of the minimum periodic payment which the customer believes is related to the amount in dispute. When the disputed amount is only a part of the total amount of an item, the customer remains obligated to pay the amount not in dispute, and any minimum periodic payment and finance charges, late payment charges, or other charges may be collected on the undisputed amount. If, at the completion of the error resolution procedure, it is determined that the customer owes some or all of the disputed amount, the creditor may require payment of any minimum periodic payment amounts which the customer did not pay because of the dispute. The creditor may not, however, accelerate the customer's entire debt solely because the customer has exercised rights provided by the Act or this Part.

(2) With respect to an erroneous billing, the creditor must credit the customer's account in any amount the customer does not owe, plus any finance charges, late payment charges, or other charges imposed as a result of the erroneous billing. An erroneous billing by a creditor includes, but is not limited to, a misidentification, insufficient identification, or incorrect date of a transaction; a mailing of the periodic statement to other than the current designated address; improper crediting of payments or other credits; computation errors; or a billing for property or services not accepted or delivered in accordance with any agreement; as well as mistakes in dollar amounts.

(3) After or upon completion of the dispute resolution procedure prescribed by § 226.14(a):

(i) If the initial periodic statement is determined to be without error with regard to the disputed item, the creditor shall promptly mail or deliver to the customer written notification of the amount owed with regard to the disputed item, unless such notification is not required by paragraph (a) of this section, or

(ii) If the initial periodic statement is determined to be in error with regard to the disputed item and the creditor normally allows a period for the customer to pay such an item without incurring additional finance charges, late payment charges, or other charges, the creditor shall mail or deliver to the customer written notification of the total amount which the customer owes with regard to the disputed item and shall allow the customer the same number of days thereafter as he customarily or by credit agreement allows, whichever is longer (in no case less than 10 days), for the customer to pay undisputed amounts in accordance with § 226.7(b)(2), or

(iii) If the initial periodic statement is determined to be in error with regard to the disputed item and the creditor normally does not allow a period for the customer to pay such an item without incurring additional finance charges, late payment charges, or other charges, the creditor shall promptly mail or deliver to the customer a notice of the total amount which the customer owes with regard to the disputed item.

(4) Nothing in this section shall be construed to prohibit the mailing or delivery of periodic statements, which include disputed amounts, to the customer, provided that the creditor indicates on the face of the periodic statement that payment of the amount in dispute is not required pending the creditor's compliance with the provisions of this section.

(5) Nothing in this section shall prohibit any action by a creditor to collect any amount which has not been indicated by the customer to contain a billing error.

(c) **Automatic debit of disputed amounts.** (1) In the case of credit card plans where the cardholder has agreed to permit the card issuer to periodically pay the cardholder's indebtedness by deducting the appropriate amount from the cardholder's deposit account held by the card issuer, if the card issuer receives a proper written notification of a billing error within 16 days from the date of mailing or delivery of the periodic statement on which the suspected billing error first appears, the card issuer shall:

(i) Prevent the automatic debiting of any disputed amounts if receipt of such notification precedes the automatic debiting of the cardholder's account, or

(ii) Promptly (in no case more than 2 business days after receipt of the notice) restore to the cardholder's deposit account any portion of the disputed amount which was previously deducted, if receipt of such notification follows the automatic debiting of the cardholder's account for any disputed amounts.

(2) Nothing in this paragraph shall limit the cardholder's right to dispute an amount he believes to be in error within 60 days of the mailing or delivery of the erroneous periodic statement, as otherwise provided in this section.

(d) **Closing of accounts.** A creditor may not, prior to complying with the requirements of paragraphs (a) and (b) of this section, restrict or close an account with respect to which the customer has indicated a belief that such account contains a billing error solely because of the customer's refusal or failure to pay the amount indicated to be in error. This paragraph does not prohibit the creditor from applying any such amount to the customer's credit limitation.

(e) **Credit reports on amounts in dispute.** (1) After receiving a proper written notification of a billing error pursuant to this section, neither the creditor nor his agent may directly or indirectly threaten to report adversely to any person on the customer's credit standing or credit rating because of the customer's failure to pay the amount specified in such notification as being a billing error, or any finance charges, late payment charges, or other charges imposed thereon, nor shall such amount be reported as delinquent[19] to any third person unless such amount remains unpaid after the creditor has complied with all the requirements of this section and has allowed that customer the same number of days thereafter as he customarily or by credit agreement allows, whichever is longer (in no case less than 10 days), for the customer to pay undisputed amounts so as to avoid the imposition of additional finance charges, late payment charges, or other charges. If, despite establishment by the creditor of procedures reasonably adapted to assure compliance with this paragraph, the creditor or his agent, within 2 business days after receiving proper written notification of a billing error pursuant to this section, inadvertently takes action in contravention of this paragraph, such inadvertent action will not be considered in violation of this paragraph.

(2) If, within the time limit allowed for payment in paragraph (e)(1) of this section, the creditor receives a further written notification from the customer that any portion of a billing error resolved under paragraph (a) of this section is still in dispute, the creditor may not report to any third party that such disputed amount is delinquent unless the creditor also reports that the amount or account is in dispute and, at the same time, notifies the customer in writing of the name and address of each party to whom the creditor is reporting information concerning the disputed amount. If, pursuant to this paragraph, a creditor has reported a disputed amount as being delinquent to any third person, the creditor shall report promptly in writing[20] to any such person subsequent resolution of the reported delinquency.

(3) If a creditor has reported an amount as being delinquent to any third person who is in the business of collecting and disseminating information relating to the credit worthiness of customers, and such amount is subsequently disputed by the customer in accordance with the requirements of § 226.2(cc), the creditor shall, within one billing cycle after receipt of proper written notification of the billing error, mail or deliver a written

[19] Nothing in this paragraph prohibits a creditor from reporting the disputed amount or account as being in dispute.

[20] "In writing" shall include transmission by computer communication.

notice[21] to each such third person to whom the delinquency was reported that the amount is in dispute.

(f) **Forfeiture penalty.** (1) Any creditor who fails to comply with the requirements of this section forfeits any right to collect from the customer the amount indicated by the customer to be a billing error, whether or not such amount is in fact in error, and any finance charges, late payment charges, or other charges imposed thereon, provided that the amount so forfeited under this section shall not exceed $50 for each item or transaction on a periodic statement indicated by the customer to be a billing error. In no case shall a creditor forfeit any amount for an error in a total figure or subtotal figure reflected on a statement which is caused solely by an error in another item which is the subject of a dispute, nor shall a creditor suffer any forfeit more than once for any item or transaction which may appear on a periodic statement.

(2) Nothing in this subsection shall be construed to limit a customer's right to recover under § 130 of the Act.

(g) **Exceptions to general rule.** This section does not apply to credit other than open end, whether or not a periodic statement is mailed or delivered, unless it is consumer credit extended on an account by use of a credit card.

* * * * *

The Board has also amended Regulation Z to require a clear disclosure statement on blank checks or other credit devices which are intended to be used in connection with such open end credit accounts.

Effective January 1, 1976, section 226.7 is amended to read as follows:

SECTION 226.7—OPEN END CREDIT ACCOUNTS—SPECIFIC DISCLOSURES

* * * * *

(f) **Supplemental credit devices for use in open end credit accounts.** If, subsequent to 30 days after delivering the disclosures required under paragraph (a) of this section, a creditor of an open end credit account mails or delivers, other than as a renewal or resupply, a blank check, payee designated check, blank draft or order or other similar credit device other than a credit card, to an existing customer or cardholder for use in connection with such account, such device shall be accompanied by a single written statement setting forth clearly and conspicuously those disclosures of paragraph (a) of this section which specifically relate to the use of such device. Such disclosure statement shall either be limited to the disclosures of paragraphs (a)(1), (2), (3), and (4) of this section or contain all disclosures required of such paragraph with the pertinent disclosures clearly and conspicuously referenced on or accompanying that disclosure statement. Such disclosure statement shall not appear on any promotional material mailed or delivered at the same time. The requirements of this paragraph shall not be applicable to checks to be used in conjunction with a checking account even though such checks may also activate a cash advance under an open end credit account.

[21] "Written notice" shall include computer communication.

RULES REGARDING ACCESS TO AND REVIEW OF PERSONAL INFORMATION IN SYSTEMS OF RECORDS

The Board of Governors has adopted rules by which an individual upon request may be notified of the existence of a record in a system of records pertaining to him, gain access to that record, request amendment to that record, and appeal an initial adverse determination with respect to a request for amendment of that record.

Effective September 28, 1975, section 261a is adopted to read as set forth below:

SECTION 261a.1—PURPOSE AND SCOPE

The purpose of this Part is to establish regulations implementing the provisions of the Privacy Act, 5 U.S.C. § 552a, with regard to access to and review of personal information in systems of records maintained by the Board of Governors of the Federal Reserve System ("Board").

SECTION 261a.2—DEFINITIONS

For the purposes of this Part, the following definitions shall apply:

(a) The term "individual" means a natural person who is either a citizen of the United States or an alien lawfully admitted for permanent residence. The term "individual" includes the parent of any minor or the legal guardian of any individual who has been declared to be incompetent due to physical or mental incapacity or age by a court of competent jurisdiction.

(b) The term "maintain" also includes maintain, collect, use, disseminate, or control.

(c) The term "record" means any item, collection or grouping of information about an individual maintained by the Board that contains the individual's name, or the identifying number, symbol, or other identifying particular assigned to the individual.

(d) The term "system of records" means a group of any records under the control of the Board from which information is retrieved by the name of the individual or some identifying number, symbol or other identifying particular assigned to the individual.

(e) The term "designated system of records" means a system of records that has been listed in the *Federal Register* pursuant to the requirements of 5 U.S.C. 552a(e).

(f) The term "routine use" means, with respect to disclosure of a record, the use of such record for a purpose which is compatible with the purpose for which it was collected.

(g) The term "business days" means all days except Saturdays, Sundays, and legal public holidays.

Section 261a.3 Procedures for Requests Pertaining to Individual Records in a Record System[1]

(a) Requests for notification of the existence of or for access to personal information in a designated system of records may be made by the person to whom such information pertains. Every such request shall be made in writing and shall specify that it is made pursuant to the Privacy Act. Each request should identify the designated system of records in which the requested record is to be found, should reasonably describe the information requested and, except as provided in section 261a.4, should include a notarized statement attesting to the identity of the requestor.

(b) Requests made pursuant to paragraph (a) of this section shall be addressed to the Director of the Division of Personnel, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, in the case of records relating to employment with the Board. Requests for other records should be addressed to the Secretary of the Board, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Requests for information pursuant to paragraph (a) of this section may also be made in person during regular business hours at the offices of the Board of Governors of the Federal Reserve System, Federal Reserve Building, 20th and Constitution Avenue, N.W., Washington, D.C. 20551.

(c) An individual making a request pursuant to paragraph (a) of this section may also include in such request a request for the accounting required by section (c) of the Privacy Act, 5 U.S.C. § 552a, of previous disclosures of records pertaining to such individual in a designated system of records.

(d) Every request made pursuant to this section will be acknowledged or, where practicable, substantially responded to within 10 business days from receipt.

Section 261a.4 Requirements for Identification of Individuals Making Requests

(a) Each request for information made pursuant to section 261a.3 shall include a notarized statement attesting to the identity of the requestor except in the following instances:

(1) Where the information requested is otherwise publicly available under the Freedom of Information Act, 5 U.S.C. § 552, and the Board's Rules Regarding Availability of Information (12 CFR 261).

(2) Where the requestor makes written request for information in person and presents a driver's license, birth certificate, employment identification card or other means of identification, sufficient to establish his identity.

(3) Where the request is only for notification of the existence of records in a designated system of records pertaining to the requestor.

Section 261a.5 Disclosure of Requested Information to Individuals

(a) Information requested pursuant to section 261a.3, except for that compiled in reasonable anticipation of a civil action or proceeding or otherwise exempted from disclosure as provided in section 261a.13, will be made available for inspection and copying during regular business hours at the Board's offices. However, where the

[1] The Board's System of Records has been published in the Federal Register (40 *Federal Register* 43862) and copies are available upon request to Office of the Secretary or Division of Personnel, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

requested information can be disclosed only by providing a copy of the record, because such record cannot reasonably be put into a form for individual inspection (e.g., computer tapes), or where the requestor may request that copies of requested information be forwarded, such information will be mailed to the requestor. Access to or copies of requested information will be promptly provided after the acknowledgment as provided in subsection 261a.3(c), unless good cause for delay is communicated to the requestor.

(b) Fees for copying such records will be assessed in accordance with subsection 261a.11.

(c) The requestor of information may be accompanied in the inspection and discussion of that information by a person of the requestor's own choosing upon the submission by the requestor of a written and signed statement authorizing the presence of such person.

Section 261a.6 Special Procedures—Medical Records

Medical records requested pursuant to subsection 261a.3 will be disclosed to the requestor unless the disclosure of such records directly to the requestor could, in the judgment of the official deemed responsible for such records, have an adverse effect upon the requestor. In such instance, such information will be transmitted to a licensed physician named by the requestor.

Section 261a.7 Request for Correction or Amendment to Record

(a) Where an individual believes that any portion of a record in a designated system of records used in making a determination about such individual is not accurate, relevant, timely or complete, that individual may request that such record be amended or corrected. Such request should be submitted in writing to the appropriate officer as designated in section 261a.3. Each request for amendment or correction of a record should identify the system of records containing the record for which amendment or correction is requested, specify the portion of that record requested to be amended or corrected, and describe the nature of and reasons for each requested amendment or correction. Additionally, each request must include a notarized statement attesting to the identity of the requestor except where the request is presented in person and the requestor's identity may thereupon be verified.

(b) Nothing in paragraph (a) of this section shall permit collateral attack upon that which has been decided in a previous judicial, quasi-judicial or other proceeding.

Section 261a.8 Agency Review of Request for Amendment of Record

(a) As appropriate, the Secretary of the Board or the Director of the Division of Personnel shall acknowledge each request made pursuant to section 261a.7 within 10 business days of its receipt. Such acknowledgment may request additional information necessary for a determination of the request for amendment or correction.

(b) As appropriate, the Secretary of the Board or the Director of the Division of Personnel shall promptly review each request made pursuant to section 261a.7 in light of the criteria of accuracy, relevance, timeliness, completeness and necessity set forth in subsections (e)(1) and (e)(5) of the Privacy Act, 5 U.S.C. § 552a.

(c) Upon completion of review of each request made pursuant to section 261a.7, the Secretary of the Board or the Director of the Division of Personnel shall immediately inform the requestor of the determination to grant or deny the requested amendment or correction.

(d) Where any request pursuant to section 261a.7 has been denied in whole or part, the requestor shall be advised of the reasons therefor, the procedure for appeal of the determination and the name, title and address of the official to whom such appeal should be directed.

Section 261a.9 Appeal of Initial Adverse Determination on Correction or Amendment

(a) A denial of a request made pursuant to section 261a.7 may be appealed to the Board of Governors or any official designated by the Chairman of the Board of Governors within 30 business days of issuance of notification of denial. Every such appeal should be made in writing to the official designated in the letter of initial denial, should specify the previous background of the request and should provide reasons why the initial determination should be reversed.

(b) The Board of Governors or such official designated by the Chairman of the Board shall make a determination with respect to the review of such appeal not later than 30 business days from its receipt, unless the reviewing official extends such period for good cause shown.

(c) If the Board or designated official affirms the initial denial of a request to amend or correct made pursuant to section 261a.7, such determination shall be communicated to the requestor together with a statement of the reasons therefor and the requestor shall be informed of the right of judicial review of the determination. The requestor may then file a concise statement setting forth disagreement with the affirmation of denial within 30 days of notification of such determination and such statement shall be provided to persons or other agencies to whom the disputed record is disclosed.

Section 261a.10 Disclosure of Record to Person Other than Individual to Whom It Pertains

(a) No record contained in a designated system of records shall be disclosed to any person or agency without the prior written consent of the individual to whom the record pertains unless the disclosure is authorized by paragraph (b) of this section.

(b) The restrictions on disclosure in paragraph (a) do not apply to any disclosure 1) to those officers and employees of the Board who have a need for the record in the performance of their duties; 2) that is required under the Freedom of Information Act (5 U.S.C. § 552); 3) for a routine use listed with respect to a designated system of records; 4) to the Bureau of the Census for purposes of planning or carrying out a census or survey or related activity pursuant to the provisions of title 13 of the United States Code; 5) to a recipient who has provided the Board with advance adequate written assurance that the record will be used solely as a statistical research or reporting record, and the record is to be transferred in a form that is not individually identifiable; 6) to the National Archives of the United States as a record that has sufficient historical or other value to warrant its continued preservation by the United States Government, or for evaluation by the Administrator of General Services or his designee to determine whether the record has such value; 7) to another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if the head of the agency or instrumentality has made a written request to the Board specifying the particular portion desired and the law enforcement activity for which the record is sought; 8) to a person pursuant to a showing of compelling circumstances affecting the health or safety of an individual if upon such disclosure notification is transmitted to the last known address of such individual; 9) to either House of Congress, or, to the extent of matter within its jurisdiction, any committee or subcommittee thereof, any joint committee of Congress or subcommittee of any such joint committee; 10) to the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the General Accounting Office; or 11) pursuant to the order of a court of competent jurisdiction.

Section 261a.11 Fees

(a) Copies of records requested pursuant to section 261a.3 will be provided at a cost of $.10 per page for photocopying or at a cost not to exceed the direct cost of printing, typing or otherwise preparing such copies.

(b) Documents may be furnished without charge where total charges are less than $2.

Section 261a.12 Penalties

(a) The Privacy Act, 5 U.S.C. § 552a(i)(3), provides: Any person who knowingly and willfully requests or obtains any record concerning an individual from an agency under false pretense shall be guilty of a misdemeanor and fined not more than $5,000.

Section 261a.13 Exemptions

(a) Pursuant to subsection (k) of the Privacy Act, 5 U.S.C. § 552a, the Board may exempt certain portions of records within designated systems of records from the requirements of the Privacy Act, (including access to and review of such records pursuant to this Part) if such portions are:

(1) subject to the provisions of section 552(b)(1) of the Freedom of Information Act 5 U.S.C. § 552

(2) investigatory material compiled for law enforcement purposes, other than material within the scope of subsection (j)(2) of the Privacy Act, 5 U.S.C. § 552a: Provided, however, That if any individual is denied any right, privilege, or benefit that he would otherwise be entitled by Federal law, or for which he would otherwise be eligible, as a result of the maintenance of such material, such material shall be provided to such individual, except to the extent that the disclosure of such material would reveal the identity of a

source who furnished information to the Government under an express promise that the identity of the source would be held in confidence, or, prior to the effective date of the Privacy Act, 5 U.S.C. § 552a, under an implied promise that the identity of the source would be held in confidence;

(3) maintained in connection with providing protective services to the President of the United States or other individuals pursuant to section 3056 of title 18 of the United States Code.

(4) required by statute to be maintained and used solely as statistical records;

(5) investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, military service, Federal contracts, or access to classified information, but only to the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an express promise that the identity of the source would be held in confidence, or, prior to the effective date of the Privacy Act, 5 U.S.C. § 552a, under an implied promise that the identity of the source would be held in confidence;

(6) testing or examination material used solely to determine individual qualifications for appointment or promotion in the Federal service the disclosure of which would compromise the objectivity or fairness of the testing or examination process; or

(7) evaluation material used to determine potential for promotion in the armed services, but only to the extent that the disclosure of such material would reveal the identity of a source who furnished information to the Government under an express promise that the identity of the source would be held in confidence, or, prior to the effective date of the Privacy Act, 5 U.S.C. § 552a, under an implied promise that the identity of the source would be held in confidence.

(b) Those designated systems of records which are exempt from the requirements of this Part or any other requirements of the Privacy Act, 5 U.S.C. § 552a, will be indicated in the notice of designated systems of records published by the Board.

(c) Nothing in this Part shall allow an individual access to any information compiled in reasonable anticipation of a civil action or proceeding.

* * * * *

RULES REGARDING DELEGATION OF AUTHORITY

The Board of Governors has amended its Rules Regarding Delegation of Authority to delegate to the General Counsel authority to designate Board staff attorneys as Board counsel in hearings pursuant to its Rules of Practice for Formal Hearings.

AMENDMENTS TO RULES REGARDING DELEGATION OF AUTHORITY

1. Effective September 16, 1975, section 265.2(b)(6) is added to read as follows:

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

* * * * *

(b) The General Counsel of the Board (or, in his absence, the Acting General Counsel) is authorized:

* * * * *

(6) Pursuant to Part 263.6(d) of this Chapter, to designate Board staff attorneys as Board counsel in any proceeding ordered by the Board to be conducted in accordance with Part 263 of this Chapter.

* * * * *

The Board has also amended its Rules Regarding Delegation of Authority to delegate to the Secretary of the Board the authority to determine the average prime rate quoted by commercial banks to large businesses in September of each year for use by the Secretary of the Treasury.

2. Effective September 30, 1975, section 265.2(a)(14) is added to read as follows:

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

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

* * * * *

(14) Under the provisions of § 6621 of the Internal Revenue Code (26 U.S.C. 6621), to determine and report to the Secretary of Treasury or his delegate, the average predominant prime rate quoted by commercial banks to large businesses.

INTERPRETATION OF REGULATIONS K AND Y

Under section 211.8(a) of Regulation K, the Board of Governors grants its general consent for a corporation organized under section 25(a) of the Federal Reserve Act (an "Edge Act Corporation") to invest, directly or indirectly, in the shares of foreign corporations not doing business in the United States; but no investment thereunder shall cause an Edge Act Corporation to have invested more than $500,000 in the shares, or to hold more than 25 per cent of the voting shares, of any foreign corporation. Under § 225.4(f)(2) of Regulation Y, these general consent procedures also govern the foreign investments of domestic bank holding companies made pursuant to section 4(c)(13) of the Bank Holding Company Act of 1956, as amended.

In computing the $500,000 limitation under the general consent procedures, an Edge Act Corporation or bank holding company must include not only amounts actually paid in for the shares of the foreign corporation but also any unpaid amounts on the shares of the foreign corporation for which the Edge Act Corporation or bank holding company will be liable. If the total of such amounts exceeds $500,000, then the Edge Act Corporation or bank holding company must apply for the Board's prior specific consent to make such investment.

For example, an Edge Act Corporation plans to acquire a 20 per cent interest in a proposed foreign corporation by subscribing to 60,000 shares with a par value of $10 per share. Initially, the shares will be 50 per cent paid in for an initial investment of $300,000; under the Articles of Association of the proposed corporation, the unpaid balance of $300,000 on the shares may be called at any time at the discretion of the corporation's board of directors. It appears that some Edge Act Corporations have in this situation only included in their computation the $300,000 initially paid in to the foreign corporation, and would thus acquire the shares of the foreign corporation under the general consent procedures. The Board has determined that in this situation the total amount invested for purposes of the general consent procedures is $600,000, as the Edge Act Corporation must include in the computation its liability for the unpaid balance on the shares. The proposed investment in this situation would therefore require prior specific Board consent.

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

ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

ONE CORPORATION,
NEW RICHMOND, WISCONSIN

Order Denying Formation of Bank Holding Company

One Corporation, New Richmond, Wisconsin has applied for the Board's approval under § 3(a)(1) of formation of a bank holding company through acquisition of 87.8 per cent or more of the voting shares of The First National Bank of New Richmond, New Richmond, Wisconsin ("Bank").

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

Applicant is a nonoperating corporation organized under the laws of Wisconsin for the purpose of becoming a bank holding company through the acquisition of Bank. Bank, with deposits of $11.9 million,[1] is the fourth largest of ten banking organizations in the relevant banking market[2] and holds approximately 15 per cent of total commercial bank deposits in the market. Inasmuch as this

[1] All banking data are as of December 31, 1974.
[2] The relevant banking market is approximated by boundaries of St. Croix County, Wisconsin.

proposal represents merely a reorganization of existing ownership interests, and since Applicant has no present banking subsidiaries, the acquisition of Bank by Applicant would not have any significantly adverse effect upon either existing or potential competition within the relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that it believes that a holding company should provide a source of financial and managerial strength to its subsidiary bank(s), and that the Board will closely examine the condition of the Applicant in each case with this consideration in mind. In connection with this proposal, Applicant would incur a sizable acquisition debt which Applicant proposes to service over an eleven-and-one-half-year period through Bank dividends and the tax benefit accruing from filing consolidated income tax returns.[3] In the Board's view, the debt retirement program, which contemplates significant dividends from Bank, does not provide Applicant with the necessary financial flexibility to service the acquisition debt while maintaining Bank's capital at an acceptable level. Furthermore, the financial requirements imposed upon Applicant as a result of the debt could prevent it from resolving any unforeseen problems that may arise at Bank and thereby impair Bank's ability to continue to serve the community as a viable banking organization.

On the basis of the above and other facts of record, the Board is of the view that it would not be in the public interest to approve the formation of a bank holding company with an initial debt structure that could result in impairing Bank's overall financial condition. Accordingly, the Board concludes that the considerations relating to the banking factors weigh against approval of the application.

As indicated above, the proposed formation essentially involves the reorganization of the ownership interest of Bank without any significant changes in Bank's operations or the services offered to customers of Bank. Consequently, considerations relating to the convenience and needs of the community to be served lend no weight toward approval of the application.

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

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

By order of the Board of Governors, effective September 17, 1975.

Voting for this action: Vice Chairman Mitchell and Governors Bucher, Holland, Wallich, Coldwell, and Jackson. Absent and not voting: Chairman Burns.

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

ALABAMA BANCORPORATION,
BIRMINGHAM, ALABAMA

Order Denying Acquisition of Bank

Alabama Bancorporation, Birmingham, Alabama, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Bank Holding Company Act (12 U.S.C. 1842(a)(3)) to acquire all of the voting shares of the successor by merger to Muscle Shoals National Bank, Muscle Shoals, Alabama ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of

[3]In addition to a cash purchase of Bank shares, Applicant proposes to exchange nonvoting, nonconvertible preferred shares of Applicant for shares of Bank presently held by two individuals. The agreement between these two individuals and Applicant provides that the individuals will not redeem the stock for a period of twelve years. However, the agreement also contains provision for redemption upon the occurrence of events beyond the control of the two individuals. In view of the possibility that the preferred stock may be redeemed, the Board considers it appropriate for purposes of the proposed acquisitions to treat the preferred stock as acquisition debt.

the factors set forth in § 3(c) of the Act (12 U.S.C. 1842(c)).

Applicant, the largest commercial banking organization in Alabama, controls 12 banks with aggregate deposits of approximately $1.4 billion, representing 16.5 per cent of the total deposits in commercial banks in the State.[1] Acquisition of Bank would increase Applicant's share of State deposits by 0.13 per cent and would not significantly increase the concentration of banking resources in Alabama although, as discussed below, the proposal would have some adverse effects on concentration in the relevant market.

Bank holds deposits of approximately $11 million, representing 4.4 per cent of the total deposits in commercial banks in the relevant market, the Florence banking market, and thereby ranks as the sixth largest of eight banks operating in the market.[2] Applicant's existing subsidiary bank, Shoals National Bank of Florence ("Florence Bank"), which is also located in the relevant market, holds deposits of approximately $13 million, representing 6.6 per cent of total commercial bank deposits in the market, and ranks as the fifth largest bank operating therein. Consummation of the proposal would increase Applicant's share of market deposits to a total of 11 per cent, and Applicant would become the fourth largest banking organization operating in the market. In addition to the effects on concentration, it is noted that Bank and Florence Bank are four miles apart and are both located on a main traffic route with no intervening banking office along that route. As a result, there is significant overlapping of the service areas of both banks, as evidenced by the fact that Florence Bank derives a substantial amount of its loan and deposit business from the service area of Bank. Thus, approval of the application would eliminate meaningful existing competition between Applicant and Bank, as well as reduce the number of banking alternatives operating in the market. Moreover, approval of the proposed transaction would remove a viable entry vehicle for an Alabama bank holding company not currently represented in the market. This factor is even more significant when viewed in light of the fact that the market is not particularly attractive for *de novo* entry by other banking organizations seeking to gain access to the Florence market. On the basis of the foregoing and other facts of record, the Board concludes that approval of the application would result in significant adverse effects upon competition within the relevant banking market. Therefore, the competitive factors lend substantial weight toward denial of the application.

The financial condition and managerial resources of Applicant, its subsidiaries and Bank are generally satisfactory and the future prospects for each appear favorable. Thus, the banking factors are consistent with, but do not lend significant weight toward, approval of the application. The considerations relating to the convenience and needs of the communities to be served lend some weight toward approval of the application. Applicant proposes to assist Bank in establishing branch facilities by providing the necessary capital, and provide Bank with managerial expertise in the areas of dealer, floor plan and inventory loans and leveraged leasing. However, these considerations do not, in the Board's view, outweigh the substantially adverse competitive effects that would result from Bank's acquisition by Applicant. Accordingly, it is the Board's judgment that consummation of the subject proposal would not be in the public interest and that the application to acquire Bank should be denied.

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

By order of the Board of Governors, effective September 17, 1975.

Voting for this action: Vice Chairman Mitchell and Governors Bucher, Holland, Wallich, and Coldwell. Present and abstaining: Governor Jackson. Absent and not voting: Chairman Burns.

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

ORDERS UNDER SECTIONS 3 AND 4 OF BANK HOLDING COMPANY ACT

DOWNS BANCSHARES, INC., DOWNS, KANSAS

Order Denying Formation of Bank Holding Company

Downs Bancshares, Inc., Downs, Kansas, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act ("Act") (12 U.S.C. 1842(a)(1)) of formation of a bank holding

[1] All banking data are as of December 31, 1974, and reflect bank holding company formations and acquisitions approved through August 31, 1975.

[2] The relevant banking market for purposes of analyzing the competitive effects of the subject application is approximated by south central Lauderdale County and north central Colbert County, both in Alabama.

company through acquisition of 100 per cent (less directors' qualifying shares) of the voting shares of The Downs National Bank, Downs, Kansas ("Bank").

Applicant has also applied pursuant to § 4(c)(8) of the Act (12 U.S.C. 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y, for permission to acquire the assets of Cushing Insurance Agency, Downs, Kansas ("Agency"). Thereafter, Applicant would engage in the activities of a general insurance agency on the premises of Bank, which is located in a community of less than 5,000 persons. Such activities have been determined by the Board in § 225.4(a)(9)(iii) of Regulation Y to be permissible for bank holding companies, subject to Board approval of individual proposals.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with §§ 3 and 4 of the Act (40 Federal Register 30326). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. 1842(c)), and the considerations specified in § 4(c)(8) of the Act (12 U.S.C. 1843(c)(8)).

Applicant is a recently organized corporation formed for the express purpose of becoming a bank holding company and operating a general insurance agency. Bank holds deposits of approximately $6 million,[1] representing 14.9 per cent of the total deposits in commercial banks in the relevant market,[2] and thereby ranks as the fifth largest of six banks operating in the market. Upon acquisition of Bank, Applicant would control less than one-tenth of one per cent of total deposits in Kansas. Inasmuch as Applicant presently has no subsidiaries, it appears that consummation of the proposal would not eliminate significant existing or potential competition, increase the concentration of banking resources, or have an adverse effect on other banks in the relevant market. Therefore, the Board concludes that competitive considerations are consistent with approval of the application.

The Board has indicated on previous occasions that it believes that a holding company should provide a source of financial and managerial strength to its subsidiary bank(s), and that the Board will closely examine the condition of the applicant in each case with this consideration in mind. In connection with this proposal, Applicant would incur a sizable acquisition debt, which it proposes to service over a 12 year period through Bank dividends and commissions from the insurance activities. In addition, Applicant's principals have provided individual guarantees to furnish the funds required to supplement Applicant's cash flow in order to amortize the indebtedness over the 12-year period while maintaining Bank's capital at an acceptable level. Notwithstading the foregoing, in the Board's view, the debt retirement program does not provide Applicant with the necessary financial flexibility to service the acquisition debt while maintaining Bank's capital at an acceptable level. Furthermore, the financial requirements imposed upon Applicant as a result of the debt could prevent it from resolving any unforeseen problems that may arise at Bank and thereby impair Bank's ability to continue to serve the community as a viable banking organization.

On the basis of the above and other facts of record, the Board is of the view that it would not be in the public interest to approve the formation of a bank holding company with an initial debt structure that could result in impairing Bank's overall financial condition. Accordingly, the Board concludes that the considerations relating to the banking factors weigh against approval of the application.

Applicant proposes to make no changes in the services offered by Bank. Therefore, considerations relating to the convenience and needs of the community to be served are consistent with, but lend no weight toward approval of the application.

The Board concludes that the banking considerations involved in this proposal present adverse factors bearing on the financial conditions and prospects of Applicant and Bank. Such adverse factors are not outweighed by any procompetitive effects or by benefits that would result in servicing the convenience and needs of the community. Accordingly, the Board concludes that consummation of the proposal would not be in the public interest and that the application should be denied.

On the basis of all of the facts of record, the application[3] is denied for the reasons summarized above.

[1]All banking data are as of December 31, 1974.

[2]The relevant banking market for purposes of analyzing the competitive effects of the proposal is approximated by Osborne County, Kansas.

[3]The denial of Applicant's proposal to become a bank holding company through acquisition of Bank renders moot its application to acquire the assets of Agency.

By order of the Board of Governors, effective September 26, 1975.

Voting for this action: Chairman Burns and Governors Mitchell, Holland, Coldwell, and Jackson. Absent and not voting: Governors Bucher and Wallich.

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

INDUSTRIAL BANCSHARES, INC., KANSAS CITY, KANSAS

Order Approving Formation of Bank Holding Company and Retention of Its Insurance Agency Business

Industrial Bancshares, Inc., Kansas City, Kansas, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of 80 per cent or more of the voting shares of Industrial State Bank, Kansas City, Kansas ("Bank").

Applicant has also applied, pursuant to § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y, for permission to retain its ownership of the insurance agency business that is presently being conducted at the offices of Bank. Applicant would continue to engage in the activity of acting as an insurance agent for the sale of credit-related insurance issued in connection with extensions of credit by Bank. Such activity has been previously determined by the Board in § 225.4(a)(9) of Regulation Y to be permissible for bank holding companies, subject to Board approval of individual proposals in accordance with the procedures of § 225.4(b).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been duly published (39 *Federal Register* 45330 (1974)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)), and the considerations specified in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant is a newly-formed corporation organized under the laws of Kansas for the purposes of acquiring the insurance agency business of Bank and becoming a bank holding company through the acquisition of Bank. Bank (deposits of $22.1 million)[1] is the 39th largest of 114 banking organizations in the relevant banking market[2] and controls approximately five-tenths of one per cent of the total deposits held by commercial banks in that market. Inasmuch as this proposal merely represents a reorganization of existing ownership interests and Applicant has no present banking subsidiaries, the acquisition of Bank by Applicant would not have any significantly adverse effect upon either existing or potential competition within the relevant market. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant are dependent upon those of Bank and its insurance agency activities and are considered to be satisfactory and consistent with approval. Although Applicant will incur debt in connection with the proposal, its projected income from its insurance activities and the earnings from Bank should provide sufficient revenue to service the debt without impairing the financial condition of Bank. Applicant also proposes to sell 24.99 per cent of its voting shares and 100 per cent of its nonvoting preferred shares to Valley View Bancshares, Inc., Overland Park, Kansas, in order to enable Applicant to receive additional funding to retire its debt without impairing Bank's financial condition.[3] Although there will be no immediate changes in the operation or services of Bank as a result of this proposal, considerations relating to the convenience and needs of the communities to be served are regarded as being consistent with approval. It is the Board's judgment that consummation of the holding company formation would be consistent with the public interest and that the application to acquire Bank should be approved.

In connection with the formation of the bank holding company, Applicant has also applied to retain the insurance agency business that it cur-

[1] All banking data are as of June 30, 1974 unless otherwise indicated.

[2] The relevant market is Kansas City, Kansas, and is defined as Johnson and Wyandotte Counties in Kansas, and Cass (less the cities of Archie, Drexel, Creighton, and Garden City), Clay, Jackson, and Platte Counties in Missouri.

[3] In a related matter, the Board today approved the applications of Valley View Bancshares, Inc. Overland Park, Kansas, to acquire 24.99 per cent of the voting shares of Applicant, and under § 4(c)(8) of the Act and § 225.4(b)(2) of Regulation Y to engage indirectly in Applicant's insurance agency activities. (*See* Board's Order of September 15, 1975.)

rently operates upon Bank's premises. Applicant proposes to continue operating the insurance agency, pursuant to § 225.4(a)(9) of the Board's Regulation Y, by acting as an agent for the sale of credit life and credit accident and health insurance that is issued in connection with extensions of credit by Bank. It does not appear that the retention of the insurance agency business would have any significantly adverse effect upon either existing or future competition, and approval of the retention of the agency would enable Applicant to continue offering Bank's customers a convenient source of insurance services, which factor the Board regards as being in the public interest. There is no evidence in the record indicating that consummation of this proposal would result in any undue concentration of resources, unfair competition, conflicts of interest, 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 considerations affecting the competitive factors under § 3(c) of the Act, and the balance of the public interest factors the Board must consider under § 4(c)(8) of the Act, both favor approval of the Applicant's proposals.

On the basis of the record, the applications are approved for the reasons summarized above. The acquisition of Bank shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City pursuant to delegated authority. The determination as to Applicant's insurance activities is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require reports by, and to make examinations of, bank holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective September 15, 1975.

Voting for this action: Chairman Burns, Governors Bucher, Wallich, and Jackson. Voting against this action: Governors Mitchell, Holland, and Coldwell.

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

VALLEY VIEW BANCSHARES, INC., OVERLAND PARK, KANSAS

Order Approving Acquisition of Shares of Bank Holding Company

Valley View Bancshares, Inc., Overland Park, Kansas, a registered bank holding company by virtue of its ownership of 100 per cent of the voting shares (less directors' qualifying shares) of Valley View State Bank, Overland Park, Kansas ("Valley Bank"), has applied for the Board's approval under § 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) ("Act") to acquire 24.99 per cent of the voting shares of Industrial Bancshares, Inc., Kansas City, Kansas ("Industrial"), a proposed bank holding company with respect to Industrial State Bank, Kansas City, Kansas ("State Bank").[1] By virtue of such acquisition, Applicant would also acquire an interest in Industrial's insurance activities. Accordingly, Applicant has applied for the Board's approval under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y, to engage indirectly in the activity of acting as an agent for the sale of credit-related insurance in connection with extensions of credit made by State Bank, which is to be the sole banking subsidiary of Industrial.

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with §§ 3 and 4 of the Act (40 *Federal Register* 8125 (1975)).[2] The time for filing comments and views has expired, and all comments and views received have been considered by the Board in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)) and § 4(c)(8) of the Act (12 U.S.C. § 1843(c)).

Applicant's subsidiary bank, Valley Bank (with deposits of \$29.2 million),[3] controls approximately seven tenths of one per cent of the total

[1] In a related action, the Board approved today the application of Industrial to become a bank holding company through the acquisition of 80 per cent or more of the voting shares of State Bank. (*See* Board's Order of September 15, 1975.)

deposits held by commercial banks in the relevant market and is the 29th largest of 114 banking organizations in that market.[4] While Applicant's subsidiary bank and State Bank, Industrial's proposed subsidiary, are located in the same banking market, it appears that the amount of meaningful competition that would be eliminated between the two banks would not be significant in view of some common stock ownership between directors of both Applicant and Industrial as well as the large number of banking competitors in the market. Valley Bank and State Bank hold in the aggregate only slightly more than one per cent of the market's deposits. Furthermore, on the basis of the facts of record, including the distance of 8.9 miles separating Valley Bank and State Bank, as well as the number of intervening banks, it appears unlikely that significant competition between Valley Bank and State Bank would develop in the future. Accordingly, the Board concludes that consummation of the proposal would neither eliminate any significant existing or future competition nor increase the concentration of banking resources in the relevant market or in the State as a whole. Therefore, competitive considerations are consistent with approval of the applications.

The financial and managerial resources and future prospects of Applicant and its present subsidiary bank are considered satisfactory and consistent with approval. Applicant's acquisition of Industrial's shares would not adversely affect the overall financial conditions of Applicant, Valley Bank, or State Bank. On the contrary, it would have the effect of enabling Industrial to reduce somewhat the debt incurred by Industrial in connection with the acquisition of State Bank. Considerations relating to the convenience and needs of the communities to be served also appear to be consistent with approval of the application. It is the Board's judgment that the proposed transaction would be consistent with the public interest, and that the application to acquire shares of Industrial should be approved.[5]

Applicant has also applied for the Board's approval to engage indirectly in the insurance agency activity of Industrial as a result of the acquisition of shares in Industrial. The considerations and public interest factors that the Board must consider under § 4(c)(8) of the Act are the same for this application as for those specified in Industrial's application to retain its insurance agency business, and are, likewise, consistent with approval of the application.[6]

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

On the basis of the record, the application is approved for the reasons summarized above. The transaction to acquire shares of Industrial shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, pursuant to delegated authority. The determination as to Applicant's insurance activities is subject to the conditions set forth in § 225.4(a) of Regulation Y and to the Board's authority to require reports by, and to make examinations of, bank holding companies and their subsidiaries and to require such modification or ter

[2] Pursuant to the Supreme Court's holding in *Whitney National Bank of Jefferson Parish v. Bank of New Orleans and Trust Company*, 379 U.S. 411, 419 (1965), the Board may not approve an application by a bank holding company if consummation of the proposal contemplated by such application would be prohibited by a valid State law. Kansas law prohibits the formation of multi bank holding companies. The relevant statute generally defines a bank holding company as any company that directly or indirectly owns, controls, or holds with power to vote, 25 per cent or more of the voting shares of each of two or more banks, or controls in any manner the election of a majority of the directors of each of two or more banks (K.S.A. § 9-504). Notice of the subject proposal has been given to the Kansas Banking Commissioner, as required by § 3(b) of the Bank Holding Company Act (12 U.S.C. § 1842(b)). The Banking Commissioner has indicated that consummation of the proposal, which involves Applicant's direct acquisition of 24.99 per cent of the voting shares of Industrial, would not contravene the provisions of Kansas law.

[3] All banking data are as of June 30, 1974, unless otherwise indicated.

[4] The relevant market is Kansas City, Kansas, and is defined as Johnson and Wyandotte Counties in Kansas, and Cass (less the cities of Archie, Drexel, Creighton, and Garden City), Clay, Jackson, and Platte Counties in Missouri.

[5] In connection with its consideration of the subject proposal, the Board has by letter of today's date notified Applicant that, upon consummation of the proposal, the Board has determined, on the basis of the record, that Applicant would be capable of exercising a "controlling influence" over the management or policies of Industrial within the meaning of § 2(a)(2)(C) of the Act. Accordingly, upon consummation of the proposal, Applicant is required to report Industrial, as well as its subsidiaries, as subsidiaries of Applicant and to comply with the applicable provisions of the Act with respect to such subsidiaries. Applicant has waived the requirement of notice and opportunity for a hearing provided in the statute, and this determination becomes final upon consummation of the proposal.

[6] See footnote 1 *supra*.

mination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective September 15, 1975.

Voting for this action: Chairman Burns, Governors Bucher, Wallich, and Jackson. Voting against this action: Governors Mitchell, Holland, and Coldwell.

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

Dissenting Statement of Governors Mitchell, Holland, and Coldwell

We would deny the companion applications of Industrial Bancshares, Inc. ("Industrial"), and Valley View Bancshares, Inc. ("Valley View"). In our view, the method of financing entails an unsound debt structure that is likely to have adverse effects upon Industrial's proposed subsidiary bank, as well as upon the existing subsidiary bank of Valley View.

In connection with this proposal, Industrial will incur an initial acquisition debt of $2,500,000. This is almost equal to the total equity and reserves of Industrial Bank which are $2,571,000.[1] On a book value basis, therefore, the combination of the holding company and bank statements would show an equity of $71,000 against total liabilities (including deposits) of $26,958,000. Possibly in light of this fact, Industrial proposes to sell 24.99 per cent of its voting shares and 100 per cent of its non-voting preferred shares to Valley View, which is controlled by the same individuals. This will provide Industrial with $875,000 in additional funding to reduce its debt to $1,625,000. Valley View has $32,660,000 in liabilities (including deposits) and $3,521,000 in equity and reserves. Valley View has $810,000 of debt outstanding and proposes to add $875,000 in order to purchase shares of Industrial. Thus, Valley View's equity position combined with that of Valley View Bank would amount to $1,836,000 against liabilities of $34,345,000 (including deposits). The combined statements of Industrial and Valley View banks and holding companies would show liabilities (including deposits) of $60,428,000 and equity of $2,782,000. In our judgment such leverage subjects the banks and their customers to greater exposure than is desirable.

The capital of Valley View, the resulting multibank holding company, when viewed on a parent-company-only basis is in our opinion also unduly leveraged. The fact that the bank stock was purchased at higher than book values does not warrant automatically including such premiums in the capital base of the holding company for purposes of supervisory analyses of capital adequacy. In the absence of objective evidence clearly signifying values exceeding book figures—such as a relatively strong market price for its stock reliably indexed in an objective market, or an unusually large net income flow relative to book value—the prudent course, in our view, is to base supervisory judgments concerning the adequacy of bank holding company capital on book values. We see no such persuasive evidence supporting values in excess of book in this case; and book values alone, as indicated earlier in this dissenting statement, suggest a relatively narrow equity position.

In addition, the proposal involves tax avoidance and a plan in which a group of individuals is attempting to establish a chain of one-bank holding companies. The public benefit of these arrangements has not been made apparent; from one point of view it is negative.

In summary, it appears to us that the basic financial position of Industrial and Valley View as a result of the proposal would be such as to lessen the ability of each to resolve any unforeseen problems that may arise at their respective subsidiary banks, and, thereby might reduce those banks' overall ability to continue to serve their respective communities as effective banking organizations.

For the above reasons, we would deny the applications.

[1] Financial data are as of June 30, 1975.

ORDERS UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

BARNETT BANKS, INC.,
JACKSONVILLE, FLORIDA

Modified Order Granting Application to Engage in Certain Insurance Agency Activities

In an Order dated July 14, 1975, the Board of Governors of the Federal Reserve System approved the application by Barnett Banks of Florida, Inc., Jacksonville, Florida ("Barnett"), to engage *de novo* in certain insurance agency activities through a newly formed subsidiary to be known as Barnett Winston Insurance Agency, Inc.

The Board's Order discussed the proposed insurance agency activities as they related to the mortgage banking activities of Barnett's mortgage banking subsidiary, Barnett Winston Company, and as viewed within the limitations of the newly enacted Florida statute which prohibits insurance agents and solicitors associated with certain types of financial institutions from soliciting, negotiating, selling, effectuating, or servicing any policy of insurance, with certain exceptions provided (Section 626.988, Florida Statutes).[1] However, the Board's Order did not discuss the sale of credit accident and health (disability) insurance by the offices of Barnett Winston Company which are located in Florida.

In a letter dated July 24, 1975, Barnett noted that the recently enacted Florida statute, cited above, defines "insurance agency activities" as "the procurement of applications, solicitation, negotiation, selling, effectuating or servicing of any policy or contract of insurance *other than credit life insurance and credit disability insurance.*" [Emphasis added.] Thus, credit life and credit disability insurance are not within the scope of the prohibitions of the recently enacted Florida statute.

The National Association of Insurance Agents, Inc. ("NAIA") and the Florida Association of Insurance Agents, Inc. ("FAIA"), in separate letters, submitted responses to Barnett's July 24 letter. Neither NAIA nor FAIA raised objections to the comments expressed in Barnett's July 24 letter. However, both NAIA and FAIA requested further modifications of the Order with respect to the interpretation of the recently enacted Florida Statute and the insurance agency activities which may be conducted thereunder by a bank holding company.

The Board has reviewed the July 14 Order in light of the above mentioned supplemental submissions, and has decided that it would be desirable to modify the Order to more specifically clarify the scope of the permissible insurance agency activities in terms of the Florida statute. Accordingly, the Board's Order of July 14, 1975, approving the application of Barnett Banks of Florida, Inc., Jacksonville, Florida, to engage *de novo* in certain insurance agency activities through Barnett Winston Insurance Agency, Inc., is hereby modified to read as follows.[2]

Barnett Banks of Florida, Inc., Jacksonville, Florida ("Barnett"), a bank holding company within the meaning of the Bank Holding Company Act, has applied through its nonbanking subsidiary, Barnett Winston Company ("Barnett Winston"), for the Board's approval under § 4(c)(8) of the Act and § 225.4(b)(1) of the Board's Regulation Y, to engage *de novo* in certain insurance agency activities through a newly formed subsidiary to be known as Barnett Winston Insurance Agency, Inc.

Notice of the application was published in the communities to be served in accordance with § 225.4(b)(1) of the Board's Regulation Y. Formal objections to the application were made by the National Association of Insurance Agents, Inc. ("NAIA") and the Florida Association of Insurance Agents, Inc. ("FAIA"). By Order of March 6, 1973, the Board directed that public hearings be held on the subject application before a designated Administrative Law Judge (38 Federal Register 6441). In addition to the intervenors named above, a number of additional parties sought, and were granted permission, to participate in the proceeding. Testimony and other evidence in support of, and in opposition to, the application was received in evidentiary hearings held between June 11, 1973, and June 21, 1973. The hearing and related proceedings have been conducted in accordance with the Board's Rules of Practice for Formal Hearings (12 CFR 263).

In a Recommended Decision of November 8, 1973, the Administrative Law Judge concluded that the evidence supported approval of the application and recommended that the Board permit Applicant to engage in certain insurance agency activities in those counties in which Applicant and its affiliates do not control more than 15 per cent of the bank deposits and/or mortgage banking business. An exception to the recommendation of approval was noted for various types of surety bonding. The recommendation was subject to the requirement that appropriate statements be furnished for execution by borrowers to the effect that the customer understands that the placement of such insurance is not offered as a condition to the grant of a loan, nor as an inducement therefor,

[1] Barnett Winston Company operates six offices in Florida and one office in Harris County, Texas. The Board's July 14, 1975, Order distinguished the proposed insurance agency activities to be conducted in Florida from those to be conducted in Texas. The instant Order modifies the July 14 Order only insofar as it concerns the proposed activities in Florida, and reaffirms the activities approved for the office in Texas.

[2] Applicant may engage in insurance agency activities only to the extent that such authority is specifically granted in this Order, approval granted in the July 14 Order notwithstanding.

and, in addition, that similar insurance not necessarily naming the lending institution as beneficiary may be obtained from independent agents, or in lieu thereof, existing insurance owned by the borrower may be assigned to the bank.

The Board, having considered the entire record and the exceptions taken to the Recommended Decision by the various parties and having determined that the Administrative Law Judge's findings of fact, conclusions, and order, as modified and supplemented herein, should be adopted as the findings, conclusions, and Order of the Board, now makes its findings as to the facts, its conclusions drawn therefrom, and its Order.

Barnett Winston Company is engaged in the activity of mortgage banking through six offices in Florida and one in Harris County, Texas. As of year-end 1972 it held a mortgage servicing portfolio of approximately \$155 million. Barnett Winston Company proposed to sell the following types of insurance in connection with the real estate financing activities of its subsidiaries through a newly-formed subsidiary to be known as Barnett Winston Insurance Agency, Inc.:

(a) Property damage and liability insurance on real estate mortgaged as security for a loan originated and/or serviced by a bank-related subsidiary of Applicant.

(b) Mortgage guaranty insurance assuring repayment in the event of default of all or a portion of a mortgage loan originated and/or serviced by a bank-related subsidiary of Applicant.

(c) Insurance on the life or health of a borrower indebted on a loan originated and/or serviced by a bank related subsidiary of Applicant.

(d) Homeowner's insurance with respect to a residence mortgaged as security for a loan originated and/or serviced by a bank-related subsidiary of Applicant.

(e) Insurance that is otherwise sold as a matter of convenience to the purchaser so long as the premium income from such sales does not constitute a significant portion of the aggregate insurance premium of Applicant.

The principal issues before the Board which arise from the subject application are: (1) whether the insurance agency activities proposed are so closely related to banking or managing or controlling banks as to be a proper incident thereto; (2) whether performance of the proposed activities can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, which outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. The Board has previously determined by Regulation (12 CFR 225.4(a)(9)) ("Insurance Regulation") that the following activities are so closely related to banking or managing or controlling banks as to be a proper incident thereto:[3]

(9) acting as insurance agent or broker at offices at which the holding company or its subsidiaries are otherwise engaged in business (or in an office adjacent thereto) with respect to the following types of insurance:

(i) Any insurance for the holding company and its subsidiaries;

(ii) Any insurance that (a) is directly related to an extension of credit by a bank or a bank related firm of the kind described in this regulation, or (b) is directly related to the provision of other financial services by a bank or such a bank related firm, or (c) is otherwise sold as a matter of convenience to the purchaser, so long as the premium income from sales within this subdivision (ii)(c) does not constitute a significant portion of the aggregate insurance premium income of the holding company from insurance sold pursuant to this subdivision (ii);

(iii) Any insurance sold in a community that (a) has a population not exceeding 5,000 or (b) the holding company demonstrates has inadequate insurance agency facilities.

Upon reviewing the legislative history of the 1970 Amendments to the Bank Holding Company Act, the Law Judge concluded that "Congress clearly had the insurance agency business in mind as an enterprise closely related to banking." He therefore found that "the business of selling general insurance" was an activity so closely related to banking or managing or controlling banks as to be a proper incident thereto. However, Applicant did not seek permission to operate a general insurance agency as such but listed in its application the specific insurance coverages that it contemplated selling through its newly formed subsidiary, Barnett Winston Insurance Agency, Inc. Adoption of the Law Judge's recommended finding that "selling general insurance" is an activity closely related to banking would thus confer a broader authority than that requested in the subject

[3]The Board's Insurance Regulation was adopted after notice of proposed rule making and following receipt of comments on the substance of the proposed regulation. The insurance activities authorized by the regulation are those that are organizationally and physically integrated into the operations of the bank holding company. The Board's decisions in this area prior to the 1970 Amendments to the Act are generally to the same effect (see, for example, Otto Bremer Company, 1959 F.R. BULLETIN 892, First Bank Stock Corporation, 1959 F.R. BULLETIN 917; and United Virginia Bankshares, Inc., 1970 F.R. BULLETIN 599).

Members of both Houses of Congress referred to the Board's prior decisions during the legislative debate to the 1970 Amendments. A member of the Conference Committee, Senator Bennett, stated: "The Federal Reserve Board under the existing language of § 4(c)(8) for the past 14 years has approved insurance activities for bank holding companies and there was no intent on the part of the Conference Committee to overrule these past decisions." Congressional Record S-20645, December 18, 1970.

application and would not be an appropriate finding from the record of this proceeding.

Subsequent to the Law Judge's decision in this case, a bill was passed by the Florida legislature prohibiting insurance agents and solicitors associated with certain types of financial institutions from soliciting, negotiating, selling, effectuating, or servicing any policy of insurance (Section 626.988, Florida Statutes). However, the new Florida statute provides narrow exceptions which authorize certain nonbank subsidiaries or affiliates of bank holding companies to engage to a limited extent in certain insurance agency activities. Section 3 of the statute provides:

> Notwithstanding any other provision of this section, an insurance agent or solicitor licensed by the department of insurance under the provisions of chapter 626, Florida Statutes, who is affiliated with, under contract with, retained by or owned or controlled directly or indirectly to any degree by a bank holding company subsidiary or affiliate, which is not a bank, licensed and operating primarily under chapter 494, Florida Statutes, may engage in insurance agency activities, if permitted by the Board of Governors of the Federal Reserve System, but only to the extent that such activities are directly related to the extension of credit, specifically real estate mortgage loans, made or brokered by licensees under Chapter 494, Florida Statutes, and only to the extent necessary to protect the real property which is subject to the mortgage loan, against loss or damage. With respect only to residential property consisting of not more than four individual dwelling units, such agent or solicitor may offer a policy affording insurance on the primary residence, appurtenant structures, personal property and personal liability, but excluding any insurance customarily written under an inland marine form. In addition, such agent may offer decreasing term life insurance on the life of the borrower not to exceed the amount and term of the mortgage.

Thus, it appears that under the recently enacted Florida statute, Applicant may engage to a limited extent in certain insurance agency activities. Accordingly, the Board believes that it may approve the proposal herein to the extent permitted by Florida law.

Applicant requests permission for Barnett Winston Insurance Agency, Inc., to sell physical damage insurance on real estate mortgaged as security for a loan originated and/or serviced by Barnett Winston, a mortgage banking subsidiary of Applicant located in Florida.[1] So long as this request pertains to physical damage insurance on real estate serving as collateral for a loan *originated* by a subsidiary of Applicant which is licensed and operating primarily under Chapter 494, Florida statutes, it would appear to meet the requirements contained in the exemption to the recently enacted Florida statute cited above. The Board has previously found that the sale of such coverage is directly related to an extension of credit within the meaning of § 225.4(a)(9)(ii)(a) of Regulation Y. The extension of credit on a secured loan is founded upon the value of the collateral securing the loan. Thus, insurance is essential from the lender's standpoint to assure that the value of the collateral will not be impaired by physical damage. The financial nature of the insurance transaction forms an integral function for the borrower as well since the presence or lack of insurance protecting loan collateral is an essential element of the credit evaluation. The evidence in this record confirms that the sale of physical damage insurance on real estate is directly related to a real estate mortgage loan. Accordingly, Applicant may engage in this activity subject to the limitations imposed by Florida law.

Applicant further seeks to sell physical damage insurance on real estate mortgaged as security for a loan originated and/or serviced by Barnett Winston in Harris County, Texas. The servicing of loans and other extensions of credit has been found by the Board to be a permissible activity under § 225.4(a)(3) of Regulation Y, and thus, a provision of a financial service by a bank or bank related firm of the type contemplated in the Board's Interpretation permitting the sale of insurance in connection with such services (12 CFR 225.128(d)(4)). Accordingly, the Board concludes that the sale of physical damage insurance on real estate serving as collateral for a loan originated and/or serviced by Barnett Winston in Harris County, Texas, is a permissible activity within the meaning of § 225.4(a)(9)(ii)(a) and/or (b) of the Insurance Regulation.

Applicant seeks prior Board approval to sell liability insurance on real property when a subsidiary has taken a security interest in such property as the result of its extension of credit. The purchase of liability insurance by individual borrowers in conjunction with or as part of an insurance package with insurance that protects real property which secures an extension of credt appears, from the evidence of record, to be the least costly and most convenient means of obtaining such coverage. Moreover, a "packaged" insurance policy combining liability insurance with

[1] Protestants contend that the proper interpretation of the Florida Statute requires that the insurance be sold by the Chapter 494 subsidiary, itself, and not by a subsidiary or affiliate of the Chapter 494 subsidiary. This proposed interpretation is far from clear on the face of the statute. In fact, a literal reading of the statute would appear to support an interpretation opposite to that proffered by Protestants. Furthermore, the Board does not believe that there is any substantive distinction between the Chapter 494 subsidiary itself selling the insurance, or a subsidiary or affiliate of the Chapter 494 subsidiary engaging only in the sale of insurance on behalf of, and in connection with, extensions of credit by the Chapter 494 subsidiary.

insurance relating to physical damage on real property purchased from loan proceeds fulfills a legitimate need of the lender and borrower alike *at the time a loan is made*. The Board concludes from all the evidence of record that the sale of liability insurance on real property supports the lending transactions of a bank or bank-related firm in the holding company system when it is sold to borrowers in conjunction with, or as part of, an insurance package with insurance protecting real property, and is a permissible activity within § 225.4(a)(9) of the Insurance Regulation. However, under the recently enacted Florida statute cited above, Applicant would be prohibited from selling this type of insurance in Florida, except in connection with extensions of credit originated by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, and except *for those instances where the real property* securing an extension of credit consists of residential property of not more than four individual dwelling units. To the extent that Applicant complies with these conditions, it may engage in this activity. Insofar as Applicant's request pertains to prior Board approval to sell liability insurance on real estate serving as collateral for a loan originated and/or serviced by *Barnett Winston in Harris* County, Texas, the Board concludes from all the evidence of record that Applicant may engage in this activity in Harris County so long as the liability insurance is sold to borrowers in conjunction with, or as part of, an insurance package with insurance protecting the real property.

Applicant has requested the Board's prior approval to sell mortgage guaranty insurance as agent or broker. This particular insurance protects the lender against loss of a specified percentage of a loan *in the event of foreclosure and sale of the* collateral. To a large extent, it insures the lender against credit risk. However, none of the major mortgage insurance underwriters uses agents at the present time, and all have been qualified as insurers by the Federal Home Loan Mortgage Corporation. The Board further notes that § 150 of that Corporation's Eligibility Requirements for qualified insurers prohibits these insurers from paying a fee, commission, or other compensation to any mortgage lender or to any corporation in which the lender, its officers or directors, or its employees have a financial interest. Thus, it appears that qualified underwriters of mortgage guaranty insurance would be prohibited from paying a commission or fee to Applicant in the sale of such insurance. Moreover, were Applicant to sell mortgage guaranty insurance for an unqualified insurer, its mortgages could not be resold to the Federal Home Loan Mortgage Corporation, a significant buyer of mortgages in the secondary market. *Under these circumstances, the Board* does not view the sale of mortgage guaranty insurance by a bank holding company to be in the public interest. Accordingly, the application to engage in the sale as agent or broker of this specific coverage should be, and hereby is, denied.[5]

Applicant has also requested the Board's prior approval to sell insurance on the life or health of a borrower who is indebted on a loan originated and/or serviced by a bank related subsidiary of Applicant. The Board has previously determined by Order[6] that the sale of credit life, credit accident and health, and mortgage redemption insurance is so closely related to banking as to be a proper incident thereto within the meaning of § 225.4(a)(9) of the Insurance Regulation. As noted supra, Florida's recently enacted statute expressly permits the sale of decreasing term life insurance on *the life* of a borrower *where such insurance* is sold in connection with an extension of credit originated by a subsidiary licensed and operating *primarily under* Chapter 494, Florida Statutes, and where the insurance does not exceed the amount and term of the real estate mortgage loan. The sale of such insurance assures repayment of an extension of credit by the holding company system in the event of death or disability of the borrower. The Board finds that the sale of such insurance is directly related to an extension of credit and that Applicant may engage in this activity in Florida, provided that these conditions are complied with.

The previously noted restrictions under Florida law on the sale of mortgage redemption insurance do not limit Applicant's ability to perform this activity in the State of Texas, nor do these restriction apply to, or limit, Applicant's ability to sell

[5]Although the Board initially approved on July 3, 1974, the application of The Alabama Financial Group, Inc., now Southern Bancorporation ("Southern"), to engage in certain insurance agency activities including acting as agent in the sale of mortgage guaranty insurance, that Order was modified on October 29, 1974, by rescinding Board approval for Southern to act as agent in the sale of mortgage guaranty insurance. *In all other respects, the Board reaffirmed its July 3, 1974* Order.

[6]See the Board's Order of January 28, 1974, granting approval to Worcester Bancorp, Inc., Worcester, Massachusetts, to engage *de novo* in the sale of credit life, credit accident and health, and mortgage redemption insurance (1974 F.R. BULLETIN 393).

credit life and credit accident and health insurance in Florida or Texas. The sale of decreasing term life insurance in connection with the servicing of loans by a bank or bank related firm is a coverage previously determined by the Board as one directly related to an extension of credit or the providing of financial services (see 12 CFR 225.128(d)). However, where life insurance on the borrower exceeds the extent of the outstanding balance of the credit extension as occurs in the sale of level term life insurance in connection with installment loans, no direct relationship exists. Accordingly, the Board finds that the sale of level term life insurance is not so closely related to banking as to be a proper incident thereto within the meaning of § 225.4(a)(9) of the Insurance Regulation. Thus, Applicant may sell such credit accident and health insurance and decreasing term life insurance under the provisions of § 225.4(a)(9) of the Board's Insurance Regulation through all of Barnett Winston's offices, so long as such insurance is sold in accordance with applicable State laws.

Applicant has also applied for permission to sell homeowner's insurance under a package form of insurance consisting primarily of physical damage and liability insurance on a residence combined with several other types of coverages. The evidence of record indicates the difficulty of separately obtaining the several types of coverages contained in a homeowner's policy at a price comparable to that for the package. The Board, therefore, concludes that the sale of homeowner's insurance supports the lending transactions of a bank or bank related firm in the holding company system when it is sold to borrowers as a means of protecting the collateral in which the bank or bank-related firm has a security interest and is a permissible activity within § 225.4(a)(9) of the Insurance Regulation. Accordingly, Applicant's sale of homeowner's insurance protecting collateral securing a mortgage loan originated and/or serviced by its mortgage loan office in Harris County, Texas, is a permissible activity within § 225.4(a)(9) of the Insurance Regulation. In addition, to the extent such policy excludes any insurance customarily written under an inland marine form, Applicant may engage in this activity in Florida in connection with extensions of credit by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, where the extensions of credit involve real estate mortgage loans on residential property consisting of not more than four individual dwelling units.

Applicant also requests permission to sell insurance that is otherwise sold as a matter of convenience to the purchaser so long as the premium income from sales within this category does not constitute a significant portion of the aggregate insurance premium income from insurance sold in connection with loans or other financial services. The sale of such insurance has been expressly permitted by the Board under § 225.4(a)(9)(ii)(c) of the Insurance Regulation. The Board does not regard this provision as being designed to permit entry into the general insurance agency business but only permits the limited sale of such insurance as a matter of convenience to the purchaser. The Board has previously determined that income attributable to "convenience" sales will not be regarded as constituting a "significant portion" if the premium income attributable to "convenience" sales is "less than 5 per cent of the aggregate insurance premium income of the holding company system from insurance sold pursuant to § 225.4(a)(9)(ii)" (see 12 CFR 225.128(e) and (3)).[7] The Board hereby reaffirms its view that this limitation is a necessary and proper means of ensuring the continued existence of the close relationship originally found between banking and certain insurance agency activities deemed permissible under the Insurance Regulation. Accordingly, Applicant may sell "convenience" insurance through Barnett Winston's one office in Harris County, Texas.[8]

In determining whether a particular activity is a proper incident to banking or managing or controlling banks, the 1970 Amendments to the Act require the Board to "consider whether its performance by an affiliate of a holding company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking prac-

[7]The Board's view in this respect would not be affected by a proposed revision to clarify the definition of insurance sold as a matter of convenience to borrowers under Regulation Y which would, in effect, limit the amount of convenience insurance sold by each insurance selling subsidiary office to less than 5 per cent of that office's total insurance premium income (see F.R. 28536 and 39 F.R. 34682). The Board's decision in the instant Order is based solely on the Insurance Regulation as presently drafted; no determination has been made by the Board on the proposed revision, nor is any implied herein.

[8]In view of the recently passed Florida insurance legislation (Section 626.988, *Florida Statutes*), the Board is unable to approve any insurance agency activities for which Barnett (through Barnett Winston) applied other than those already specifically discussed herein.

tices." Each of these factors has been separately considered by the Board in its determination herein.

The public benefits that may reasonably be expected to result from the sale of the coverages discussed, supra, appear to be positive in terms of greater convenience to the consumer borrower. The ability of a borrower to complete an entire credit-related insurance transaction at one location (so-called "one-stop shopping") is likely to result in a considerable savings in time as well as eliminate the duplication of certain information requirements. Permitting Applicant to engage in the specified insurance agency activities is also likely to result in the added convenience of combining the loan installments and insurance premiums in a single payment.

Approval of the subject application is also likely to result in some increased competition among insurance agents in Florida. While it does not appear that Applicant can introduce more than a minimum of price competition in those insurance agency markets that it enters, it appears capable of injecting strong competition in such markets on the basis of service. The added convenience of completing a credit insurance transaction at one location is but one of the competitive means whereby Applicant may improve an insurance agent's service to the public. In addition, certain technical efficiencies in the data processing area give Applicant the capability of competing effectively with independent agents and the assurance of efficient service to the public. Based on these and other facts of record, it is the Board's judgment that approval of the subject application will produce public benefits through increased competition among insurance agents in both the local Florida and Texas markets.

Approval of the subject application is also likely to result in some gains in efficiency. The policies sold must, by Board Regulation, be directly related to an extension of credit or the provision of other financial services offered by the Applicant; and furthermore, under the recently enacted Florida statute, the property and liability policies sold in Florida also must be directly related to real estate mortgage loans made by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes. Thus, some savings can be anticipated through the reduction or even elimination of advertising and solicitation expenses as the agents' only customers will be those who choose the "one stop" convenience of purchasing insurance at the same time the loan is obtained. Since the insurance agency activities will be conducted from existing facilities of the holding company, the expense of office overhead will be minimal. Efficiencies may also result from increased use of the holding company's computer facilities in handling insurance sales and billing operations. It is the Board's judgment that such efficiences will result in positive public benefits in terms of the service Applicant may offer its borrower-insureds.

One of the possible adverse effects which the Congress directed the Board to consider in determining whether a particular activity is a proper incident to banking or managing or controlling banks is the danger of an undue concentration of resources. As noted in the Conference Report accompanying H.R. 6778, this particular danger "is enhanced when concentrations of power are centered about money, credit and other financial areas, the common denominators of the economy." Since Applicant is proposing to enter this activity *de novo*, the Board concludes that the danger of an undue concentration of resources such as the Congress feared might arise from bank holding company entry into a particular nonbanking activity is not present in this application.

Another possible adverse effect which the Congress directed the Board to consider in any § 4(c)(8) application concerned the danger of decreased or unfair competition. Intervenors vigorously contested this application on the ground that permitting Applicant to sell insurance would lead to coerced or "voluntary" tying[9] of insurance to extensions of credit by Applicant's subsidiaries. It appears that the Law Judge was concerned with such a possibility and accordingly recommended that Applicant not be permitted to sell insurance in markets where its banking subsidiaries hold more than 15 per cent of the total depositis in commercial banks. It is clear that coerced tying is forbidden by § 106 of the Bank Holding Company Act and under certain conditions by provisions of the antitrust laws. Moreover, the evidence of record in this proceeding contains no specific instances of a tying arrangement resulting from either coerced or "voluntary" tying. Finally, the record indicates that the market power required for the successful practice of tying does not appear to be present. The share of commercial bank deposits that Applicant's banking subsidiaries hold in local Florida markets does not

[9] Voluntary tying results not from any coercion placed on the borrower by the lender but, rather, from the borrower's presumed desire to enhance the probability of obtaining a loan.

establish undue market power in those markets. It appears from the record in this proceeding that there are numerous banking alternatives in Florida's banking markets. In addition to commercial banks, borrowers have access to mortgage loans from savings and loan associations and mortgage bankers. Considering these alternative nonbank sources of mortgage credit, together with the numerous commercial banking alternatives available to borrowers, it appears that the dangers of tying are not substantial and should not bar Applicant's sale of insurance in local Florida markets.

The Law Judge recommended in his decision that "appropriate statements be included in all insurance application forms furnished by affiliates of bank holding companies in bold type above the applicant's signature to the effect that the customer understands that the placement of such insurance is not offered as a condition to the grant of the loan nor as an inducement therefor. . . ." The Board notes that similar statements are likely to be included in all Truth in Lending disclosures made pursuant to the Board's Regulation Z with respect to credit life, accident and health or loss of income insurance, and it finds that the evidence in this record is not sufficient to otherwise require such language.

The Law Judge also recommended as a condition of approval that language be added to insurance application forms indicating that "similar insurance not necessarily naming the lending institution as beneficiary may be obtained from independent agents or in lieu thereof existing insurance owned by the borrower may be assigned to the bank" (page 64). The Board has not required this specific condition before and the evidence in this record is insufficient to demonstrate that there are possible adverse effects to be prevented by such a statement.

Finally, in passing on an application under § 4(c)(8), the Board is required to consider whether conflicts of interest or unsound banking practices might arise from Applicant's entry into the insurance agency business. We find no evidence in the record to support a conclusion that lending affiliates of an applicant would risk making an undesirable loan for the purpose of selling the customer any other form of insurance. Regulatory supervision of loans made by banking affiliates of Applicant appears to provide a reasonable safeguard against this possibility. Accordingly, the Board finds that the adverse effects that might arise from possible conflicts of interests are not present in this application. In addition, a review of the entire record indicates that no other unsound banking practices would result from Applicant's entry into the sale of the specified insurance coverages. Therefore, it is the Board's judgment that consummation of the proposed transaction would not result in conflicts of interests or unsound banking practices.

It has been suggested by NAIA that, in light of the new legislative prohibitions of the Florida statute limiting Applicant's entry into insurance agency activities, the public benefits claimed from subject entry should be reexamined. The Board recognizes that some diminution of the public benefits discussed supra may likely result from a more limited form of entry into insurance agency activities. However, on balance, it is the Board's view that sufficient public benefits would exist following Applicant's entry into those insurance agency activities now permitted by Florida law as to outweigh any possible adverse effects resulting from such entry.

The Board notes that NAIA has objected to the exclusion by the Law Judge of certain testimony of Mr. Harrison Houghton, witness for NAIA. The Board, after examining the record, concludes that the Law Judge correctly exercised his discretion in refusing to admit this testimony since it was cumulative to other testimony in the record and, moreover, irrelevant to many of the issues involved in this application. NAIA filed a motion to exclude Board personnel who were involved in this hearing from "participating in the making of the Board's decision on these applications." Since such personnel of the Board did not participate in the decisional process, the issue raised by the motion is moot.

Based on the foregoing and other considerations reflected in the record, the Board has determined, in accordance with the provisions of § 4(c)(8), that consummation of this proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. Accordingly, the Board's July 14, 1975 Order is hereby modified as provided herein, and the application to sell the limited coverages enumerated above and expressly permitted under the Florida statute is hereby approved only to the extent specified in this Order. In addition, the coverages specified above that are proposed to be sold in Texas, are hereby approved. This determination supersedes the Board's Order of July 14, 1975, and is conditioned upon Applicant's conduct of these activities in accordance with all applicable Florida and Texas insurance laws. This determination is fur ther subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof. The transaction herein approved shall be consummated not later than three months after the effective date of this Order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta pursuant to authority hereby delegated.

By order of the Board of Governors, effective September 22, 1975.

Voting for this action: Vice Chairman Mitchell and Governors Bucher, Holland, Wallich, Coldwell, and Jackson. Absent and not voting: Chairman Burns.

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

BARNETT BANKS OF FLORIDA, INC., JACKSONVILLE, FLORIDA; AND THE CHASE MANHATTAN CORPORATION, NEW YORK, NEW YORK

Modified Order Granting Application to Engage in Certain Insurance Agency Activities

In an Order dated July 14, 1975, the Board of Governors of the Federal Reserve System approved the applications by Barnett Banks of Florida, Inc., Jacksonville, Florida ("Barnett") and The Chase Manhattan Corporation, New York, New York ("Chase"), to engage *de novo* in certain insurance agency activities through subsidiaries of both of the respective holding companies operating primarily in various parts of the State of Florida.

The Board's Order discussed the proposed insurance agency activities as they related to the mortgage banking activities of the subsidiaries of the respective bank holding companies, and as viewed within the limitations of the newly enacted Florida statute which prohibits insurance agents and solicitors associated with certain types of financial institutions from soliciting, negotiating, selling, effectuating, or servicing any policy of insurance, with certain exceptions provided (Section 626.988, Florida Statutes). However, the Board's Order did not explicitly discuss the sale of credit life insurance and credit disability insurance directly related to extensions of credit by Barnett's subsidiary banks.

In a letter dated July 24, 1975, Barnett noted that the recently enacted Florida statute, cited above, defines "insurance agency activities" as "the procurement of applications, solicitation, negotiation, selling, effectuating or servicing of any policy or contract of insurance *other than credit life insurance and credit disability insurance.*" [Emphasis added.] Thus, credit life and credit disability insurance are not within the scope of the prohibitions of the recently enacted Florida statute.

The National Association of Insurance Agents, Inc. ("NAIA") and the Florida Association of Insurance Agents, Inc. ("FAIA"), in separate letters, submitted responses to Barnett's July 24 letter. Neither NAIA nor FAIA raised objections to the comments expressed in Barnett's July 24 letter. However, both NAIA and FAIA requested further modification of the Order with respect to the interpretation of the recently enacted Florida Statute and the insurance agency activities which may be conducted thereunder by a bank holding company.

The Board has reviewed the July 14 Order in light of the above-mentioned supplemental submissions, and has decided that it would be desirable to modify the Order to more specifically clarify the scope of the permissible insurance agency activities in terms of the Florida statute. Accordingly, the Board's Order of July 14, 1975, approving the applications of Barnett Banks of Florida, Inc., Jacksonville, Florida, and The Chase Manhattan Corporation, New York, New York, to engage *de novo* in certain insurance agency activities, is hereby modified to read as follows.[1]

Barnett Banks of Florida, Inc., Jacksonville, Florida ("Barnett"), and The Chase Manhattan Corporation, New York, New York ("Chase"), both bank holding companies within the meaning of the Bank Holding Company Act, have applied for the Board's approval, under § 4(c)(8) of the Act and § 225.4(b)(1) of the Board's Regulation Y, to engage *de novo* in certain insurance agency activities through subsidiaries of both of the respective holding companies operating primarily in various parts of the State of Florida.

Notices of the two subject applications were

[1] Applicants may engage in insurance agency activities in Florida only to the extent that such authority is specifically granted in this Order, approval granted in the July 14 Order notwithstanding.

published in the communities to be served by both of the respective bank holding companies in accordance with § 225.4(b)(1) of the Board's Regulation Y. Formal objections to the applications were made by the National Association of Insurance Agents, Inc. ("NAIA") and the Florida Association of Insurance Agents, Inc. ("FAIA"). By Order of March 6, 1973, the Board directed that public hearings be held on the subject applications before a designated Administrative Law Judge (38 Federal Register 6441). In Addition to the intervenors named above, a number of additional parties sought and were granted permission to participate in the proceedings. Testimony and other evidence in support of, and in opposition to, the applications was received in evidentiary hearings held between June 11, 1973, and June 21, 1973. The hearings and related proceedings have been conducted in accordance with the Board's Rules of Practice for Formal Hearings (12 CFR 263).

In a Recommended Decision of November 8, 1973, the Administrative Law Judge concluded that the evidence supported approval of the applications and recommended that the Board permit both Applicants to engage in certain insurance agency activities in those counties in which Applicants and their affiliates do not control more than 15 per cent of the bank deposits and/or mortgage banking business. An exception to this recommendation of approval was noted for various types of surety bonding. The recommendation was subject to the requirement that appropriate statements be furnished for execution by borrowers to the effect that the customer understands that the placement of such insurance is not offered as a condition to the grant of a loan, nor as an inducement therefor, and, in addition, that similar insurance not necessarily naming the lending institution as beneficiary may be obtained from independent agents, or in lieu thereof, existing insurance owned by the borrower may be assigned to the bank.

The Board, having considered the entire record and the exceptions taken to the Recommended Decision by the various parties and having determined that the Administrative Law Judge's findings of fact, conclusions, and order, as modified and supplemented herein, should be adopted as the findings, conclusions, and order of the Board, now makes its findings as to the facts, its conclusions drawn therefrom, and its Order.

Barnett controls 36 banks and ranks as the third largest bank holding company in Florida with aggregate deposits approximating $1.2 billion, representing 6.3 per cent of the total deposits in commercial banks in the State.[2] Barnett proposes to sell the following types of insurance through a newly formed subsidiary known as Barnett Banks Insurance Agency, Inc.:

(a) Insurance for Applicant and its banking subsidiaries including physical damage, loss and liability insurance on property owned by Applicant or its banking subsidiaries, group insurance for the protection of employees of Applicant and its banking subsidiaries and fidelity insurance on employees of Applicant and its banking subsidiaries.
(b) Insurance on the life or health of a borrower from one of Applicant's subsidiary banks in order to ensure repayment of an extension of credit.
(c) Insurance to protect collateral in which Applicant's subsidiary banks have a security interest as a result of an extension of credit by the banks.
(d) Liability insurance on real property mortgaged to Applicant's subsidiary banks and liability insurance on motor vehicles in which Applicant's subsidiary banks have a security interest as a result of an extension of credit, when such insurance is sold in conjunction with insurance protecting the collateral.
(e) Homeowner's insurance with respect to a residence mortgaged to one of Applicant's subsidiary banks.
(f) Insurance against loss of securities or other valuables held by Applicant's subsidiary banks for safekeeping or in a safe deposit box.
(g) Life insurance equal to the difference between the maturity value of a deposit plan for periodic deposits in one of Applicant's subsidiary banks over a specified term and the balance in the account at the time of the depositor's death.
(h) Insurance that is otherwise sold as a matter of convenience to the purchaser, so long as the premium income from sales within this category does not constitute a significant portion of the aggregate insurance premium income of Applicant.

The Chase Manhattan Corporation controls four banks (all in New York State) with aggregate domestic deposits of approximately $16.9 billion, representing about 15.5 per cent of total commercial bank deposits in the State.[3] Through a nonbanking subsidiary, Housing Investment Corporation of Florida ("HIC"), it operates three offices in Florida engaged in the origination of loans on multifamily and commercial properties. HIC commenced operations in September 1972, and in its first nine months made loans in the aggregate volume of $170 million. Chase proposes to sell, through HIC, credit-related property and liability insurance, surety bonding, credit life, credit accident and health insurance, mortgage redemption insurance and homeowner's comprehensive policies.

The principal issues before the Board which arise from the subject applications are: (1) whether the insurance agency activities proposed are so

[2] Deposit data as of December 31, 1972.
[3] Deposit data as of December 31, 1972.

closely related to banking or managing or controlling banks as to be a proper incident thereto; (2) whether performance of the proposed activities can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, which outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board has previously determined by Regulation (12 CFR 225.4(a)(9)) ("Insurance Regulation") that the following activities are so closely related to banking or managing or controlling banks as to be a proper incident thereto.[3]

> (9) acting as insurance agent or broker in offices at which the holding company or its subsidiaries are otherwise engaged in business (or in an office adjacent thereto) with respect to the following types of insurance:
>
> (i) Any insurance for the holding company and its subsidiaries;
>
> (ii) Any insurance that (a) is directly related to an extension of credit by a bank or a bank related firm of the kind described in this regulation, or (b) is directly related to the provision of other financial services by a bank or such a bank related firm, or (c) is otherwise sold as a matter of convenience to the purchaser, so long as the premium income from sales within this subdivision (ii)(c) does not constitute a significant portion of the aggregate insurance premium income of the holding company from insurance sold pursuant to this subdivision (ii),
>
> (iii) Any insurance sold in a community that (a) has a population not exceeding 5,000 or (b) the holding company demonstrates has inadequate insurance agency facilities.

Upon reviewing the legislative history of the 1970 Amendments to the Bank Holding Company Act, the Law Judge concluded that "Congress clearly had the insurance agency business in mind as an enterprise closely related to banking." He therefore found that "the business of selling general insurance" was an activity so closely related to banking or managing or controlling banks as to be a proper incident thereto. None of the Applicants, however, sought permission to operate a general insurance agency as such. Instead, the Applicants listed in their respective applications the specific insurance coverages that their subsidiaries contemplated selling, and for which prior Board approval was sought. Adoption of the Law Judge's recommended finding that "selling general insurance" is an activity closely related to banking would thus confer a broader authority than that requested in any of the subject applications and would not be an appropriate finding from the record of this proceeding.

Subsequent to the Law Judge's decision in this case, legislation was passed by the Florida legislature prohibiting insurance agents and solicitors associated with certain types of financial institutions from soliciting, negotiating, selling, effectuating, or servicing any policy of insurance (Section 626.988, Florida Statutes). However, the new Florida statute provides narrow exceptions which authorize certain nonbank subsidiaries or affiliates of bank holding companies to engage to a limited extent in certain insurance activities. Section 3 of the statute provides:

> Notwithstanding any other provisions of this section, an insurance agent or solicitor licensed by the department of insurance under the provisions of chapter 626, Florida Statutes, who is affiliated with, under contract with, retained by or owned or controlled directly or indirectly to any degree by a bank holding company subsidiary or affiliate, which is not a bank, licensed and operating primarily under Chapter 494, Florida Statutes, may engage in insurance agency activities, if permitted by the Board of Governors of the Federal Reserve System, but only to the extent that such activities are directly related to the extension of credit, specifically real estate mortgage loans, made or brokered by licensees under chapter 494, Florida Statutes, and only to the extent necessary to protect the real property which is subject to the mortgage loan, against loss or damage. With respect only to residential property consisting of not more than four individual dwelling units, such agent or solicitor may offer a policy affording insurance on the primary residence, appurtenant structures, personal property and personal liability, but excluding any insurance customarily written under an inland marine form. In addition, such agent may offer decreasing term life insurance on the life of the borrower not to exceed the amount and term of the mortgage.

Thus, it appears that under the recently enacted Florida statute, Applicants may engage to a limited extent in certain insurance agency activities. Accordingly, the Board believes that it may approve the proposals herein to the extent permitted by Florida law.

No serious contest was made in this proceeding concerning the sale of credit life or credit accident and health (disability) insurance, nor are these coverages encompassed within the prohibitions of the recently enacted Florida statute. The Board has

[3] The Board's Insurance Regulation was adopted after notice of proposed rule making and following receipt of comments on the substance of the proposed regulation. The insurance activities authorized by the regulation are those that are organizationally and physically integrated into the operations of the bank holding company. The Board's decisions in this area prior to the 1970 Amendments to the Act are generally to the same effect (see, for example, Otto Bremer Company, 1959 F.R. BULLETIN 892, First Bank Stock Corporation, 1959 F.R. BULLETIN 917, and United Virginia Bankshares, Inc., 1970 F.R. BULLETIN 599).

Members of both houses of Congress referred to the Board's prior decisions during the legislative debate to the 1970 Amendments. A member of the Conference Committee, Senator Bennett, stated, "The Federal Reserve Board under the existing language of § 4(c)(8) for the past 14 years has approved insurance activities for bank holding companies and there was no intent on the part of the Conference Committee to overrule these past decisions." Congressional Record S20645, December 18, 1970.

previously determined by Order[5] that the sale of these forms of insurance was so closely related to banking as to be a proper incident thereto within the meaning of § 225.4(a)(9) of the Insurance Regulation. The previous findings of the Board concerning such coverages are reaffirmed herein since such insurance assures repayment of an extension of credit by the holding company system in the event of death or disability of the borrower. Under these conditions, the Board finds that the sale of such insurance is *directly related to an* extension of credit. However, where life insurance on the borrower exceeds the outstanding balance of the credit extension as occurs in the sale of level term life insurance in connection with installment loans, no direct relationship exists. Accordingly, the Board finds that the sale of level term credit life insurance on other than single payment loans is not so closely related to banking as to be a proper incident thereto within the meaning of *§ 225.4(a)(9) of the Insurance Regulation.* Thus, Barnett may sell decreasing term credit life insurance and credit accident and health (disability) insurance which is related to extensions of credit by its subsidiary banks, and Chase may sell such insurance through HIC when the insurance is related to extensions of credit by HIC, pursuant to the provisions of § 225.4(a)(9) of the Board's Insurance Regulation and to the extent that such activity is consistent with and permitted by applicable *Florida statutes.*[6]

Likewise, no serious contest was made in this proceeding concerning the sale of mortgage redemption insurance. The Board has previously determined by Order[7] that the sale of this insurance is so closely related to banking as to be a proper incident thereto within the meaning of § 225.4(a)(9) of the Insurance Regulation. The previous finding of the Board concerning this coverage is reaffirmed herein since such insurance is often purchased to assure *repayment of an extension* of credit by the holding company system in the event of the death of the borrower. As noted supra, Florida's recently enacted statute expressly *permits the sale of decreasing term life* insurance on the life of a borrower where such insurance is sold in connection with an extension of credit by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, and where the insurance does not exceed the amount and term of the real estate mortgage loan. Thus, Chase may engage in this activity, through HIC, to the extent permitted by Florida law.[8]

Both of the Applicants request permission to sell *various forms of insurance* that protect the collateral in which a subsidiary has a security interest as a result of an extension of credit. Insofar as these requests pertain to physical damage insurance on real estate mortgaged as security for a loan originated by Chase's mortgage banking subsidiary, HIC, they would appear to meet the requirements contained in the exemption to the recently enacted Florida statute, cited above. The Board has previously found that the sale of such *coverage is directly related to an extension of* credit within the meaning of § 225.4(a)(9)(ii)(a) of the Insurance Regulation. The extension of credit on a secured loan is founded upon the value of the collateral securing the loan. Thus, insurance is essential from the lender's standpoint to assure that the value of the collateral will not be impaired by physical damage. The financial nature of the insurance transaction forms an integral function for the borrower as well since the presence or lack *of insurance protecting* loan collateral is an essential element of the credit evaluation. The evidence in this record confirms that the sale of physical damage insurance on real estate is directly related to a real estate mortgage loan. Thus, Chase may engage in this activity.

[5]See the Board's Order of January 28, 1974, granting approval to Worcester Bancorp, Inc., Worcester, Massachusetts, to engage *de novo* in the sale of credit life, credit accident and health, and mortgage redemption insurance (1974 F.R. BULLETIN 393).

[6]In view of the recently enacted Florida insurance legislation (Section 626.988, Florida Statutes), the Board is without authority to approve any of Barnett's proposed insurance agency activities, other than the sale of credit life and credit disability insurance.

[7]See *note* 5, *supra*.

[8]The Board need make no finding that HIC is a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, or how HIC will comply with State insurance laws with respect to licensing of agents and *soliciting of insurance* sales. These are general questions of State law regulating insurance agency and mortgage banking activities which are not related to whether performance per se by a bank holding company directly or indirectly of a particular activity would be violative of State law. These, therefore, are not the type of State law issues which the Board must consider pursuant to the Supreme Court decision in *Whitney National Bank in Jefferson Parish v. Bank of New Orleans and Trust Co.*, 379 U.S. 411 (1965). It is presumed that Chase will comply with all relevant State licensing and insurance laws, but it is not the role of the Board to define the diverse requirements of such laws or to enforce compliance with them. If HIC is not a properly licensed Chapter 494 subsidiary the exemption in section 3 of the recently enacted Florida insurance statute clearly does not apply, and HIC will need to be properly licensed and operating primarily under Chapter 494 in order to engage in the limited insurance agency activities approved herein.

Applicants also seek prior Board approval to sell liability insurance on real property when a subsidiary has taken a security interest in such property as the result of its extension of credit. The purchase of liability insurance by individual borrowers in conjunction with or as part of an insurance package with insurance that protects real property which secures an extension of credit appears, from the evidence of record, to be the least costly and most convenient means of obtaining such coverage. Moreover, a "packaged" insurance policy combining liability insurance with insurance relating to physical damage on real property purchased from loan proceeds fulfills a legitimate need of the lender and borrower alike at the time a loan is made. The Board concludes from all the evidence of record that the sale of liability insurance on real property supports the lending transactions of a bank or bank-related firm in the holding company system when it is sold to borrowers in conjunction with, or as part of, an insurance package with insurance protecting real property, and is a permissible activity within § 225.4(a)(9)(ii)(a) of the Insurance Regulation. However, under the recently enacted Florida statute cited above, Applicants would be prohibited from selling this type of insurance except in connection with extensions of credit by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, where the real property securing the extension of credit consists of residential property of not more than four individual dwelling units. Thus, Chase may engage in this activity through HIC, subject to these conditions.

Both of the Applicants have applied for permission to sell homeowner's insurance. This insurance is to be sold in a package form consisting primarily of physical damage and liability insurance on a residence along with several other types of coverages. The evidence of record indicates the difficulty of separately obtaining the several types of coverages contained in a homeowner's policy at a price comparable to that for the package. The Board, therefore, concludes that the sale of homeowner's insurance supports the lending transactions of a bank or bank-related firm in the holding company system when it is sold to borrowers as a means of protecting the collateral in which the bank or bank-related firm has a security interest and is a permissible activity within § 225.4(a)(9) of the Insurance Regulation. Accordingly, to the extent permitted by Florida law, Chase may engage in the sale of homeowner's insurance in connection with extensions of credit by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, where the extensions of credit involve residential property consisting of not more than four individual dwelling units.

In determining whether a particular activity is a proper incident to banking or managing or controlling banks, the 1970 Amendments to the Act require the Board to "consider whether its performance by an affiliate of a holding company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." Each of these factors has been separately considered by the Board in its determination herein.

The public benefits that may reasonably be expected to result from the sale of the coverages discussed, supra, appear to be positive in terms of greater convenience to the consumer-borrower. The ability of a borrower to complete an entire credit-related insurance transaction at one location (so-called "one-stop shopping") is likely to result in a considerable savings in time as well as to eliminate the duplication of certain information requirements. Permitting Applicants to engage in the specified insurance agency activities is also likely to result in the added convenience of combining the loan installments and insurance premiums in a single payment.

Approval of the subject applications is also likely to result in some increased competition among insurance agents in Florida. While it does not appear that Applicants can introduce more than a minimum of price competition in those insurance agency markets that they enter, each appears capable of injecting strong competition in such markets on the basis of service. The added convenience of completing a credit insurance transaction at one location, discussed supra, is but one of the competitive means whereby Applicants may improve an insurance agent's service to the public. In addition, certain technical efficiencies in the data processing area give both Applicants the capability of competing effectively with independent agents and the assurance of efficient service to the public. Based on these and other facts of record, it is the Board's judgment that approval of the subject applications will produce public benefits through increased competition among insurance agents in local Florida markets.

Approval of the subject applications is also likely to result in some gains in efficiency. The policies sold must, by Board Regulation, be directly related to an extension of credit or the provision of other financial services offered by the Applicants; and furthermore, under the recently enacted Florida statute, the property and liability policies also must be directly related to real estate mortgage loans extended by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes. Thus, some savings can be anticipated through the reduction or even elimination of advertising and solicitation expenses as the agent's only customers will be those who choose the "one-stop" convenience of purchasing insurance at the same time the loan is obtained. Since insurance agency activities will be conducted from existing facilities of the holding company, the expense of office overhead will be minimal. Efficiencies may also result in the case of Barnett from the increased use of the holding company's computer facilities in handling insurance sales and billing operations. It is the Board's judgment that such efficiencies will result in positive public benefits in terms of the service the Applicants may offer their borrower insureds.

One of the possible adverse effects which the Congress directed the Board to consider in determining whether a particular activity is a proper incident to banking or managing or controlling banks is the danger of an undue concentration of resources. As noted in the Conference Report accompanying H.R. 6778, this particular danger "is enhanced when concentrations of power are centered about money, credit and other financial areas, the common denominators of the economy." Since Applicants are proposing to enter this activity *de novo*, the Board concludes that the danger of an undue concentration of resources such as the Congress feared might arise from bank holding company entry into a particular nonbanking activity is not present in these applications.

Another possible adverse effect which the Congress directed the Board to consider in any 4(c)(8) application concerned the danger of decreased or unfair competition. Intervenors vigorously contested these applications on the ground that permitting Applicants to sell insurance would lead to coerced or "voluntary" tying[9] of insurance to extensions of credit by Applicants' subsidiaries. It appears that the Law Judge was concerned with such a possibility and accordingly recommended that Applicants not be permitted to sell insurance in markets where their banking subsidiaries hold more than 15 per cent of the total deposits in commercial banks. It is clear that coerced tying is forbidden by § 106 of the Bank Holding Company Act and under certain conditions by provisions of the antitrust laws. Moreover, the evidence of record in this proceeding contains no specific instances of a tying arrangement resulting from either coerced or "voluntary" tying. Finally, the record indicates that the market power required for the successful practice of tying does not appear to be present. The share of commercial bank deposits that Barnett's banking subsidiaries hold in local Florida markets does not establish undue market power in those markets. It appears from the record in this proceeding that there are numerous banking alternatives in Florida's banking markets. In addition to commercial banks, borrowers have access to mortgage loans from savings and loan associations and mortgage bankers. Considering these alternative nonbank sources of mortgage credit, together with the numerous commercial banking alternatives available to borrowers, it appears that the dangers of tying are not substantial and should not bar Applicants' sale of insurance in local Florida markets.

The Law Judge recommended in his decision that "appropriate statements be included in all insurance application forms furnished by affiliates of bank holding companies in bold type above the applicant's signature to the effect that the customer understands that the placement of such insurance is not offered as a condition to the grant of the loan nor as an inducement therefor. . . ." The Board notes that similar statements are likely to be included in all Truth in Lending disclosures made pursuant to the Board's Regulation Z with respect to credit life, accident and health or loss of income insurance, and it finds that the evidence in this record is not sufficient to otherwise require such language.

The Law Judge also recommended as a condition of approval that language be added to insurance application forms indicating that "similar insurance not necessarily naming the lending institution as beneficiary may be obtained from independent agents or in lieu thereof existing insurance owned by the borrower may be assigned to the bank" (page 64). The Board has not required this specific condition before and the evidence in this record is insufficient to demonstrate that there are possible adverse effects to be prevented by such a statement.

[9]Voluntary tying results not from any coercion placed on the borrower by the lender but, rather, from the borrower's presumed desire to enhance the probability of obtaining a loan.

Finally, in passing on an application under § 4(c)(8), the Board is required to consider whether conflicts of interests or unsound banking practices might arise from Applicants' entry into the insurance agency business. We find no evidence in the record to support a conclusion that lending affiliates of an applicant would risk making an undesirable loan for the purpose of selling the customer any other form of insurance. Regulatory supervision of loans made by banking affiliates of the Applicants appear to provide a reasonable safeguard against this possibility. Accordingly, the Board finds that the adverse effects that might arise from possible conflicts of interests are not present in these applications. In addition, a review of the entire record indicates that no other unsound banking practices would result from Applicants' entry into the sale of the specified insurance coverages. Therefore, it is the Board's judgment that consummation of the proposed transactions would not result in conflicts of interests or unsound banking practices.

It has been suggested by NAIA that, in light of the new legislative prohibitions of the Florida statute limiting Applicants' entry into insurance agency activities, the public benefits claimed from subject entry should be reexamined. The Board recognizes that some diminution of the public benefits discussed supra may likely result from a more limited form of entry into insurance agency activities. However, on balance, it is the Board's view that sufficient public benefits would exist following Applicants' entry into those insurance agency activities now permitted by Florida law as to outweigh any possible adverse effects resulting from such entry.

The Board notes that NAIA has objected to the exclusion by the Law Judge of certain testimony of Mr. Harrison Houghton, witness for NAIA. The Board, after examining the record, concludes that the Law Judge correctly exercised his discretion in refusing to admit this testimony since it was cumulative to other testimony in the record and, moreover, irrelevant to many of the issues involved in these applications. NAIA filed a motion to exclude Board personnel who were involved in this hearing from "participating in the making of the Board's decision on these applications." Since such personnel of the Board did not participate in the decisional process, the issue raised by the motion is moot.

Based on the foregoing and other considerations reflected in the record, the Board has determined, in accordance with the provisions of § 4(c)(8), that consummation of these proposals can reasonably be expected to produce benefits to the public that outweigh possible adverse effects. Accordingly, the Board's July 14, 1975 Order is hereby modified as provided herein, and the applications to sell the limited coverages enumerated above and expressly permitted under the Florida statute are hereby approved only to the extent specified in this Order. This determination supersedes the Board's Order of July 14, 1975, and is conditioned upon Applicants' conduct of these activities in accordance with all applicable Florida insurance laws. This determination is further subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof. The transactions herein approved shall be executed not later than three months after the effective date of this Order unless such period is extended for good cause by the Board or by the Federal Reserve Banks of Atlanta or New York pursuant to delegated authority.

By order of the Board of Governors, effective September 22, 1975.

Voting for this action: Vice Chairman Mitchell and Governors Bucher, Holland, Wallich, Coldwell, and Jackson. Absent and not voting: Chairman Burns.

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

FIRST BANC GROUP, INC., CREVE COEUR, MISSOURI

Order Approving Retention of St. Louis Computer Center, Inc.

First Banc Group, Inc., Creve Coeur, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under section 4(c)(8) of the Act and § 225.4(b)(2) of the Board's Regulation Y, to retain all of the voting shares of St. Louis Computer Center, Inc., Creve Coeur, Missouri ("Company"). Company engages in the activities of providing bookkeeping and data processing services for the internal operations of Applicant and its banking subsidiaries, and storing and processing other banking, financial, or related economic data including performing payroll, accounts receivable, accounts payable, and general ledger services for others. Such activities have been determined by the Board to be closely related to banking (12 CFR 225.4(a)(8)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (40 Federal Register 31284). The time for filing comments and views has expired, and the Board has considered all comments received in the light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. 1843(c)(8)).

The Board regards the standards of section 4(c)(8) for the retention of shares in a nonbanking company to be the same as the standards for a proposed section 4(c)(8) acquisition. Applicant is the 22nd largest banking organization in Missouri and controls four banks with aggregate deposits of approximately $72 million, representing .5 per cent of total deposits in commercial banks in the State.[1] Company (1974 revenue of $382,000)[2] was virtually a failing concern when acquired. Furthermore, at the time of acquisition, Applicant's only subsidiary bank performed data processing activities for its internal use. It does not appear, based upon the facts of record, that the acquisition of Company by Applicant had an adverse effect on competition in the area serviced by Company, which is approximated by the northern half of the City and County of St. Louis, Missouri. It further does not appear that the retention of Company would have an adverse effect on competition in any relevant area. Neither Applicant nor its other subsidiaries presently engage in the same activities as Company. Nor is there any evidence indicating that the retention of Company would lead to an undue concentration of resources, conflicts of interests, or unsound banking practices. Furthermore, approval of the application should enable Company to remain a viable competitor in serving the data processing needs of the relevant community.

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

By order of the Board of Governors, effective September 8, 1975.

Voting for this action: Governors Bucher, Holland, Wallich, Coldwell, and Jackson. Absent and not voting: Chairman Burns and Governor Mitchell.

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

PAN AMERICAN BANCSHARES, INC., MIAMI, FLORIDA

Modified Order Granting Application to Engage in Certain Insurance Agency Activities

In an Order dated July 14, 1975, the Board of Governors of the Federal Reserve System approved the application by Pan American Bancshares, Inc., Miami, Florida ("Pan American"), to acquire Atico Insurance Agency, Miami, Florida ("Atico Agency"), through a wholly owned subsidiary, Atico Financial Corporation, Miami, Florida, and thereby to engage in certain insurance agency activities at various locations in Florida where Pan American or its banking and nonbanking subsidiaries are otherwise engaged in business.

The Board's Order discussed the proposed insurance agency activities as they related to the mortgage banking activities of Atico Mortgage Corporation, a subsidiary of Pan American, and as viewed within the limitations of the newly enacted Florida statute which prohibits insurance

[1] Banking data are as of December 31, 1974, adjusted to reflect bank holding company formations and acquisitions approved through July 23, 1975. On July 24, 1975, the Reserve Bank of St. Louis approved under delegated authority the application by Applicant to acquire Commonwealth Bank, Wentzville, Missouri (deposits of $7.2 million). That proposed acquisition has not yet been consummated.

[2] Applicant acquired Company on February 9, 1971. The acquisition of Company was permissible on the basis of section 4(c)(12) of the Bank Holding Company Act and section 225.4(d) of the Board's Regulation Y. Applicant is now seeking Board approval under section 4(c)(8) of the Act to retain Company beyond January 1, 1981.

agents and solicitors associated with certain types of financial institutions from soliciting, negotiating, selling, effectuating, or servicing any policy of insurance, with certain exceptions provided (Section 626.988, Florida Statutes). However, the Board's Order did not discuss the sale of credit life insurance and credit disability insurance directly related to extensions of credit by Pan American's subsidiary banks.

In a letter dated July 24, 1975 from Barnett Banks of Florida, Inc., Jacksonville, Florida, a bank holding company which was the subject of two Board Orders dated July 14, 1975, which similarly dealt with insurance agency activities in Florida, it was noted that the recently enacted Florida statute, cited above, defines "insurance agency activities" as "the procurement of applications, solicitation, negotiation, selling, effectuating or servicing of any policy or contract of insurance *other than credit life insurance and credit disability insurance*." [Emphasis added.] Thus, credit life and credit disability insurance are not within the scope of the prohibitions of the recently enacted Florida statute.

The National Association of Insurance Agents, Inc. ("NAIA") and the Florida Association of Insurance Agents, Inc. ("FAIA"), in separate letters, submitted responses to Barnett's July 24 letter. Neither NAIA nor FAIA raised objections to Barnett's July 24 letter. However, both NAIA and FAIA requested further modification of the Orders with respect to the insurance agency activities which may be conducted pursuant to the recently enacted Florida statute.

The Board has reviewed the July 14 Order in light of the above-mentioned supplemental submissions, and has decided that it would be desirable to modify the Order to more specifically clarify the scope of the permissible insurance agency activities. Accordingly, the Board's Order of July 14, 1975, approving the application of Pan American Bancshares, Inc., Miami, Florida, to acquire Atico Insurance Agency, Miami, Florida, and thereby to engage in certain insurance agency activities, is hereby modified to read as follows.[1]

Pan American Bancshares, Inc., Miami, Florida ("Pan American"), a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 4(c)(8) of the Act and § 225.4(b)(2) of the Board's Regulation Y to acquire Atico Insurance Agency, Miami, Florida ("Atico Agency"), through a wholly-owned subsidiary, Atico Financial Corporation, Miami, Florida ("Atico"), and thereby to engage in certain insurance agency activities at various locations in Florida where Pan American or its banking and nonbanking subsidiaries are otherwise engaged in business.

Notice of the application was published in the communities to be served in accordance with § 225.4(b)(2) of the Board's Regulation Y. Formal objections to the application were made by the National Association of Insurance Agents, Inc. ("NAIA") and the Florida Association of Insurance Agents, Inc. ("FAIA"). By Order of March 6, 1973, the Board directed that public hearings be held on the subject application before a designated Administrative Law Judge (38 Federal Register 6441). In addition to the intervenors named above, a number of additional parties sought and were granted permission to participate in the proceeding. Testimony and other evidence in support of, and in opposition to, the application was received in evidentiary hearings held between June 11, 1973, and June 21, 1973. The hearings and related proceedings have been conducted in accordance with the Board's Rules of Practice for Formal Hearings (12 CFR 263).

In a Recommended Decision of November 8, 1973, the Administrative Law Judge concluded that the evidence supported approval of the application and recommended that the Board permit Applicant to engage in certain insurance agency activities in those counties in which Applicant and its affiliates do not control more than 15 per cent of the bank deposits and/or mortgage banking business. An exception to the recommendation of approval was noted for various types of surety bonding. The recommendation was subject to the requirement that appropriate statements be furnished for execution by borrowers to the effect that the customer understands that the placement of such insurance is not offered as a condition to the grant of a loan, nor as an inducement therefor, and, in addition, that similar insurance not necessarily naming the lending institution as beneficiary may be obtained from independent agents, or in lieu thereof, existing insurance owned by the borrower may be assigned to the bank.

The Board having considered the entire record, including the transcript, exhibits, rulings, all briefs and memoranda filed in connection with the hearing and the Recommended Decision, findings of fact, and conclusions of law filed by the Adminis-

[1] Applicant may engage in insurance agency activities only to the extent that such authority is specifically granted in this Order, approval granted in the July 14 Order notwithstanding.

trative Law Judge, together with the exceptions taken thereto, and having determined that the subject application should be approved to the extent permitted by State law, all findings of the Administrative Law Judge inconsistent with the findings and determination herein are hereby vacated. The Board now makes the following findings of fact and conclusions of law.

Pan American Banceshares, Inc., ranks as the twelfth largest bank holding company in Florida where it has nine subsidiary banks with aggregate deposits of approximately $436.9 million, representing about 2.2 per cent of total commercial bank deposits in the State.[2] Through a nonbanking subsidiary, Atico Mortgage Corporation, it engages in the activity of mortgage banking. In 1972, Atico serviced a mortgage loan portfolio of approximately $425 million. Pan American seeks approval for Atico Agency to sell the following types of insurance related to the banking and nonbanking activities of Pan American: (a) homeowner's; (b) dwelling policies; (c) multiperil policies; (d) physical hazard; (e) builder's risk; (f) automobile, watercraft, and aircraft liability and physical damage; (g) credit life, accident, and health coverage; (h) mortgage life insurance; (i) accidental death and dismemberment; (j) reducing or level term life insurance; (k) various types of general insurance with respect to properties owned or leased by Pan American and subsidiaries and fidelity insurance for its employees; *(l)* miscellaneous insurance including lost instrument bonds and surety bonds; (m) convenience insurance within the confines of Regulation Y. Such insurance will be sold in Miami, Miami Beach, Hialeah, Coral Gables, Fort Lauderdale, Oakland Park, Lauderhill, Orlando, Tampa, Sarasota, De Bary, Ormond Beach, Melbourne, Largo, and West Palm Beach areas in which Pan American subsidiaries have offices.[3]

The principal issues before the Board which arise from the subject application are: (1) whether the insurance agency activities proposed are so closely related to banking or managing or controlling banks as to be a proper incident thereto; (2) whether performance of the proposed activities can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, which outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. The Board has previously determined, by Regulation (12 CFR 225.4 (a)(9)) ("Insurance Regulation") that the following activities are so closely related to banking or managing or controlling banks as to be a proper incident thereto.[4]

> (9) acting as insurance agent or broker at offices at which the holding company or its subsidiaries are otherwise engaged in business (or in an office adjacent thereto) with respect to the following types of insurance:
>
> (i) Any insurance for the holding company and its subsidiaries;
>
> (ii) Any insurance that (a) is directly related to an extension of credit by a bank or a bank related firm of the kind described in this regulation, or (b) is directly related to the provision of other financial services by a bank or such a bank related firm, or (c) is otherwise sold as a matter of convenience to the purchaser, so long as the premium income from sales within this subdivision (ii)(c) does not constitute a significant portion of the aggregate insurance premium income of the holding company from insurance sold pursuant to this subdivision(ii);
>
> (iii) Any insurance sold in a community that (a) has a population not exceeding 5,000 or (b) the holding company demonstrates has inadequate insurance agency facilities

Upon reviewing the legislative history of the 1970 Amendments to the Bank Holding Company Act, the Law Judge concluded that "Congress clearly had the insurance agency business in mind as an enterprise closely related to banking." He, therefore, found that "the business of selling general insurance" was an activity so closely related to banking or managing or controlling banks as to be a proper incident thereto. However, subsequent to the Law Judge's decision in this case,

[2] Deposit data as of December 31, 1977.

[3] By Order dated May 14, 1978, the Board approved the application of Pan American Banceshares, Inc., to merge with General Financial Systems, Inc., Riviera Beach, Florida, under the title and charter of Pan American, pursuant to § 3(a)(5) of the Bank Holding Company Act. The instant proposal to engage in certain insurance agency activities is limited to those locations which were in the record at the time of the evidentiary hearings and were considered by the Administrative Law Judge, and does not include any of the locations acquired through the merger with General Financial Systems, Inc.

[4] The Board's Insurance Regulation was adopted after notice of proposed rule making and following receipt of comments on the substance of the proposed regulation. The insurance activities authorized by the regulation are those that are organizationally and physically integrated into the operations of the bank holding company. The Board's decisions in this area prior to the 1970 Amendments to the Act are generally to the same effect (see, for example, Otto Bremer Company, 1959 F.R. BULLETIN 892, First Bank Stock Corporation, 1959 F.R. BULLETIN 917; and United Virginia Bankshares, Inc., 1970 F.R. BULLETIN 599).

Members of both houses of Congress referred to the Board's prior decisions during the legislative debate to the 1970 Amendments. A member of the Conference Committee, Senator Bennett, stated: "The Federal Reserve Board under the existing language of § 4(c)(8) for the past 14 years has approved insurance activities for bank holding companies and there was no intent on the part of the Conference Committee to overrule these past decisions." Congressional Record S20645, December 18, 1970.

a bill was passed by the Florida legislature prohibiting insurance agents and solicitors associated with certain types of financial institutions from soliciting, negotiating, selling, effectuating, or servicing any policies of insurance (Section 626.988, Florida Statutes). An exception to this prohibition is authorized under Florida law for those agencies which were under the same ownership and control of a financial institution and which were in existence and engaged in insurance agency activities as of April 2, 1974. Although Agency itself was engaged in a broad range of insurance activities on April 2, 1974, Applicant divested itself of all ownership of Agency in August, 1973, in order to facilitate the processing of an application then pending before the Board to acquire Atico Financial Corporation. It appears that the subsequent passage of the Florida statute cited above during a period when ownership of Agency was vested in a third party under agreement to repurchase caused Applicant to lose any grandfather privileges it might have under the Florida statute. The new Florida statute also provides narrow exceptions which authorize certain nonbank subsidiaries or affiliates of bank holding companies to engage to a limited extent in certain insurance agency activities.

Section 3 of the statute provides:

> Notwithstanding any other provision of this section, an insurance agent or solicitor licensed by the department of insurance under the provisions of Chapter 626, Florida Statutes, who is affiliated with, under contract with, retained by or owned or controlled directly or indirectly to any degree by a bank holding company subsidiary or affiliate, which is not a bank, licensed and operating primarily under Chapter 494, Florida Statutes, may engage in insurance agency activities, if permitted by the Board of Governors of the Federal Reserve System, but only to the extent that such activities are directly related to the extension of credit, specifically real estate mortgage loans, made or brokered by licensees under Chapter 494, Florida Statutes, and *only to the extent necessary to* protect the real property which is subject to the mortgage loan, against loss or damage. With respect only to residential property consisting of not more than four individual dwelling units, such agent or solicitor may offer a policy affording insurance on the primary residence, appurtenant structures, personal property and personal liability, but excluding any insurance customarily written under an inland marine form. In addition, such agent may offer decreasing term life insurance on the *life of the borrower not to exceed the amount and term of* the mortgage.

Accordingly, it is the Board's view that Applicant is not entitled to grandfather privileges under the Florida statute and may, therefore, only engage in the sale of insurance to the limited extent permitted by Florida law.

No serious contest was made in this proceeding concerning the sale of credit life or credit accident and health (disability) insurance, nor are these coverages encompassed within the prohibitions of the recently enacted Florida statute. The Board has previously determined by Order[5] that the sale of these forms of insurance was so closely related to banking as to be a proper incident thereto within the meaning of §225.4(a)(9) of the Insurance Regulation. The previous findings of the Board concerning such coverages are reaffirmed herein since such insurance assures repayment of an extension of credit by the holding company system in the event of death or disability of the borrower. Under these conditions, the Board finds that the sale of such insurance is directly related to an extension of credit. However, where life insurance on the borrower exceeds the extent of the outstanding balance of the credit extension as occurs in the sale of level term life insurance in connection with installment loans, no direct relationship exists. *Accordingly, the Board finds that the sale* of level term credit life insurance on other than single payment loans is not so closely related to banking as to be a proper incident thereto within the meaning of § 225.4(a)(9) of the Insurance Regulation. Thus, Pan American may sell decreasing term credit life insurance and credit accident and health (disability) insurance which is related to extensions of credit by its bank and nonbank subsidiaries, pursuant to the provisions of § 225.4(a)(9) of the Board's Insurance Regulation and to the extent that such activity is consistent with and permitted by applicable Florida statutes.

Likewise, no serious contest was made in this proceeding concerning the sale of mortgage redemption insurance. The Board has previously determined by Order[6] that the sale of this insurance is so closely related to banking as to be a proper incident thereto within the meaning of §225.4(a)(9) of the Insurance Regulation. The previous finding of the Board concerning this coverage is reaffirmed herein since such insurance is often purchased to assure repayment of an extension of credit by the holding company system in the event of the death of the borrower. As noted supra, Florida's recently enacted statute expressly permits the sale of decreasing term life insurance on the life of a borrower where such insurance is sold in connection with an extension of credit

[5] See the Board's Order of January 28, 1974, granting approval to Worcester Bancorp, Inc., Worcester, Massachusetts, to engage *de novo* in the sale of credit life, credit accident and health, and mortgage redemption insurance (1974 F. R. BULLETIN 393)

[6] *Id.*

by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, and where the insurance does not exceed the amount and term of the real estate mortgage loan. Thus, Applicant may engage in this activity subject to the conditions specified by Florida law.[7]

Applicant requests permission to sell various forms of insurance that protect the collateral in which a subsidiary has a security interest as a result of an extension of credit. Insofar as this request pertains to physical damage insurance on real estate mortgaged as security for a loan originated by a subsidiary of Applicant which is licensed and operating primarly under Chapter 494, Florida Statutes, it would appear to meet the requirements contained in the exemption to the recently enacted Florida statute cited above. The Board has previously found that the sale of such coverage is directly related to an extension of credit within the meaning of § 225.4(a)(9)(ii)(a) of the Insurance Regulation. The extension of credit on a secured loan is founded upon the value of the collateral securing the loan. Thus, insurance is essential from the lender's standpoint to assure that the value of the collateral will not be impaired by physical damage. The financial nature of the insurance transaction forms an integral function for the borrower as well since the presence or lack of insurance protecting loan collateral is an essential element of the credit evaluation. The evidence in this record confirms that the sale of physical damage insurance on real estate is directly related to a real estate mortgage loan. Accordingly, Applicant may engage in this activity subject to the limitations imposed by Florida law.

Applicant seeks prior Board approval to sell liability insurance on real property when a subsidiary has taken a security interest in such property as the result of its extension of credit. The purchase of liability insurance by individual borrowers in conjunction with or as part of an insurance package with insurance that protects real property which secures an extension of credit appears, from the evidence of record, to be the least costly and most convenient means of obtaining such coverage. Moreover, a "packaged" insurance policy combining liability insurance with insurance relating to physical damage on real property purchased from loan proceeds fulfills a legitimate need of the lender and borrower alike at the time a loan is made. The Board concludes from all the evidence of record that the sale of liability insurance on real property supports the lending transactions of a bank or bank-related firm in the holding company system when it is sold to borrowers in conjunction with, or as part of, an insurance package with insurance protecting real property and is, therefore, a permissible activity within §225.4(a)(9)(ii)(a) of the Insurance Regulation. However, under the recently enacted Florida statute cited above. Applicant would be prohibited from selling this type of insurance except in connection with extensions of credit originated by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, and except for those instances where the real property securing an extension of credit consists of residential property of not more than four individual dwelling units. To the extent that Applicant complies with these conditions,it may engage in this activity.

Applicant has applied for permission to sell homeowner's insurance. This insurance is to be sold in a package form consisting primarily of physical damage and liability insurance on a residence along with several other types of coverages. The evidence of record indicates the difficulty of separately obtaining the several types of coverages contained in a homeowner's policy at a price comparable to that for the package. The Board concludes that the sale of homeowner's insurance

[7] Protestants contend that the proper interpretation of the Florida Statute requires that the insurance be sold by the Chapter 494 subsidiary itself, and not by a subsidiary or affiliate of the Chapter 494 subsidiary. This proposed interpretation is far from clear on the face of the statute. In fact, a literal reading of the statute would appear to support an interpreatation opposite to that proffered by Protestants. Furthermore, the Board does not believe that there is any substantive distinction between the Chapter 494 subsidiary itself selling the insurance, or a subsidiary or affiliate of the Chapter 494 subsidiary engaging only in the sale of insurance on behalf of, and in connection with, extensions of credit by the Chapter 494 subsidiary.

Moreover, the Board need make no finding as to whether Atico Mortgage Corporation or Atico Financial Corporation is licensed and operating primarily under Chapter 494, or how Atico Insurance Agency will comply with State insurance laws with respect to the licensing of agents and soliciting of insurance sales as Protestants suggest. These are general questions of State law regulating insurance agency activities per se and mortgage banking activities which are not related to whether performance by a bank holding company directly or indirectly of a particular activity would be violative of State law. Consequently, these are not the type of State law issues which the Board must consider pursuant to the Supreme Court decision in *Whitney National Bank in Jefferson Parish v. Bank of New Orleans and Trust Co.*, 379 U.S. 411 (1965). It is presumed that Pan American will comply with all relevant State licensing and insurance laws, but it is not the role of the Board to define the diverse requirements of such laws or to enforce compliance with them. If Atico is not a properly licensed Chapter 494 subsidiary (or the affiliate or subsidiary thereof) the exemption in section 3 of the recently enacted Florida insurance statute clearly does not apply, and Atico will not be able to engage in the limited insurance agency activities approved herein.

supports the lending transactions of a bank or bank-related firm in the holding company system when it is sold to borrowers as a means of protecting the collateral in which the bank or bank-related firm has a security interest. Accordingly, this is a permissible activity within § 225.4(a)(9) of the Insurance Regulation. Pursuant to the recently enacted Florida statute, Applicant may engage in this activity in connection with extensions of credit by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes, so long as the policies sold exclude any insurance customarily written under an inland marine form and are sold only in connection with real estate mortgage loans which involve residential property consisting of not more than four individual dwelling units.[8]

In determining whether a particular activity is a proper incident to banking or managing or controlling banks, the 1970 Amendments to the Act require the Board to "consider whether its performance by an affiliate of a holding company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices." Each of these factors has been separately considered by the Board in its determination herein.

The public benefits that may reasonably be expected to result from the sale of the coverages discussed, supra, appear to be positive in terms of greater convenience to the consumer-borrower. The ability of a borrower to complete an entire credit-related insurance transaction at one location (so-called "one-stop shopping") is likely to result in a considerable savings in time as well as eliminate the duplication of certain information requirements. Permitting Applicant to engage in the specified insurance agency activities is also likely to result in the added convenience of combining the loan installments and insurance premiums in a single payment.

Approval of the subject application is also likely to result in some increased competition among insurance agents in Florida. While it does not appear that Applicant can introduce more than a minimum of price competition in those insurance agency markets that it enters, it appears capable of injecting strong competition in such markets on the basis of service. The added convenience of completing a credit insurance transaction at one location, discussed supra, is but one of the competitive means whereby Applicant may improve an insurance agent's service to the public. In addition, certain technical efficiencies in the data processing area give Applicant the capability of competing effectively with independent agents and the assurance of efficient service to the public. Based on these and other facts of record, it is the Board's judgment that approval of the subject application will produce public benefits through increased competition among insurance agents in local Florida markets.

Approval of the subject application is also likely to result in some gains in efficiency. The policies sold must, by Board Regulation, be directly related to an extension of credit or the provision of other financial services offered by Applicant; and, furthermore, under the recently enacted Florida statute, the property and liability policies also must be directly related to real estate mortgage loans made by a subsidiary licensed and operating primarily under Chapter 494, Florida Statutes. Thus, some savings can be anticipated through the reduction or even elimination of advertising and solicitation expenses as the agent's customers will only be those who choose the "one stop" convenience of purchasing insurance at the same time the loan is obtained. Since the insurance agency activities will be conducted from existing facilities of the holding company, the office overhead will be minimal. Efficiencies may also result from use of the holding company's computer facilities in handling sales and billing operations. It is the Board's judgment that such efficiencies will result in positive public benefits in terms of the service Applicant may offer its borrower-insureds.

One of the possible adverse effects which the Congress directed the Board to consider in determining whether a particular activity is a proper incident to banking or managing or controlling banks is the danger of an undue concentration of resources. As noted in the Conference Report accompanying H.R. 6778, this particular danger "is enhanced when concentrations of power are centered about money, credit and other financial areas, the common denominators of the economy." Since Applicant's proposal involves entering this activity by means of a very limited acquisition, the Board concludes that the

[8] In view of the recently enacted Florida insurance legislation (Section 626.988, Florida Statutes), the Board is unable to approve any insurance agency activities for which Pan American applied other than those already specifically discussed herein.

danger of an undue concentration of resources such as the Congress feared might arise from bank holding company entry into a particular nonbanking activity is not present in this application.

Another possible adverse effect which the Congress directed the Board to consider in any § 4(c)(8) application concerned the danger of decreased or unfair competition. Intervenors vigorously contested this application on the ground that permitting Applicant to sell insurance would lead to coerced or "voluntary" tying[9] of insurance to extensions of credit by Applicant's subsidiaries. It appears that the Law Judge was concerned with such a possibility and accordingly recommended that Applicant not be permitted to sell insurance in markets where its banking subsidiaries hold more than 15 per cent of the total deposits in commercial banks. It is clear that coerced tying is forbidden by § 106 of the Bank Holding Company Act and under certain conditions by provisions of the antitrust laws. Moreover, the evidence of record in this proceeding contains no specific instances of a tying arrangement resulting from either coerced or "voluntary" tying. Finally, the record indicates that the market power required for the successful practice of tying does not appear to be present. The share of commercial bank deposits that Applicant's banking subsidiaries hold in local Florida markets does not establish undue market power in those markets. It appears from the record in this proceeding that there are numerous banking alternatives in Florida's banking markets. In addition to commercial banks, borrowers have access to mortgage loans from savings and loan associations and mortgage bankers. Considering these alternative nonbank sources of mortgage credit, together with the numerous commercial banking alternatives available to borrowers, it appears that the dangers of tying are not substantial and should not bar Applicant's sale of insurance in local Florida markets.

The Law Judge recommended in his decision that "appropriate statements be included in all insurance application forms furnished by affiliates of bank holding companies in bold type above the applicant's signature to the effect that the customer understands that the placement of such insurance is not offered as a condition to the grant of the loan nor as an inducement therefor. . . ." The Board notes that similar statements are likely to be included in all Truth in Lending disclosures made pursuant to the Board's Regulation Z with respect to credit life, accident and health or loss of income insurance, and it finds that the evidence in this record is not sufficient to otherwise require such language.

The Law Judge also recommended as a condition of approval that language be added to insurance application forms indicating that "similar insurance not necessarily naming the lending institution as beneficiary may be obtained from independent agents or in lieu thereof existing insurance owned by the borrower may be assigned to the bank" (page 64). The Board has not required this specific condition before and the evidence in this record is insufficient to demonstrate that there are possible adverse effects to be prevented by such a statement.

Finally, in passing on an application under § (c)(8), the Board is required to consider whether conflicts of interest or unsound banking practices might arise from Applicant's entry into the insurance agency business. We find no evidence in the record to support a conclusion that lending affiliates of an applicant would risk making an undesirable loan for the purpose of selling the customer any other form of insurance. Regulatory supervision of loans made by banking affiliates of Applicant appears to provide a reasonable safeguard against this possibility. Accordingly, the Board finds that the adverse effects that might arise from possible conflicts of interests are not present in this application. In addition, a review of the entire record indicates that no other unsound banking practices would result from Applicant's entry into the sale of the specified insurance coverages. Therefore, it is the Board's judgment that consummation of the proposed transaction would not result in conflicts of interests or unsound banking practices.

It has been suggested by NAIA that, in light of the new legislative prohibitions of the Florida statute limiting Applicant's entry into insurance agency activities, the public benefits claimed from subject entry should be reexamined. The Board recognizes that some diminution of the public benefits discussed supra may likely result from a more limited form of entry into insurance agency activities. However, on balance, it is the Board's view that sufficient public benefits would exist following Applicant's entry into those insurance agency activities now permitted by Florida law as

[9]Voluntary tying results not from any coercion placed on the borrower by the lender but, rather, from the borrower's presumed desire to enhance the probability of obtaining a loan.

to outweigh any possible adverse effects resulting from such entry.

The Board notes that NAIA has objected to the exclusion by the Law Judge of certain testimony of Mr. Harrison Houghton, witness for NAIA. The Board, after examining the record, concludes that the Law Judge correctly exercised his discretion in refusing to admit this testimony since it was cumulative to other testimony in the record and, moreover, irrelevant to many of the issues involved in this application. NAIA filed a motion to exclude Board personnel who were involved in this hearing from "participating in the making of the Board's decision on these applications." Since such personnel of the Board did not participate in the decisional process, the issue raised by the motion is moot.

Based on the foregoing and other considerations reflected in the record, the Board has determined, in accordance with the provisions of § 4(c)(8), that consummation of this proposal can reasonably be expected to result in benefits to the public that outweigh possible adverse effects. Accordingly, the Board's July 14, 1975 Order is hereby modified as provided herein, and the application to sell limited coverage enumerated above and expressly permitted under the Florida statute is hereby approved only to the extent specified in this Order. This determination supersedes the Board's Order of July 14, 1975, and is conditioned upon Applicant's conduct of these activities in accordance with all applicable Florida insurance laws. This determination is further subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder or to prevent evasion thereof. The transaction herein approved shall be executed not later than three months after the effective date of this Order unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective September 22, 1975.

Voting for this action: Vice Chairman Mitchell and Governors Bucher, Holland, Wallich, Coldwell, and Jackson. Absent and not voting: Chairman Burns.

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

ORDER UNDER SECTION 25 OF FEDERAL RESERVE ACT

EXCHANGE NATIONAL BANK OF CHICAGO, CHICAGO, ILLINOIS

Order Approving Acquisition of Shares of Japhet Bank Ltd.

Exchange National Bank of Chicago, Chicago, Illinois ("ENB"), has applied for the Board's approval under Section 25 of the Federal Reserve Act to acquire up to 25 per cent of the shares of Japhet Bank Ltd., Tel Aviv, Israel ("JB"). ENB would acquire and hold shares of JB as part of a transaction involving the transfer to JB of the assets and liabilities of ENB's two branches in Israel.

The Board has received objections to consummation of the proposed transaction from a group of five directors of ENB (hereinafter collectively referred to as the "Protestants") who are also shareholders and directors of Exchange International Corporation, Chicago, Illinois, the parent bank holding company of ENB. The Board has considered all requests and issues raised by Protestants and the information submitted in support thereof, and has determined, on the basis of the record, that action on ENB's application at this time is in the public interest.

On the basis of the record, the application is approved for reasons set forth in the Board's Statement, which will be released at a later date. The Board's approval is granted subject to the condition that the dollar amount of the investment will not exceed the maximum amount specified by ENB in its application.

By order of the Board of Governors, effective September 15, 1975.

Voting for this action: Chairman Burns and Governors Mitchell, Bucher, Holland, Wallich, and Coldwell. Absent and not voting: Governor Jackson.

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

Statement

Exchange National Bank of Chicago, Chicago, Illinois ("ENB"), has applied for the Board's approval, under section 25 of the Federal Reserve Act, to acquire up to 25 per cent of the shares of Japhet Bank Ltd., Tel Aviv, Israel ("JB"). ENB would acquire and hold shares of JB as part of a transaction involving the transfer to JB of the assets and liabilities of ENB's two branches in Israel. ENB is at present the only United States bank with branches in Israel.

Under section 25 of the Federal Reserve Act (12 U.S.C. 601), the Board has the power to approve or reject, in whole or in part, an application by a national banking association to acquire shares of a foreign bank if for any reason it deems the granting of such application to be inexpedient. Consistent with its supervisory and regulatory responsibilities under the Federal Reserve Act, the Board in acting upon any such application considers, among other relevant factors, the financial and managerial resources and future prospects of the national bank and foreign bank concerned, the types of financial and nonfinancial activities engaged in by the foreign bank and the risks associated with such activities, the degree of control that the national bank will have over the foreign bank, the legal or perceived moral responsibility the national bank will have for the financial condition and operations of the foreign bank, and the effects of the proposal in promoting the foreign commerce of the United States. Where, as in this case, the national bank involved is also a subsidiary of a bank holding company, the Board, consistent with its supervisory responsibilities under the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1841 et seq.) and the Financial Institutions Supervisory Act of 1966, as amended (12 U.S.C. 1818(b)), will also consider the effect of the transaction on the financial and managerial resources of the parent bank holding company.

The Board has received objections to consummation of the proposed transaction from a group of five directors of ENB (hereinafter collectively referred to as the "Protestants") who are also shareholders and directors of Exchange International Corporation, Chicago, Illinois ("EIC"), the parent bank holding company of ENB. Protestants have raised a number of issues concerning this application and have urged that Board action be delayed pending resolution of those issues.

Protestants have claimed that, in general, the proposed transaction would have an adverse impact on the financial resources of both ENB and EIC. They have sought to substantiate this claim by questioning several aspects of the proposed transaction that, in their judgment, pose potentially serious threats of loss or financial harm to ENB and EIC.

Specifically, the Protestants have noted that in exchanging its branch assets and liabilities for stock of JB, ENB has agreed that it will pay JB the amount of all branch loans transferred to JB which are uncollectible. Protestants have claimed, on the basis of counsel's opinion, that the proposed transaction, and, in particular, the guarantee of branch loans, could cause default by ENB under an existing capital note borrowing agreement, which in turn could cause a default under an existing loan agreement involving EIC. Protestants also claimed that such a guarantee could cause ENB to violate the provision of the National Bank Act that prohibits a national bank from incurring liabilities in excess of paid-in capital plus 50 per cent of unimpaired surplus (12 U.S.C. 82).

In applications of this type, the Board normally assumes that the Applicant has taken the necessary steps to ensure that contractual relations with third parties will not be violated by the proposal in question. Where, as in this case, however, there is put in issue the possible violation of certain agreements and such a violation may harm the Applicant's financial condition, the Board seeks to determine whether the Applicant has taken the necessary prudent steps to guard against the possibility that agreements may be deemed violated and whether the proposal is so clearly violative of existing agreements as to expose the Applicant to unnecessary liabilities. In the Board's judgment, it appears that Applicant has considered the effect of the proposed transaction on outstanding agreements, has secured waivers when deemed necessary by its counsel, and has obtained an opinion of counsel that waiver is not necessary with respect to the capital note agreement in question. This latter opinion appears to be a reasonable assessment of the legal effect of the proposed transaction on the outstanding note agreement. Consequently, the Board has determined, on the basis of information in the record, that Applicant has acted reasonably to ensure that the proposed transaction will not violate its outstanding agreements with third parties.

With respect to Protestants' claim that the guarantee of branch loans may cause a violation of the National Bank Act, the Board believes that 12 U.S.C. 82 and the Comptroller's interpretations cited in connection therewith[1] were not meant to include in the computation under that section the

[1] 12 CFR 7.7000 and 7.7519 (1975)

total amount of loans guaranteed pursuant to a sale of branch assets. However, even if the total amount of loans at ENB's Israeli branches must be included in ENB's outstanding indebtedness under 12 U.S.C. 82, it appears from the record that ENB would not be in violation of 12 U.S.C. 82.

The remaining issues raised by Protestants question the fairness of the transaction to ENB and EIC and specifically whether the management of ENB took into account tax, labor, and other specified liabilities that must be considered by management in the course of any business transaction of this type. The Board notes, in this regard, that the transaction in question was approved by the boards of directors of both ENB and EIC, at special meetings at which Protestants were present and registered their disapproval.

In the Board's judgment, the proposed transaction is not expansionary because no additional investment abroad is required. While ENB will apparently have a contingent liability for uncollectible loans sold to JB, it does not appear that the liability would be significant based on the amount of classified loans in the latest reports of examination. On the basis of the record, it is the Board's judgment that considerations relating to banking factors are consistent with approval of the application.

In connection with their protest, Protestants have requested that the Board delay action on the application. It appears that the reason for such delay would be to allow Protestants further time to examine the transaction more closely and to present their analysis to the Board.[2] It appears from information in the record that delay in acting on this application could cause some harm to ENB's operations in Israel.[3] The Board believes that there is sufficent information in the record to act on the application at this time and that any further delay is not warranted. Furthermore, it does not appear from the record that delay would result in significant additional information being presented to the Board.

Based on the foregoing and other considerations reflected in the record, the Board has determined that the application should be approved. The Board's approval is granted subject to the condition that the dollar amount of the investment not exceed the maximum amount specified by ENB in its application.

September 22, 1975

[2]Protestants claim that, as directors of EIC and ENB, they have not been dealt with fairly by Applicant. Specifically, they claim that they were not informed of negotiations leading up to the agreement with JB and that they were not afforded adequate time to examine the proposal before being required to vote on it at a special meeting of the boards of directors of ENB and EIC.

[3]Certain of the employees of ENB's Israeli branches went on strike because of the uncertainty of their employment status as a result of this proposal. An injunction was issued halting the strike and requiring the employees to return to work. It appears from information in the record that this injunction will expire September 16, 1975, and there does not appear to be a reasonable likelihood that it can be extended beyond that date. It appears that if action is delayed beyond the expiration date of the injunction, the strike would recommence. In the opinion of the local banking authority, further delay at this time could have a serious adverse effect on ENB's operations in Israel.

ORDERS APPROVED UNDER THE BANK HOLDING COMPANY ACT—BY THE BOARD OF GOVERNORS

During September 1975, the Board of Governors approved the applications listed below. The orders have been published in the Federal Register, and copies are available upon request to Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SECTION 3

Applicant	*Bank(s)*	*Board action (effective date)*	*Federal Register citation*
Chase County Corporation, Imperial, Nebraska	Chase County Bank & Trust Company, Imperial, Nebraska	9/19/75	40 F.R. 44627 9/29/75
National City Corporation, Cleveland, Ohio	First National Bank of Ashland, Ashland, Ohio	9/19/75	40 F.R. 44629 9/29/75
Peoples BancShares, Inc., Canton, Ohio	The Scio Bank Company, Scio, Ohio	9/4/75	40 F.R. 42242 9/11/75

SECTION 4

Applicant	*Nonbanking company (or activity)*	*Board action (effective date)*	*Federal Register citation*
United Jersey Banks, Princeton, New Jersey	United Jersey Credit Life Insurance Company, Phoenix, Arizona	9/12/75	40 F.R. 43277 9/19/75

SECTIONS 3 AND 4

Applicant	*Bank(s)*	*Nonbanking company (or activity)*	*Effective date*	*Federal Register citation*
[1] Southern Illinois Bancorporation, Inc. Highland, Illinois	Farmers and Merchants Bank of Highland, Highland, Illinois	Sale of permissible credit-related insurance	9/24/75	40 F.R. 45236 10/1/75

BY FEDERAL RESERVE BANKS

During September 1975, applications were approved by the Federal Reserve Banks under delegated authority as listed below. The orders have been published in the Federal Register, and copies are available upon request to the Reserve Bank.

SECTION 3

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*	*Federal Register citation*
First National Cincinnati Corporation, Cincinnati, Ohio	The Miami Deposit Bank, Yellow Springs, Ohio	Cleveland	8/29/75	40 F.R. 43558 9/22/75
Banks of Iowa, Inc., Cedar Rapids, Iowa	Key City Bank and Trust Company, Dubuque, Iowa	Chicago	9/9/75	40 F.R. 43095 9/18/75
Texarkana National Bancshares, Inc., Texarkana, Texas	Texarkana National Bank; and Twin City Bank, Texarkana, Texas.	Dallas	9/3/75	40 F.R. 42797 9/16/75

[1] Approved by the Secretary of the Board under delegated authority

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

Reserve Enterprises, Inc. v. *Arthur F. Burns, et al.*, filed September 1975, U.S.D.C. for the District of Minnesota.

Logan v. *Secretary of State, et al.*, filed September 1975, U.S.D.C. for the District of Columbia.

Ellsworth v. *Burns*, filed September 1975, U.S.D.C. for the District of Arizona.

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

Henry M. Smith v. *National State Bank of Boulder, et al.*, filed June 1975, U.S.D.C. for the Northern District of Texas.

Bank of Boulder v. *Board of Governors, et al.*, filed June 1975, U.S.C.A. for the Tenth Circuit.

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

Curvin J. Trone v. *United States*, filed April 1975, U.S. Court of Claims.

Richard S. Kaye v. *Arthur F. Burns, et al.*, filed April 1975, U.S.D.C. for the Southern District of New York.

Cook, et al. v. *Board of Governors*, filed March 1975, U.S.D.C. for the District of Columbia.

Purolator Courier Corporation v. *Board of Governors*, filed December 1974, U.S.C.A. for the District of Columbia Circuit.

Tri-State Bancorporation, Inc. v. *Board of Governors*, filed November 1974, U.S.C.A. for the Seventh Circuit.

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

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

***Investment Company Institute* v. *Board of Governors*, dismissed July 1975, U.S.D.C. for the District of Columbia; appeal pending, U.S.C.A for the District of Columbia Circuit.

George Brice, Jr., et al. v. *Board of Governors*, filed April 1974, U.S.C.A. for the Ninth Circuit.

National Automobile Dealers Association, Inc. v. *Board of Governors*, filed April 1974, U.S.C.A for the District of Columbia Circuit.

East Lansing State Bank v. *Board of Governors*, filed December 1973, U.S.C.A. for the Sixth Circuit.

***Independent Bankers Association of America, Inc.* v. *Board of Governors* and *National Courier Association, et al.* v. *Board of Governors*, filed December 1973, U.S.C.A. for the District of Columbia Circuit.

***Independent Bankers Association of Georgia* v. *Board of Governors*, filed September 1973, U.S.C.A for the District of Columbia Circuit.

***Iowa Independent Bankers* v. *Board of Governors*, filed September 1973, U.S.C.A for the District of Columbia Circuit, petition for certiorari filed.

Consumers Union of the United States, Inc., et al. v. *Board of Governors*, filed September 1973, U.S.D.C. for the District of Columbia.

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

*This list of pending cases does not include suits against Federal Reserve Banks in which the Board of Governors is not named as a party.

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

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

Announcements

CHANGE IN RESERVE REQUIREMENTS

The Board of Governors of the Federal Reserve System on October 15, 1975, announced a reduction in reserve requirements on member bank time deposits with an original maturity of 4 years or more. The action will release about $350 million in reserves to the banking system.

This action was designed primarily to encourage banks to lengthen the structure of their liabilities. It will also help meet the seasonal need for bank reserves over the coming weeks and facilitate moderate growth in the monetary aggregates.

Under the restructuring action, reserve requirements on time deposits with an original maturity of 4 years or more will be reduced from 3 per cent to 1 per cent. In no case, however, may the average of reserves on time and savings deposits at each bank be less than 3 per cent, the minimum level specified by law.

The new reserve ratio will apply to the level of deposits beginning the week of October 16–22, and will affect required reserves beginning the statement week of October 30–November 5.

REGULATION B EQUAL CREDIT OPPORTUNITY

The Board of Governors on October 16, 1975, published regulations implementing the Equal Credit Opportunity Act, which forbids discrimination by creditors on the basis of sex or marital status.

The Act makes the Federal Reserve responsible for writing an implementing regulation. Enforcement of the Act and the regulation is the responsibility of the Federal Trade Commission except as specifically assigned to other Federal agencies, including the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and several others.[1]

The Act went into effect October 28. It covers all who regularly extend credit, including banks, finance companies, department stores, and credit-card issuers.

The Board issued proposed regulations for public comment on April 23 and September 8, 1975, and held a public hearing on May 28–29. The new regulation that was issued—Regulation B—reflects hundreds of oral and written comments received on the basis of the drafts previously made available for the public's information.

In issuing the new regulation the Board said:

> The Equal Credit Opportunity Act constitutes a determination by the Congress that sex or marital status of an applicant shall not be used, as such, in evaluating the applicant's creditworthiness.
>
> The regulation attempts to reconcile the statutory goal of equal access to credit—without regard to sex or marital status—with the need to preserve the creditor's ability to distinguish, in the creditor's own judgment, between applicants that are, or are not, creditworthy.
>
> We have issued this regulation pursuant to the direction of the Congress that the Federal Reserve Board should write implementing rules, to be enforced by a number of Federal agencies acting in their own jurisdiction, after very extensive consultation with the public including women's groups, other consumers, creditors large and small, individuals and the Congress. Our aim is to facilitate broader and fairer access to credit on a basis of creditworthiness alone.

The principal ways in which the regulation will affect the practices of creditors include:

1. Credit scoring on the basis of marital status

The regulation forbids the use of sex or marital status in credit scoring systems.

2. Reasons for denying credit

Upon the request of an applicant, creditors will be required to provide the reasons for terminating or denying credit.

[1] This note appears in opposite column.

[1] Federal Home Loan Bank Board acting directly or through the Federal Savings and Loan Insurance Corporation, Administrator of the National Credit Union Administration; Interstate Commerce Commission; Civil Aeronautics Board; Secretary of Agriculture; Farm Credit Administration; Securities and Exchange Commission; and the Small Business Administration.

3. Childbearing

— Creditors may not inquire into birth control practices or into childbearing capabilities or intentions, or assume, from her age, that an applicant or an applicant's spouse may drop out of the labor force due to childbearing and thus have an interruption of income.

4. Income

A creditor may not discount part-time income but may examine the probable continuity of the applicant's job.

A creditor may ask and consider whether and to what extent an applicant's income is affected by obligations to make alimony or child support or maintenance payments.

A creditor may ask to what extent an applicant is relying on alimony or child support or maintenance payments to repay the debt being incurred. But the applicant must first be informed that no such disclosure is necessary if the applicant does not rely on such income to obtain the credit. Where an applicant chooses to rely on alimony a creditor shall consider such payments as income to the extent the payments are likely consistently to be made.

5. Recordkeeping

— Effective November 30, 1975, creditors must keep applications and related materials, including any written charges submitted by the applicant alleging discrimination, for 15 months following the date the creditor gives the applicant notice of action.

For all accounts established on or after November 1, 1976, the creditor must identify for consumer reporting agencies or others to whom the creditor furnishes information those accounts that both spouses may use or for which they are both liable, so the credit history can be utilized in the name of each spouse.

No later than February 1, 1977, the creditor is required to inform holders of existing accounts of a similar right to have credit history reported in both names.

The Equal Credit Opportunity Act was passed by the Congress and signed by President Ford in October 1974.

The Act provides that an aggrieved applicant may file suit against creditors for actual damages and for punitive damages up to $10,000. In class actions, penalties up to $100,000, or 1 per cent of the creditor's net worth, whichever is less, may be assessed.

The regulation defines discrimination on the basis of sex or marital status as treating "an applicant less favorably than other applicants on the basis of sex or marital status."

In several instances, where changes must be made on a large scale in recordkeeping or computer programs, in training of employees, or in forms and information supplied to customers in order to conform to the regulation, the Board gave creditors various periods of time in which to comply. However, the Act's provisions against discrimination on the basis of sex or marital status are in force during the transition period.

A failure to comply with certain requirements of the regulation is not a violation if it is caused by mechanical, electronic, or clerical error in circumstances making it clear that the creditor had established and was maintaining suitable compliance procedures.

The regulation exempts from numerous specific procedural provisions credit issued as an incident to doing business, such as credit given by dentists, doctors, or small shopkeepers not obtained by use of a credit card, where no finance or late charge is made and where there is no agreement making the credit payable in more than four instalments (Section 202.10b).

There are also partial exceptions from procedural provisions for business credit (Section 202.10c), securities credit (202.10d), and public utilities credit (202.10e).

These partial exemptions, however, do not exempt such creditors from the basic prohibition of the Act against discrimination on the basis of sex or marital status.

Effective June 30, 1976, the regulation requires that—except where applications for credit are made by telephone, or made orally for an amount not exceeding an existing limit on an open-end account—creditors must give applicants the following written notice:

> The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of sex or marital status. The Federal agency which administers compliance with this law concerning this (insert appropriate description—bank, store, etc.) is (name and address of the appropriate agency).

By February 1, 1977, creditors are required to mail to all customers, or to all married customers, a notice set forth in the regulation (Section 202.6) notifying them of their rights under the Act to have credit reports of accounts of married persons made in both names. Both spouses are entitled to the credit history of the account where both are contractually liable for the account or are allowed to use it. The information must be retrievable in the name of either spouse.

With respect to notification of applicants who request a statement of the reasons for denial or termination of credit, the regulation permits creditors to design their own form or methods of compliance. The notification may be given orally or in writing. The regulation also provides an example of a possible form of response. This form lists various reasons, under five main headings, that may be checked to indicate why credit was denied. These are:

1. Credit application
   - not completed
   - lack of credit references
   - credit ref. too new to check
2. Employment
   - unemployed
   - temporary, irregular
   - unable to verify
   - length of employment
3. Income
   - insufficient
   - unable to confirm
   - information refused
4. Residence
   - too short a period
   - temporary
5. Other (specify)

Other main provisions of the regulation include:

Creditors may not, on the basis of sex or marital status, discourage potential applicants from applying for credit.

Separate accounts may not be refused to qualified applicants on the basis of sex or marital status.

Terms in the application form must be neutral as to sex. Only the terms "married," "unmarried," and "separated" are acceptable where any inquiry as to marital status is permitted. If the applicant is asked to designate a title such as Mr., Mrs., Ms., or Miss, it must be made clear that this is optional.

The regulation forbids:

With certain exceptions, terminating credit on an existing account because of a change in an applicant's marital status without evidence that the applicant is unable or unwilling to pay.

With certain exceptions, requiring or using any unfavorable information about a spouse or former spouse where an applicant applies for credit independently of his or her spouse and can demonstrate that the unfavorable history should not be applied.

The regulation provides certain permissible inquiries or actions regarding a spouse, which may have the following scope:

1. Where an applicant seeks unsecured individual credit, questions as to marital status may be asked only in a community property State, or if necessary to comply with certain State laws as to permissible finance charges or loan ceilings.

2. Where the applicant seeking credit relies on the creditworthiness of the nonapplicant spouse, the creditor may request and consider any information that might be considered about the spouse.

3. Creditors may not prohibit an applicant from opening or maintaining an account in birth-given first and surnames.

4. Creditors may require the signatures of both spouses where State law requires, or probably requires, both signatures in order to pass clear title, to create valid liens, or to waive inchoate (potential) rights to property or to assign earnings.

5. State law notwithstanding, a creditor may extend separate credit to each spouse if each applies separately and voluntarily. Where this preempts State law, each spouse is solely responsible for the credit separately obtained.

Where separate credit is extended, each account is treated separately in determining permissible finance charges or loan ceilings, under conditions described in the regulation.

State laws are pre-empted only if they conflict with the Act or regulation, and only to the extent that they do so.

REINSTATEMENT OF SAME-DAY CREDIT RESTRICTION FOR STOCKS

The Board of Governors announced on September 16, 1975, that effective November 3 it will reinstate a rule that limits the use of the same-day substitution privilege in stock margin accounts.

Under the reinstated rule, use of the same-day substitution privilege will be limited to accounts with an equity of 30 per cent or more of the market value of the stock collateral in the account. This ratio had been set at 40 per cent prior to suspension of the privilege last November 4.

The rule was suspended to permit the Board to consider the impact of the rule on margin customers, brokerage firms, and the stock market. The suspension was to have expired on September 30, but the Board extended it through November 2 to allow brokerage firms time to make the necessary operating and computer changes prior to reinstatement.

In announcing the reinstatement, the Board said the benefits of the rule—which is designed to improve the quality of margin credit—outweigh any potential adverse effects.

Under the same-day substitution privilege, customers are permitted to substitute one security for another in their accounts through offsetting purchases and sales made on the same day, without applying additional margin for the purchase or using any of the proceeds of the sale to strengthen an account that is below the initial margin requirement.

The reinstatement applies to extensions of credit by brokers and dealers (Regulation T) and loans by banks and other lenders (Regulations U and G, respectively) for the purpose of purchasing or carrying stocks registered on a national exchange or named on the Board's over-the-counter margin list.

AMENDMENT TO REGULATION Z

The Board of Governors on September 15, 1975, issued an amendment to its Regulation Z (Truth in Lending) that requires creditors to disclose in a clear and conspicuous manner the credit terms involved in the use of cash-advance checks.

The amendment is effective January 1, 1976. The Board had proposed such an amendment last December 18, and clarifying changes were made in the light of comment received from the public.

A number of banks operating credit-card plans have been sending blank checks to credit-card holders that can be used to obtain cash advances on a credit-card account. Under the amendment, disclosures specifically related to the charges imposed when these checks are used will be required the first time the cash-advance check or other similar credit device is sent to a customer.

AMENDMENTS TO REGULATIONS D AND Q

The Board of Governors on October 2, 1975, amended the definition of savings deposits in its Regulations D and Q to permit corporations, partnerships, and other profitmaking organizations to maintain savings accounts at member banks.

The amendments, effective November 10, 1975, place a ceiling on business savings deposits of $150,000.

The dollar ceiling is intended to make such accounts attractive chiefly to small businesses that do not have access to the money markets to earn interest on temporarily idle funds.

Savings accounts have not previously been available, in general, at member banks to profitmaking business organizations. They have been available at savings and loan associations and other thrift institutions. The regulatory amendments as announced will, therefore, enable member banks to compete more effectively with savings institutions.

The Board asked the banks to classify their business savings accounts as a separate item for reporting purposes.

In Massachusetts and New Hampshire, where the law permits financial institutions to offer deposits subject to negotiable orders of withdrawal (NOW's—check-like use of interest-bearing deposits), such accounts will continue to be available only to individuals and other qualifying organizations. Businesses are not eligible to establish NOW accounts.

SUBSCRIPTION RATES: *Capital Market Developments* and *Selected Interest and Exchange Rates—Weekly Series of Charts*

To help defray a portion of the distribution costs, the Board's Publications Committee recently approved subscription rates for the weekly reports entitled, "Capital Market Developments," and "Selected Interest and Exchange Rates—Weekly Series of Charts." The following annual subscription rates will apply to these reports beginning November 1, 1975:

Annual subscriptions:	
Domestic	$15.00
Foreign	20.00
Single copies:	
Domestic	.40
Foreign	.50
Quantities:	
Annual subscriptions for 10 or more copies sent to a single address	13.50
10 or more copies of one issue sent to a single address	.35

DESIGNATION OF MR. MITCHELL AS MEMBER OF COMMISSION ON ELECTRONIC FUND TRANSFERS

Chairman Arthur F. Burns of the Board of Governors of the Federal Reserve System has designated George W. Mitchell, the Board's Vice Chairman, as a member of the National Commission on Electronic Fund Transfers.

Public Law 93–495, signed on October 28, 1974, created the 26-member commission to study and recommend actions necessary for the possible development of public or private electronic fund transfer systems. Membership on the commission includes Chairman Burns or his delegate.

Vice Chairman Mitchell has been active in the development of the payments mechanism throughout his career at the Board of Governors. He is currently chairman of the Federal Reserve Steering Committee on Improving the Payments Mechanism.

REVISED OTC STOCK LIST

The Board of Governors has published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations effective at the opening of business September 29, 1975. The list, which supersedes the list of OTC margin stocks that was issued on July 29, 1974, is available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

CHANGES IN BOARD STAFF

The Board of Governors has announced the following appointments.

Brian Carey as an Assistant Director in the Division of Federal Reserve Bank Operations, effective September 15, 1975. Mr. Carey, who joined the Board's staff in 1972, holds a B.S. from the Rensselaer Polytechnic Institute.

Jerauld C. Kluckman as Assistant Director in the Office of Saver and Consumer Affairs, effective October 12, 1975. Mr. Kluckman joined the Board's staff in 1969. He holds a B.S. from the University of South Dakota.

Robert E. Mannion as Adviser in the Legal Division, effective October 12, 1975. Mr. Mannion, who has been on the Board's staff since 1970, received a B.A. from Georgetown University and a J.D. from Catholic University.

James R. Wetzel, Assistant Commissioner, Bureau of Labor Statistics, as Associate Adviser and Chief of a new Wages, Prices, and Productivity Section in the Division of Research and Statistics, effective October 26, 1975. Mr. Wetzel was assigned to the National Income Section of the Board's Division of Research and Statistics from 1968 to 1973; he holds a B.A. from Michigan State University and an M.A. from American University.

The Board has also announced the following promotions: in the Division of Research and Statistics, James L. Kichline and Joseph S. Zeisel from Advisers to Associate Directors; Edward C. Ettin and John H. Kalchbrenner from Associate Advisers to Advisers; and Helmut F. Wendel from Assistant Adviser to Associate Adviser; and in the Division of Banking Supervision and Regulation, John E. Ryan from Adviser to Assistant Director.

FEDERAL RESERVE BANK BRANCH DIRECTOR CHANGES

W. H. Knoell, President, Cyclops Corporation, Pittsburgh, Pennsylvania, was appointed a director of the Pittsburgh Branch of the Federal Reserve Bank of Cleveland, effective August 29, 1975, to succeed Robert J. Buckley, President, Allegheny Ludlum Industries, Inc., Pittsburgh, Pennsylvania, who resigned.

John T. Cannon, III, President, Barnett Bank of Cocoa, N.A., Cocoa, Florida, was appointed a director of the Jacksonville Branch of the Federal Reserve Bank of Atlanta, effective July 1, 1975, to succeed Michael J. Franco, Chairman, City National Bank of Miami, Florida, who resigned to become a director of the Miami Branch.

Martin C. Miler, Chairman of the Board and President, The Hibernia National Bank, New Orleans, Louisiana, was appointed a director of the New Orleans Branch of the Federal Reserve Bank of Atlanta, effective July 1, 1975, to succeed James H. Jones, Chairman of the Board and Chief Executive Officer, First National Bank of Commerce, New Orleans, Louisiana, who resigned.

G. Larry Kelley, President, Pickens-Bond Construction Co., Little Rock, Arkansas, was appointed a director of the Little Rock Branch of the Federal Reserve Bank of St. Louis, effective July 7, 1975, to succeed W. M. Pierce, President, Arkansas Business Development Corporation, Little Rock, Arkansas, who resigned.

Mary S. Jensen, Chairman of the Board, Idaho State Bank, Glenns Ferry, Idaho, was appointed a director of the Salt Lake City Branch of the Federal Reserve Bank of San Francisco, effective September 5, 1975, to succeed Joseph Bianco, Chairman of the Board and President, Bank of Idaho, N.A., Boise, Idaho, who resigned.

ADMISSION OF STATE BANK TO MEMBERSHIP IN THE FEDERAL RESERVE SYSTEM

The following bank was admitted to membership in the Federal Reserve System during the period September 16, 1975, through October 15, 1975:

Texas

Fort Worth . . . . State Bank of East Fort Worth

Industrial Production

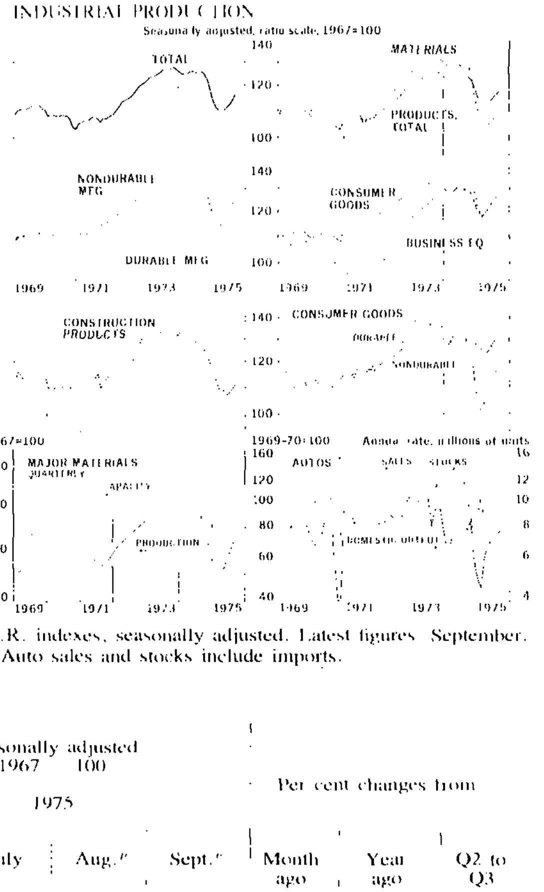
Released for publication October 16

Industrial production increased by an estimated 1.9 per cent in September, and at 116.2 per cent of the 1967 average was at its highest level since last December. This was the fifth straight monthly advance in the index, which is now 5.7 per cent above the April low. The figures for July and August were revised upward and now show increases of 1.0 per cent and 1.6 per cent, respectively.

For the third quarter as a whole, the index was 3.4 per cent above the second-quarter average – an increase at an annual rate of 13½ per cent.

Auto assemblies rose 2.5 per cent further in September and were at an annual rate of 7.6 million units. Output of consumer durables, such as household appliances and other home goods, continued to advance briskly, and production of nondurable consumer goods moved up further. Notably, output of business equipment rose for the second month in a row after 10 months of decline, and construction products continued to gain.

The September increase in production of materials was substantial and widespread. Output of steel and other durable materials rose further, and production of textile, paper, and chemical materials also advanced. Output of industrial fuel and power increased sharply as coal production rose 12 per cent from the strike-curtailed August level.



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

Industrial production	Seasonally adjusted 1967 = 100, 1975				Per cent changes from		
	June	July	Aug.[p]	Sept.[e]	Month ago	Year ago	Q2 to Q3
Total	**111.1**	**112.2**	**114.0**	**116.2**	**1.9**	**7.5**	**3.4**
Products, total	114.2	115.4	116.3	117.6	1.1	4.9	2.6
Final products	114.5	115.7	116.5	117.7	1.0	4.0	2.6
Consumer goods	123.3	125.4	126.3	127.4	.9	1.1	4.1
Durable goods	113.2	115.4	116.9	119.0	1.8	7.8	6.0
Nondurable goods	127.2	129.1	129.9	130.6	.5	1.5	3.5
Business equipment	113.9	114.0	115.1	116.6	1.3	11.9	.3
Intermediate products	112.8	114.3	115.6	117.1	1.3	8.2	2.5
Construction products	106.8	107.9	109.3	110.8	1.4	13.0	3.0
Materials	106.0	106.8	110.6	114.0	3.1	11.8	4.8

[p]Preliminary. [e]Estimated.

Financial and Business Statistics

CONTENTS

MEMBER BANK RESERVES, FEDERAL RESERVE BANK CREDIT, AND RELATED ITEMS

(In millions of dollars)

Period or date	Factors supplying reserve funds									
	Reserve Bank credit outstanding							Gold stock	Special Drawing Rights certificate account	Treasury currency outstanding
	U.S. Govt. securities[1]			Loans	Float[3]	Other F.R. assets[4]	Total[5]			
	Total	Bought outright[2]	Held under repurchase agreement							
Averages of daily figures										
1939—Dec.	2,510	2,510	....	8	83	....	2,612	17,518	....	2,956
1941—Dec.	2,219	2,219	....	5	170	....	2,404	22,759	....	3,239
1945—Dec.	23,708	23,708	....	381	652	....	24,744	20,047	....	4,322
1950—Dec.	20,345	20,336	9	142	1,117	....	21,606	22,879	....	4,629
1960—Dec.	27,248	27,170	78	94	1,665	....	29,060	17,954	....	5,396
1969—Dec.	57,500	57,295	205	1,086	3,235	2,204	64,100	10,367	....	6,841
1970—Dec.	61,688	61,310	378	321	3,570	1,032	66,708	11,105	400	7,145
1971—Dec.	69,158	68,868	290	107	3,905	982	74,255	10,132	400	7,611
1972—Dec.	71,094	70,790	304	1,049	3,479	1,138	76,851	10,410	400	8,293
1973—Dec.	79,701	78,833	868	1,298	3,414	1,079	85,642	11,567	400	8,668
1974—Sept.	84,384	84,049	335	3,287	2,239	1,349	91,617	11,567	400	8,992
Oct.	83,735	83,303	432	1,793	2,083	2,984	90,971	11,567	400	9,041
Nov.	84,052	83,395	657	1,285	2,409	3,171	91,302	11,567	400	9,113
Dec.	86,679	85,202	1,477	703	2,734	3,129	93,967	11,630	400	9,179
1975—Jan.	86,039	85,369	670	390	2,456	3,391	93,002	11,647	400	9,235
Feb.	84,744	83,843	901	147	2,079	3,419	91,168	11,626	400	9,284
Mar.	84,847	84,398	449	106	1,994	3,142	90,819	11,620	400	9,362
Apr.	87,080	86,117	963	110	2,061	3,237	93,214	11,620	400	9,410
May	91,918	89,355	2,563	60	1,877	3,039	97,845	11,620	429	9,464
June	88,912	87,618	1,294	271	2,046	3,098	95,119	11,620	500	9,536
July	88,166	87,882	284	261	1,911	3,100	94,144	11,620	500	9,616
Aug.	86,829	86,348	481	211	1,691	2,953	92,395	11,604	500	9,721
Sept.p	89,191	87,531	1,660	397	1,869	3,060	95,324	11,599	500	9,793
Week ending—										
1975—July 2	91,559	88,834	2,725	871	1,887	3,010	98,243	11,620	500	9,573
9	89,020	88,473	547	222	2,260	3,007	95,272	11,620	500	9,569
16	87,497	87,263	234	202	2,131	3,050	93,566	11,620	500	9,618
23	87,997	87,850	147	382	1,800	3,125	93,995	11,620	500	9,630
30	87,868	87,609	259	253	1,420	3,246	93,479	11,620	500	9,641
Aug. 6	86,727	86,727	....	180	1,525	3,217	92,328	11,617	500	9,700
13	85,221	85,221	....	179	1,847	3,225	91,135	11,603	500	9,704
20	87,075	86,692	383	204	1,900	2,684	92,538	11,602	500	9,715
27	87,572	86,615	957	272	1,581	2,707	92,885	11,600	500	9,715
Sept. 3	88,224	86,708	1,516	222	1,548	2,973	93,814	11,599	500	9,801
10	86,653	86,653	....	385	2,036	3,000	92,736	11,598	500	9,765
17	87,286	86,466	820	327	1,854	3,097	93,269	11,599	500	9,789
24p	90,530	88,373	2,157	395	2,037	3,062	96,884	11,599	500	9,811
End of month										
1975—July	86,966	86,966	....	177	1,734	3,196	92,758	11,620	500	9,769
Aug.	88,032	86,677	1,355	231	1,473	3,012	93,588	11,598	500	9,851
Sept.p	93,080	89,715	3,365	283	1,230	3,259	98,800	11,599	500	9,819
Wednesday										
1975—July 2	90,026	89,512	514	272	2,078	2,932	96,000	11,620	500	9,562
9	84,483	84,483	....	80	2,849	3,064	91,162	11,620	500	9,612
16	89,369	87,729	1,640	1,132	2,241	3,076	96,498	11,620	500	9,627
23	88,662	87,631	1,031	2,000	2,157	3,222	96,790	11,620	500	9,637
30	88,064	87,112	952	149	1,678	3,238	93,839	11,620	500	9,647
Aug. 6	84,871	84,871	....	117	2,576	3,228	91,456	11,608	500	9,689
13	86,227	86,227	....	543	2,194	3,304	92,925	11,602	500	9,710
20	88,832	86,146	2,686	644	2,336	2,604	95,141	11,600	500	9,715
27	86,887	86,887	....	159	1,919	2,846	92,482	11,599	500	9,715
Sept. 3	89,037	86,647	2,390	208	1,732	2,915	94,799	11,599	500	9,738
10	85,234	85,234	....	1,695	2,576	3,123	93,280	11,599	500	9,776
17	85,206	85,206	....	338	2,837	3,075	92,107	11,599	500	9,795
24p	93,289	88,656	4,633	1,402	2,226	3,048	100,839	11,599	500	9,819

[1] Includes Federal agency issues held under repurchase agreements beginning Dec. 1, 1966, and Federal agency issues bought outright beginning Sept. 29, 1971.

[2] Includes, beginning 1969, securities loaned—fully guaranteed by U.S. Govt. securities pledged with F.R. Banks, and excludes (if any), securities sold and scheduled to be bought back under matched sale–purchase transactions.

[3] Beginning with 1960 reflects a minor change in concept; see Feb. 1961 BULLETIN, p. 164.

[4] Beginning Apr. 16, 1969, "Other F.R. assets" and "Other F.R. liabilities and capital" are shown separately; formerly, they were netted together and reported as "Other F.R. accounts."

[5] Includes industrial loans and acceptances until Aug. 21, 1959, when industrial loan program was discontinued. For holdings of acceptances on Wed. and end-of-month dates, see table on F.R. Banks on p. A-10. See also note 3.

Notes continued on opposite page.

MEMBER BANK RESERVES, FEDERAL RESERVE BANK CREDIT, AND RELATED ITEMS—*Continued*

(In millions of dollars)

Factors absorbing reserve funds								Member bank reserves			Period or date
Currency in circulation	Treasury cash holdings	Deposits, other than member bank reserves with F.R. Banks: Treasury	Deposits: Foreign	Deposits: Other[3,6]	Other F.R. accounts[4]	Other F.R. liabilities and capital[4]	With F.R. Banks	Currency and coin[7]	Total[8]		
										Averages of daily figures	
7,609	2,402	616	739		248	....	11,473	....	11,473	...............1939—Dec.	
10,985	2,189	592	1,531		292	....	12,812	....	12,812	...............1941—Dec.	
28,452	2,269	625	1,247		493	....	16,027	....	16,027	...............1945—Dec.	
27,806	1,290	615	920	353	739	....	17,391	....	17,391	...............1950—Dec.	
33,019	408	522	250	495	1,029	....	16,688	2,595	19,283	...............1960—Dec.	
53,591	656	1,194	146	458	....	2,192	23,071	4,960	28,031	...............1969—Dec.	
57,013	427	849	145	735	....	2,265	23,925	5,340	29,265	...............1970—Dec.	
61,060	453	1,926	290	728	....	2,287	25,653	5,676	31,329	...............1971—Dec.	
66,060	350	1,449	272	631	....	2,362	24,830	6,095	31,353	...............1972—Dec.	
71,646	323	1,892	406	717	....	2,942	28,352	6,635	35,068	...............1973—Dec.	
75,098	303	2,451	456	766	....	3,345	30,156	6,920	37,076	...............1974—Sept.	
75,654	315	1,601	294	869	....	3,260	29,985	6,811	36,796	....................Oct.	
77,029	302	864	370	770	....	3,149	29,898	6,939	36,837	....................Nov.	
78,951	220	1,741	357	874	....	3,266	29,767	7,174	36,941	....................Dec.	
77,780	221	2,087	336	884	....	3,264	29,713	7,779	37,492	...............1975—Jan.	
76,979	236	2,374	317	711	....	3,358	28,503	7,062	35,565	....................Feb.	
77,692	277	1,887	363	958	....	3,076	27,948	6,831	34,779	....................Mar.	
78,377	309	3,532	307	718	....	3,137	28,264	6,870	35,134	....................Apr.	
79,102	326	8,115	262	746	....	3,231	27,576	6,916	34,492	....................May	
80,607	355	3,353	272	989	....	3,191	28,007	6,969	34,976	....................June	
81,758	358	2,207	269	711	....	3,135	27,442	7,213	34,655	....................July	
81,822	368	818	274	660	....	3,096	27,183	7,299	34,482	....................Aug.	
81,903	361	3,415	308	798	....	3,169	27,262	7,432	34,694	....................Sept.[p]	
										Week ending	
81,094	366	5,774	274	729	....	3,323	28,376	7,105	35,481	...........1975—July 2	
81,898	367	3,393	264	729	....	3,016	27,294	7,318	34,612	9	
82,164	358	1,198	296	676	....	3,110	27,502	7,362	34,864	16	
81,761	345	1,370	240	690	....	3,147	28,192	6,706	34,898	23	
81,287	364	1,830	262	711	....	3,237	27,550	7,449	34,999	30	
81,531	354	1,205	277	662	....	3,108	27,007	7,546	34,553	..................Aug. 6	
82,036	377	209	271	607	....	2,941	26,501	7,662	34,163	13	
82,028	366	299	302	583	....	3,060	27,717	6,912	34,629	20	
81,615	366	1,178	240	715	....	3,196	27,390	7,080	34,470	27	
81,979	363	1,806	300	839	....	3,253	27,173	7,356	34,529	..................Sept. 3	
82,242	359	1,402	351	840	....	2,913	26,493	7,605	34,098	10	
82,166	354	1,181	326	946	....	3,069	27,116	7,436	34,552	17	
81,688	364	5,032	285	717	....	3,256	27,452	7,179	34,631	........................24[p]	
										End of month	
81,475	350	2,675	369	686	....	3,354	25,740	7,546	33,286	...............1975—July	
81,912	364	2,349	342	776	....	3,311	26,484	7,356	33,840	....................Aug.	
81,609	370	8,075	324	616	....	3,472	26,252	7,559	33,811	....................Sept.[p]	
										Wednesday	
81,708	369	5,291	253	765	....	2,877	26,418	7,105	33,523	...........1975 July 2	
82,372	370	1,381	239	694	....	3,022	24,817	7,318	32,135	9	
82,193	354	597	224	673	....	3,193	31,011	7,362	38,373	16	
81,709	349	1,333	276	795	....	3,171	30,914	6,706	37,620	23	
81,478	370	1,386	284	574	....	3,339	28,175	7,449	35,624	30	
82,064	351	*	259	665	....	2,895	27,018	7,546	34,564	..................Aug. 6	
82,328	359	*	293	594	....	2,989	28,174	7,662	35,836	13	
82,059	342	660	333	554	....	3,148	29,861	6,912	36,773	20	
81,881	359	833	232	838	....	3,217	26,937	7,080	34,017	27	
82,346	363	804	247	868	....	2,913	29,096	7,356	36,452	..................Sept. 3	
82,490	357	405	295	1,036	....	2,949	27,623	7,605	35,228	10	
82,169	346	2,421	242	854	....	3,060	24,908	7,436	32,344	17	
81,694	356	7,249	234	660	....	3,381	29,183	7,179	36,362	........................24[p]	

6 Includes certain deposits of domestic nonmember banks and foreign-owned banking institutions held with member banks and redeposited in full with F.R. Banks in connection with voluntary participation by nonmember institutions in the Federal Reserve System's program of credit restraint.

As of Dec. 12, 1974, the amount of voluntary nonmember and foreign agency and branch deposits at F.R. Banks that are associated with marginal reserves are no longer reported. However, deposits voluntarily held by agencies and branches of foreign banks operating in the United States as reserves and Euro-dollar liabilities are reported.

7 Part allowed as reserves Dec. 1, 1959–Nov. 23, 1960; all allowed thereafter. Beginning Jan. 1963, figures are estimated except for weekly averages. Beginning Sept. 12, 1968, amount is based on close-of-business figures for reserve period 2 weeks previous to report date.

8 Beginning with week ending Nov. 15, 1972, includes $450 million of reserve deficiencies on which F.R. Banks are allowed to waive penalties for a transition period in connection with bank adaptation to Regulation J as amended effective Nov. 9, 1972. Beginning 1973, allowable deficiencies included are (beginning with first statement week of quarter): Q1, $279 million; Q2, $172 million; Q3, $112 million; Q4, $84 million. Beginning 1974, Q1, $67 million, Q2, $58 million. Transition period ended after second quarter, 1974.

For other notes see opposite page.

RESERVES AND BORROWINGS OF MEMBER BANKS

(In millions of dollars)

Period	All member banks: Reserves: Total held[1]	Reserves: Required	Reserves: Excess[1]	Borrowings: Total	Borrowings: Seasonal	Large banks[2]: New York City: Excess	New York City: Borrowings	City of Chicago: Excess	City of Chicago: Borrowings	Other: Excess	Other: Borrowings	All other banks: Excess	All other banks: Borrowings
1939—Dec.	11,473	6,462	5,011	3	....	2,611	....	540	....	1,188	....	671	3
1941—Dec.	12,812	9,422	3,390	5	....	989	....	295	....	1,303	1	804	4
1945—Dec.	16,027	14,536	1,491	334	....	48	192	14	....	418	96	1,011	46
1950—Dec.	17,391	16,364	1,027	142	....	125	58	8	5	232	50	663	29
1960—Dec.	19,283	18,527	756	87	....	29	19	4	8	100	20	623	40
1965—Dec.	22,719	22,267	452	454	....	41	111	15	23	67	228	330	92
1967—Dec.	25,260	24,915	345	238	....	18	40	8	13	50	105	267	80
1968—Dec.	27,221	26,766	455	765	....	100	230	15	85	90	270	250	180
1969—Dec.	28,031	27,774	257	1,086	....	56	259	18	27	6	479	177	321
1970—Dec.	29,265	28,993	272	321	....	34	25	7	4	42	264	189	28
1971—Dec.	31,329	31,164	165	107	....	25	35	1	8	−35	22	174	42
1972—Dec.	31,353	31,134	219	1,049	....	−20	301	13	55	−42	429	−160	264
1973—Dec.	35,068	34,806	262	1,298	41	−23	74	43	28	28	761	133	435
1974—Sept.	37,076	36,885	191	3,287	139	133	1,662	20	17	−77	792	115	816
Oct.	36,796	36,705	91	1,793	117	−49	502	−18	36	36	569	122	686
Nov.	36,837	36,579	258	1,285	67	8	257	38	14	90	566	138	448
Dec.	36,941	36,602	339	703	32	132	80	5	18	39	323	163	282
1975—Jan.	37,492	37,556	−64	390	13	−119	156	−16	16	−91	87	162	131
Feb.	35,565	35,333	232	147	10	31	37	17	10	41	29	143	71
Mar.	34,779	34,513	266	106	7	53	22	20	10	56	28	137	46
Apr.	35,134	35,014	120	110	7	32	25	−23	14	−4	38	115	33
May	34,492	34,493	−1	60	9	−28	24	−21	....	−89	13	137	23
June	34,976	34,428	548	271	11	142	90	47	2	217	114	142	65
July	34,655	34,687	32	261	17	22	54	24	23	−118	62	132	122
Aug.	34,482	34,265	217	211	38	−18	14	5	1	98	51	132	145
Sept.[p]	34,694	34,448	246	397	62	12	68	20	3	−42	140	96	186
Week ending—													
1974—Sept. 4	37,239	36,918	321	3,906	152	−66	1,729	40	19	171	1,125	176	1,033
11	36,737	36,628	109	3,084	132	127	1,567	35	20	110	766	127	731
18	37,086	37,004	82	2,921	134	−150	1,517	15	16	90	740	127	648
25	36,946	36,872	74	3,531	141	80	1,782	12	10	−93	871	75	868
1975—Mar. 5	34,795	34,386	409	70	9	117	....	4	....	90	10	198	60
12	34,482	34,252	230	60	7	122	....	15	....	20	19	113	41
19	34,510	34,490	20	167	6	−96	88	37	....	10	36	143	43
26	34,819	34,675	144	155	7	54	8	16	44	12	58	86	45
Apr. 2	35,087	34,808	279	51	7	−30	....	7	....	99	8	203	43
9	34,663	34,552	111	30	8	62	....	15	....	51	7	85	23
16	35,295	35,076	219	22	6	25	....	−14	....	36	4	172	18
23	35,249	35,179	70	165	6	3	42	16	25	−23	77	80	21
30	35,495	35,306	189	241	7	−11	67	1	37	56	71	143	66
May 7	35,237	34,926	311	34	11	177	....	21	....	5	....	118	34
14	34,517	34,518	−1	17	8	106	....	−26	....	−17	1	148	16
21	34,702	34,631	71	121	7	−33	98	9	....	−34	2	129	21
28	34,209	34,045	164	84	9	53	9	4	....	−5	54	112	21
June 4	34,511	34,177	334	84	9	18	61	19	....	137	....	160	23
11	33,707	33,743	−36	38	11	−76	....	−32	11	−55	2	127	25
18	34,937	34,603	334	77	10	80	49	12	....	69	....	173	28
25	34,706	34,615	91	188	11	19	97	−4	....	5	38	71	53
July 2	35,481	35,085	396	871	15	57	189	39	....	117	468	183	214
9	34,612	34,479	133	222	13	18	....	−20	....	−20	90	155	132
16	34,864	34,791	73	202	15	−72	78	2	54	6	16	137	54
23	34,898	34,695	203	382	19	107	151	9	50	13	57	100	124
30	34,999	34,718	281	253	23	82	....	15	....	67	91	117	162
Aug. 6	34,553	34,354	199	180	29	13	....	10	....	31	14	145	166
13	34,163	34,147	16	179	35	−46	47	−22	6	−45	18	129	108
20	34,629	34,418	211	204	37	−4	....	19	....	73	77	123	127
27	34,470	34,174	296	272	40	127	15	−7	....	48	87	128	170
Sept. 3	34,529	34,228	301	222	50	28	....	24	....	81	58	168	164
10	34,098	34,104	−6	385	53	−45	215	−31	....	−66	34	136	136
17	34,552	34,285	267	327	60	79	....	19	11	17	174	152	142
24[p]	34,631	34,586	45	395	64	−74	78	−35	....	−102	115	18	202

[1] Beginning with week ending Nov. 15, 1972, includes $450 million of reserve deficiencies on which F.R. Banks are allowed to waive penalties for a transition period in connection with bank adaptation to Regulation J as amended effective Nov. 9, 1972. Beginning 1973, allowable deficiencies included are (beginning with first statement week of quarter): Q1, $279 million; Q2, $172 million; Q3, $112 million; Q4, $84 million. Beginning 1974, Q1, $67 million; Q2, $58 million. Transition period ended after second quarter, 1974. For weeks for which figures are preliminary, figures by class of bank do not add to the total because adjusted data by class are not available.

[2] Beginning Nov. 9, 1972, designation of banks as reserve city banks for reserve-requirement purposes has been based on size of bank (net demand deposits of more than $400 million), as described in the BULLETIN for July 1972, p. 626. Categories shown here as "Large" and "All other" parallel the previous "Reserve city" and "Country" categories, respectively (hence the series are continuous over time).

NOTE.—Monthly and weekly data are averages of daily figures within the month or week, respectively.

Borrowings at F.R. Banks: Based on closing figures.

Effective Apr. 19, 1973, the Board's Regulation A, which governs lending by F.R. Banks, was revised to assist smaller member banks to meet the seasonal borrowing needs of their communities.

BASIC RESERVE POSITION, AND FEDERAL FUNDS AND RELATED TRANSACTIONS

(In millions of dollars, except as noted)

Reporting banks and week ending	Basic reserve position					Interbank Federal funds transactions					Related transactions with U.S. Govt. securities dealers		
	Excess reserves[1]	Less		Net		Gross transactions		Total two-way transactions[2]	Net transactions		Loans to dealers[3]	Borrowings from dealers[4]	Net loans
		Borrowings at F.R. Banks	Net interbank Federal funds trans.	Surplus or deficit	Per cent of avg. required reserves	Purchases	Sales		Purchases of net buying banks	Sales of net selling banks			
Total—46 banks													
1975—Aug. 6	162	2	13,789	13,630	87.5	19,306	5,516	4,803	14,503	713	2,343	571	1,772
13	31	59	15,539	15,628	100.1	20,062	4,523	4,211	15,851	312	2,477	537	1,940
20	51	33	13,423	13,405	85.4	18,285	4,862	4,490	13,795	373	2,328	521	1,808
27	206	43	13,347	−13,183	85.8	18,357	5,010	4,439	13,918	571	1,711	492	1,219
Sept. 3	222	8	12,357	12,143	78.4	18,973	6,616	5,682	13,291	934	2,027	619	1,408
10	23	240	15,099	15,362	99.2	20,512	5,413	4,697	15,815	716	2,830	340	2,490
17	53	126	13,953	14,026	90.1	18,658	4,705	4,395	14,262	309	3,095	368	2,727
24	13	120	11,476	11,583	74.4	16,937	5,461	4,395	12,542	1,066	2,365	431	1,934
8 in New York City													
1975—Aug. 6	86	....	4,168	4,082	64.3	5,037	869	869	4,168	....	1,361	341	1,020
13	10	47	4,951	4,988	78.2	5,669	718	718	4,951	....	1,273	294	979
20	−1	....	3,671	3,672	56.9	4,575	903	833	3,741	70	1,109	288	821
27	121	....	3,434	−3,313	53.5	4,407	973	973	3,434	....	898	312	586
Sept. 3	130	....	2,874	2,745	43.7	4,796	1,922	1,778	3,019	144	1,046	298	747
10	14	215	4,655	4,884	76.8	5,403	748	729	4,675	19	1,268	241	1,027
17	71	....	4,003	3,932	62.3	4,658	655	656	4,002	....	1,306	211	1,095
24	28	79	3,083	−3,190	51.2	4,332	1,249	1,007	3,325	242	1,116	210	906
38 outside New York City													
1975—Aug. 6	76	2	9,622	−9,547	103.5	14,269	4,647	3,934	10,335	713	982	230	752
13	−41	12	10,588	10,640	115.3	14,392	3,804	3,493	10,900	312	1,204	243	961
20	52	33	9,752	9,733	105.3	13,711	3,959	3,656	10,054	303	1,219	233	986
27	86	43	9,913	9,870	107.7	13,949	4,037	3,466	10,484	571	813	180	633
Sept. 3	92	8	9,483	9,399	102.1	14,177	4,694	3,905	10,273	789	982	321	661
10	−9	26	10,444	−10,478	114.7	15,109	4,665	3,968	11,141	697	1,562	99	1,462
17	18	126	9,951	10,094	109.0	14,000	4,049	3,740	10,260	309	1,789	157	1,632
24	41	41	8,393	8,393	89.9	12,605	4,212	3,388	9,217	824	1,249	221	1,028
5 in City of Chicago													
1975—Aug. 6	31	....	4,087	4,057	248.1	5,000	913	913	4,087	....	384	....	384
13	−20	6	4,245	4,271	256.9	5,069	824	816	4,253	9	427	....	427
20	14	....	3,651	3,637	219.7	4,718	1,067	1,019	3,699	49	384	....	384
27	3	....	4,146	−4,143	253.5	5,225	1,079	966	4,259	113	332	....	332
Sept. 3	33	....	3,821	3,788	226.2	5,087	1,266	1,122	3,966	145	315	....	315
10	17	....	4,264	4,281	264.0	5,351	1,088	1,058	4,293	29	403	....	403
17	6	11	3,852	3,858	225.8	4,888	1,036	1,014	3,874	22	421	....	421
24	3	....	2,958	2,955	179.1	4,306	1,348	1,202	3,103	145	321	....	321
33 others													
1975—Aug. 6	46	2	5,535	5,491	72.4	9,269	3,734	3,021	6,248	713	598	230	368
13	−21	6	6,343	−6,370	84.2	9,324	2,980	2,677	6,646	304	776	243	534
20	38	33	6,101	−6,096	80.3	8,993	2,892	2,638	6,355	254	836	233	603
27	83	43	5,767	−5,727	76.1	8,725	2,957	2,500	6,225	458	481	180	302
Sept. 3	60	8	5,662	5,610	74.5	9,090	3,428	2,783	6,307	644	667	321	346
10	8	26	6,181	6,198	82.5	9,758	3,577	2,910	6,848	667	1,159	99	1,059
17	−23	115	6,098	6,236	82.6	9,111	3,013	2,726	6,386	287	1,368	157	1,211
24	38	41	5,435	5,438	70.8	8,299	2,864	2,185	6,114	679	928	221	707

[1] Based upon reserve balances, including all adjustments applicable to the reporting period. Prior to Sept. 25, 1968, carryover reserve deficiencies, if any, were deducted. Excess reserves for later periods are net of all carryover reserves.

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

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

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

NOTE.—Weekly averages of daily figures. For description of series and back data, see Aug. 1964 BULLETIN, pp. 944–74.

CURRENT RATES

(Per cent per annum)

Federal Reserve Bank	Loans to member banks—									Loans to all others under last par. Sec. 13[4]		
	Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2]								
				Regular rate			Special rate[3]					
	Rate on 9/30/75	Effective date	Previous rate	Rate on 9/30/75	Effective date	Previous rate	Rate on 9/30/75	Effective date[3]	Previous rate	Rate on 9/30/75	Effective date	Previous rate
Boston	6	5/16/75	6¼	6½	5/16/75	6¾	7	7/2/75	7½	9	3/10/75	9½
New York	6	5/16/75	6¼	6½	5/16/75	6¾	7	6/24/75	7½	9	3/10/75	9½
Philadelphia	6	5/16/75	6¼	6½	5/16/75	6¾	7	6/9/75	7½	9	3/10/75	9½
Cleveland	6	5/16/75	6¼	6½	5/16/75	6¾	7	6/9/75	7½	9	3/10/75	9½
Richmond	6	5/16/75	6¼	6½	5/16/75	6¾	7	6/9/75	7½	9	3/10/75	9½
Atlanta	6	5/16/75	6¼	6½	5/16/75	6¾	7	6/3/75	7½	9	3/10/75	9½
Chicago	6	5/16/75	6¼	6½	5/16/75	6¾	7	6/9/75	7½	9	3/14/75	9½
St. Louis	6	5/16/75	6¼	6½	5/16/75	6¾	7	7/15/75	7½	9	3/14/75	9½
Minneapolis	6	5/23/75	6½	6½	5/23/75	6¾	7	6/9/75	7½	9	3/10/75	9½
Kansas City	6	5/16/75	6¼	6½	5/16/75	6¾	7	7/9/75	7½	9	3/10/75	9½
Dallas	6	5/16/75	6¼	6½	5/16/75	6¾	7	6/9/75	7½	9	3/14/75	9½
San Francisco	6	5/16/75	6¼	6½	5/16/75	6¾	7	6/24/75	7½	9	3/10/75	9½

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

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

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

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

SUMMARY OF EARLIER CHANGES

(Per cent per annum)

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1955	2½	2½
1956—Apr. 13	2½–3	2¾
20	2¾–3	2¾
Aug. 24	2¾–3	3
31	3	3
1957—Aug. 9	3 –3½	3
23	3½	3½
Nov. 15	3 –3½	3
Dec. 2	3	3
1958—Jan. 22	2¾–3	3
24	2¾–3	2¾
Mar. 7	2¼–3	2¼
13	2¼–2¾	2¼
21	2¼	2¼
Apr. 18	1¾–2¼	1¾
May 9	1¾	1¾
Aug. 15	1¾–2	1¾
Sept. 12	1¾–2	2
23	2	2
Oct. 24	2 –2½	2
Nov. 7	2½	2½
1959—Mar. 6	2½–3	3
16	3	3
May 29	3 –3½	3½
June 12	3½	3½
Sept. 11	3½–4	4
18	4	4
1960—June 3	3½–4	4
10	3½–4	3½
14	3½	3½
Aug. 12	3 –3½	3
Sept. 9	3	3
1963—July 17	3 –3½	3½
26	3½	3½

Effective date	Range (or level)—All F.R. Banks	F.R. Bank of N.Y.
1964—Nov. 24	3½–4	4
30	4	4
1965—Dec. 6	4 –4½	4½
13	4½	4½
1967—Apr. 7	4 –4½	4
14	4	4
Nov. 20	4 –4½	4½
27	4½	4½
1968—Mar. 15	4½–5	4½
22	5	5
Apr. 19	5 –5½	5½
26	5½	5½
Aug. 16	5¼–5½	5½
30	5¼	5¼
Dec. 18	5¼–5½	5½
20	5½	5½
1969—Apr. 4	5½–6	6
8	6	6
1970—Nov. 11	5¾–6	6
13	5¾–6	5¾
16	5¾	5¾
Dec. 1	5½–5¾	5¾
4	5½–5¾	5½
11	5½	5½
1971—Jan. 8	5¼–5½	5¼
15	5¼	5¼
19	5 –5¼	5¼
22	5 –5¼	5
29	5	5
Feb. 13	4¾–5	5
19	4¾	4¾
July 16	4¾–5	5
23	5	5

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

NOTE.—Rates under Secs. 13 and 13a (as described in table and notes above). For data before 1956, see *Banking and Monetary Statistics*, 1943, pp. 439–42, and Supplement to Section 12, p. 31.

RESERVE REQUIREMENTS ON DEPOSITS OF MEMBER BANKS

(Deposit intervals are in millions of dollars. Requirements are in per cent of deposits.)

Effective date [1]	Net demand [2]: Reserve city 0-5	Net demand [2]: Reserve city Over 5	Net demand [2]: Other 0-5	Net demand [2]: Other Over 5	Time [3] (all classes of banks): Savings	Time [3]: Other time 0-5	Time [3]: Other time Over 5
In effect Jan. 1, 1963	16½		12		4		
1966 July 14, 21					4	4	5
Sept. 8, 15							6
1967 Mar. 2					3½	3½	
Mar. 16					3	3	
1968 Jan. 11, 18	16½	17	12	12½			
1969 Apr. 17	17	17½	12½	13			
1970 Oct. 1							5

Beginning Nov. 9, 1972

Effective date	Net demand [2,4]: 0-2	2-10	10-100	100-400	Over 400	Time [3]: Savings	Other time: 0-5	Over 5 [5], maturing in 30-179 days	180 days and over
1972 Nov. 9	8	10	12	[6] 16½	17½	[7] 3	[7] 3	[7] 5	
Nov. 16				13					
1973 July 19		10½	12½	13½	18				
1974 Dec. 12					17½			6	3
1975 Feb. 13	7½	10	12	13	16½				
In effect Aug. 31, 1975	7½	10	12	13	16½	3	3	6	3

Present legal limits:	Minimum	Maximum
Net demand deposits, reserve city banks	10	22
Net demand deposits, other banks	7	14
Time deposits	3	10

[1] When two dates are shown, the first applies to the change at reserve city banks and the second to the change at country banks. For changes prior to 1963 see Board's *Annual Reports*.

[2] (a) Demand deposits subject to reserve requirements are gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

(b) Requirement schedules are graduated, and each deposit interval applies to that part of the deposits of each bank.

(c) Since Oct. 16, 1969, member banks have been required under Regulation M to maintain reserves against foreign branch deposits computed on the basis of net balances due from domestic offices to their foreign branches and against foreign branch loans to U.S. residents. Since June 21, 1973, loans aggregating $100,000 or less to any U.S. resident have been excluded from computations, as have total loans of a bank to U.S. residents if not exceeding $1 million. Regulation D imposes a similar reserve requirement on borrowings from foreign banks by domestic offices of a member bank. The reserve percentage applicable to each of these classifications is 4 per cent. The requirement was 10 per cent originally, was increased to 20 per cent on Jan. 7, 1971, was reduced to 8 per cent effective June 21, 1973, and was reduced to the current 4 per cent effective May 22, 1975. Initially certain base amounts were exempted in the computation of the requirements, but effective Mar. 14, 1974, the last of these reserve-free bases were eliminated. For details, see Regulations D and M.

[3] Effective Jan. 5, 1967, time deposits such as Christmas and vacation club accounts became subject to same requirements as savings deposits. For other notes see 2(b) and 2(c) above.

[4] Effective Nov. 9, 1972, a new criterion was adopted to designate reserve cities, and on the same date requirements for reserves against net demand deposits of member banks were restructured to provide that each member bank will maintain reserves related to the size of its net demand deposits. The new reserve city designations are as follows: A bank having net demand deposits of more than $400 million is considered to have the character of business of a reserve city bank, and the presence of the head office of such a bank constitutes designation of that place as a reserve city. Cities in which there are F.R. Banks or branches are also reserve cities. Any banks having net demand deposits of $400 million or less are considered to have the character of business of banks outside of reserve cities and are permitted to maintain reserves at ratios set for banks not in reserve cities. For details, see Regulation D and appropriate supplements and amendments.

[5] A marginal reserve requirement was in effect between June 21, 1973, and Dec. 11, 1974, against increases in the aggregate of the following types of obligations: (a) outstanding time deposits of $100,000 or more, (b) outstanding funds obtained by the bank through issuance by a bank's affiliate of obligations subject to existing reserve requirements on time deposits, and (c) beginning July 12, 1973, funds from sales of finance bills. The requirement applied to balances above a specified base, but was not applicable to banks having obligations of these types aggregating less than $10 million. For details, including percentages and maturity classifications, see "Announcements" in BULLETINS for May, July, Sept., and Dec. 1973 and Sept. and Nov. 1974.

[6] The 16½ per cent requirement applied for one week, only to former reserve city banks. For other banks, the 13 per cent requirement was continued in this deposit interval.

[7] See columns above for earliest effective date of this rate.

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

MAXIMUM INTEREST RATES PAYABLE ON TIME AND SAVINGS DEPOSITS

(Per cent per annum)

Rates July 20, 1966 – June 30, 1973

Type and size of deposit	Effective date: July 20, 1966	Sept. 26, 1966	Apr. 19, 1968	Jan. 21, 1970
Savings deposits	4	4	4	4½
Other time deposits:[1]				
Multiple maturity:[2]				
30–89 days	4	4	4	4½
90 days to 1 year				5
1–2 years	5	5	5	5½
2 years or more				5¾
Single-maturity:				
Less than $100,000:				
30 days to 1 year				5
1–2 years	5½	5	5	5½
2 years or more				5¾
$100,000 or more:				
30–59 days			5½	(3)
60–89 days			5¾	(3)
90–179 days	5½	5½	6	(3)
180 days to 1 year			6¼	(3)
1 year or more			6¼	(3)

Rates beginning July 1, 1973

Type and size of deposit	Effective date: July 1, 1973	Nov. 1, 1973	Nov. 27, 1974	Dec. 23 1974
Savings deposits	5	5	5	5
Other time deposits (multiple- and single-maturity):[1, 2]				
Less than $100,000:				
30–89 days	5	5	5	5
90 days to 1 year	5½	5½	5½	5½
1–2½ years	6	6	6	6
2½ years or more	6½	6½	6½	6½
Minimum denomination of $1,000:				
4–6 years	(4)	7¼	7¼	7¼
6 years or more				7½
Governmental units	(5)	(5)	7½	7¾
$100,000 or more	(3)	(3)	(3)	(3)

[1] For exceptions with respect to certain foreign time deposits, see BULLETIN for Feb. 1968, p. 167.

[2] Multiple-maturity time deposits include deposits that are automatically renewable at maturity without action by the depositor and deposits that are payable after written notice of withdrawal.

[3] Maximum rates on all single-maturity time deposits in denominations of $100,000 or more have been suspended. Rates that were effective Jan. 21, 1970, and the dates when they were suspended are:

30–59 days	6¼ per cent	June 24, 1970
60–89 days	6½ per cent	
90–179 days	6¾ per cent	
180 days to 1 year	7 per cent	May 16, 1973
1 year or more	7½ per cent	

Rates on multiple-maturity time deposits in denominations of $100,000 or more were suspended July 16, 1973, when the distinction between single- and multiple-maturity deposits was eliminated.

[4] Between July 1 and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of $1,000. The amount of such certificates that a bank could issue was limited to 5 per cent of its total time and savings deposits. Sales in excess of that amount were subject to the 6½ per cent ceiling that applies to time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, a ceiling rate of 7¼ per cent was imposed on certificates maturing in 4 years or more with minimum denominations of $1,000. There is no limitation on the amount of these certificates that banks may issue.

[5] Prior to Nov. 27, 1974, no distinction was made between the time deposits of governmental units and of other holders, insofar as Regulation Q ceilings on rates payable were concerned. Effective Nov. 27, 1974, governmental units were permitted to hold savings deposits and could receive interest rates on time deposits with denominations under $100,000 irrespective of maturity, as high as the maximum rate permitted on such deposits at any Federally insured depositary institution.

NOTE.—Maximum rates that may be paid by member banks are established by the Board of Governors under provisions of Regulation Q; however, a member bank may not pay a rate in excess of the maximum rate payable by State banks or trust companies on like deposits under the laws of the State in which the member bank is located. Beginning Feb. 1, 1936, maximum rates that may be paid by nonmember insured commercial banks, as established by the FDIC, have been the same as those in effect for member banks.

For previous changes, see earlier issues of the BULLETIN.

MARGIN REQUIREMENTS

(Per cent of market value)

Period: Beginning date	Ending date	On margin stocks: T	U	G	On convertible bonds: T	U	G	On short sales (T)
1937—Nov. 1	1945—Feb. 4	40						50
1945—Feb. 5	July 4	50						50
July 5	1946—Jan. 20	75						75
1946—Jan. 21	1947—Jan. 31	100						100
1947—Feb. 1	1949—Mar. 29	75						75
1949—Mar. 30	1951—Jan. 16	50						50
1951—Jan. 17	1953—Feb. 19	75						75
1953—Feb. 20	1955—Jan. 3	50						50
1955—Jan. 4	Apr. 22	60						60
Apr. 23	1958—Jan. 15	70						70
1958—Jan. 16	Aug. 4	50						50
Aug. 5	Oct. 15	70						70
Oct. 16	1960—July 27	90						90
1960—July 28	1962—July 9	70						70
1962—July 10	1963—Nov. 5	50						50
1963—Nov. 6	1968—Mar. 10	70						70
1968—Mar. 11	June 7		70			50		70
June 8	1970—May 5		80			60		80
1970—May 6	1971—Dec. 3		65			50		65
1971—Dec. 6	1972—Nov. 22		55			50		55
1972—Nov. 24	1974—Jan. 2		65			50		65
Effective Jan. 3, 1974			50			50		50

NOTE.—Regulations G, T, and U, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended; margin requirements are the difference between the market value (100 per cent) and the maximum loan value. The term margin stocks is defined in the corresponding regulation.

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

TRANSACTIONS OF THE SYSTEM OPEN MARKET ACCOUNT

(In millions of dollars)

Period	Outright transactions in U.S. Govt. securities, by maturity (excluding matched sale purchase transactions)															
	Treasury bills[1]			Others within 1 year[2]			1–5 years			5–10 years			Over 10 years			
	Gross purchases	Gross sales	Redemptions	Gross purchases	Gross sales	Exch., maturity shifts, or redemptions	Gross purchases	Gross sales	Exch. or maturity shifts	Gross purchases	Gross sales	Exch. or maturity shifts	Gross purchases	Gross sales	Exch. or maturity shifts	
1970	11,074	5,214	2,160	99	......	3,483	848	......	5,430	249	......	1,845	93	......	102	
1971	8,896	3,642	1,064	1,036	......	−6,462	1,338	......	4,672	933	......	685	311	......	150	
1972	8,522	6,467	2,545	125	......	2,933	789	......	1,405	539	......	−2,094	167	......	250	
1973	15,517	4,880	3,405	1,396	......	−140	579	......	−2,028	500	......	895	129	......	87	
1974	11,660	5,830	4,550	450	......	−1,314	797	......	697	434	......	1,675	196	......	205	
1974—Aug.	1,652	850	......	......	......	2,867	......	......	1,057	......	......	1,940	......	......	130	
Sept.	717	565	786	22	......	200	65	......	200	53	......	......	37	......	......	
Oct.	547	1,110	1,063	......	......	......	......	......	......	......	......	......	......	......	......	
Nov.	1,422	273	107	148	......	1,623	92	......	1,757	78	......	465	25	......	200	
Dec.	973	426	6	85	......	126	123	......	126	53	......	......	20	......	......	
1975—Jan.	341	945	600	14	......	......	305	......	......	61	......	......	26	......	......	
Feb.	357	460	900	......	......	2,437	129	......	2,836	113	......	249	74	......	150	
Mar.	760	156	487	1,579	......	1,494	361	......	194	450	......	......	212	......	......	
Apr.	2,119	318	506	148	......	......	485	......	......	274	......	......	164	......	......	
May	903	354	407	50	......	3,131	......	......	6,635	......	......	3,801	......	......	298	
June	421	161	612	20	......	691	488	......	−529	180	......	......	109	......	......	
July	......	1,505	800	......	......	......	......	......	......	......	......	......	......	......	......	
Aug.	312	282	400	2,002	......	2,144	150	......	1,299	64	......	1,444	47	......	300	

Period	Total outright[1]			Matched sale purchase transactions (U.S. Govt. securities)		Repurchase agreements (U.S. Govt. securities)		Net change in U.S. Govt. securities	Federal agency obligations			Bankers acceptances, net		Net change[3]
									Outright		Repurchase agreements, net			
	Gross purchases	Gross sales	Redemptions	Gross sales	Gross purchases	Gross purchases	Gross sales		Gross purchases	Sales or redemptions		Outright	Repurchase agreements	
1970	12,362	5,214	2,160	12,177	12,177	33,859	33,859	4,988	......	......	......	−6	......	4,982
1971	12,515	3,642	2,019	16,205	16,205	44,741	43,519	8,076	485	......	101	22	181	8,866
1972	10,142	6,467	2,862	23,319	23,319	31,103	32,228	−312	1,197	370	88	9	−145	272
1973	18,121	4,880	4,592	45,780	45,780	74,755	74,795	8,610	865	239	29	−2	−36	9,227
1974	13,537	5,830	4,682	64,229	62,801	71,333	70,947	1,984	3,087	322	469	511	420	6,149
1974—Aug.	1,652	850	......	9,061	11,287	2,096	2,096	3,028	238	3	......	59	......	3,322
Sept.	893	565	786	9,420	9,782	3,551	3,551	96	207	16	......	40	187	322
Oct.	547	1,110	1,063	12,574	12,516	4,618	4,618	−1,684	......	......	......	100	185	−1,970
Nov.	1,765	273	238	6,880	6,404	6,990	6,121	1,647	331	......	369	174	218	2,739
Dec.	1,254	426	6	8,855	7,962	11,470	11,895	498	360	......	142	188	201	393
1975—Jan.	746	945	600	9,237	10,367	9,260	8,748	844	......	14	409	103	136	387
Feb.	673	460	900	7,167	6,634	11,267	10,305	258	376	81	246	12	39	309
Mar.	3,362	156	1,788	15,933	16,763	5,011	6,928	332	210	2	347	5	323	136
Apr.	3,189	318	506	12,375	12,216	12,774	8,551	6,428	......	2	883	24	496	7,829
May	953	354	407	2,996	3,044	19,489	21,952	−2,224	......	97	−567	55	375	3,207
June	1,217	161	450	12,914	13,026	15,219	16,810	−873	......	6	−255	−62	−121	1,317
July	......	1,505	800	15,532	15,139	5,977	6,146	−2,866	......	2	61	3	......	2,926
Aug.	2,574	282	2,389	14,234	13,730	8,146	6,881	663	353	40	90	1	156	1,222

[1] Before Nov. 1973 BULLETIN, included matched sale-purchase transactions, which are now shown separately.

[2] Includes special certificates acquired when the Treasury borrows directly from the Federal Reserve, as follows: June 1971, 955; Sept. 1972, 38; Aug. 1973, 351; Sept. 1973, 836; Nov. 1974, 131; Mar. 1975, 1,560; Aug. 1975, 1,989.

[3] Net change in U.S. Govt. securities, Federal agency obligations, and bankers' acceptances.

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

CONSOLIDATED STATEMENT OF CONDITION OF ALL FEDERAL RESERVE BANKS

(In millions of dollars)

Item	Wednesday					End of month		
	1975					1975		1974
	Sept. 24	Sept. 17	Sept. 10	Sept. 3	Aug. 27	Sept. 30	Aug. 31	Sept. 30
Assets								
Gold certificate account	11,599	11,599	11,599	11,598	11,599	11,599	11,598	11,460
Special Drawing Rights certificate account	500	500	500	500	500	500	500	400
Cash	390	372	359	350	358	403	363	237
Loans:								
Member bank borrowings	1,402	338	1,695	208	159	283	231	2,920
Other	....	....	....	....	....	....	....	....
Acceptances:								
Bought outright	682	651	651	674	671	698	684	317
Held under repurchase agreements	192	....	1	233	*	250	156	187
Federal agency obligations:								
Bought outright	5,395	5,395	5,395	5,396	5,396	5,789	5,396	4,011
Held under repurchase agreements	420	....	....	191	....	293	90	....
U.S. Govt. securities:								
Bought outright:								
Bills	34,757	31,674	32,158	33,570	34,083	35,422	33,600	38,219
Certificates—Special	....	....	....	....	....	....	....	....
Other	....	....	....	....	....	....	....	....
Notes	43,400	43,157	42,812	42,812	42,586	43,400	42,812	39,719
Bonds	5,104	4,980	4,869	4,869	4,822	5,104	4,869	3,097
Total bought outright	[1] 83,261	[1] 79,811	[1] 79,839	[1] 81,251	[1] 81,491	[1] 83,926	[1] 81,281	[1] 81,035
Held under repurchase agreements	4,213	....	....	2,199	....	3,072	1,265	....
Total U.S. Govt. securities	87,474	79,811	79,839	83,450	81,491	86,998	82,546	81,035
Total loans and securities	95,565	86,195	87,581	90,152	87,717	94,311	89,103	88,470
Cash items in process of collection	p 7,209	8,537	7,300	7,799	6,457	p 7,059	5,779	5,867
Bank premises	305	306	306	306	305	306	305	248
Operating equipment	4	4	4	2	2	4	2	....
Other assets:								
Denominated in foreign currencies	51	31	26	26	21	247	26	242
All other	2,688	2,734	2,787	2,581	2,518	2,702	2,679	991
Total assets	p 118,311	110,278	110,462	113,314	109,477	p 117,131	110,355	107,915
Liabilities								
F.R. notes	72,621	73,093	73,430	73,319	72,882	72,563	72,787	66,219
Deposits:								
Member bank reserves	p 29,183	24,908	27,623	29,096	26,937	p 26,252	26,484	29,266
U.S. Treasury—General account	7,249	2,421	405	804	833	8,075	2,349	3,209
Foreign	234	242	295	247	232	324	342	411
Other:								
All other[2]	660	854	1,036	868	838	616	776	718
Total deposits	p 37,326	28,425	29,359	31,015	28,840	p 35,267	29,951	33,604
Deferred availability cash items	4,983	5,700	4,724	6,067	4,538	5,829	4,306	4,407
Other liabilities and accrued dividends	1,188	974	966	1,038	998	1,165	1,037	1,407
Total liabilities	p 116,118	108,192	108,479	111,439	107,258	p 114,824	108,081	105,637
Capital accounts								
Capital paid in	914	916	916	914	914	914	914	886
Surplus	897	897	897	897	897	897	897	844
Other capital accounts	382	273	170	64	408	496	463	548
Total liabilities and capital accounts	p 118,311	110,278	110,462	113,314	109,477	p 117,131	110,355	107,915
Contingent liability on acceptances purchased for foreign correspondents	....	....	....	....	....	....	....	1,459
Marketable U.S. Govt. securities held in custody for foreign and international accounts	42,035	42,941	43,051	43,230	42,476	41,360	43,204	30,833

Federal Reserve Notes—Federal Reserve Agents' Accounts

Item	Sept. 24	Sept. 17	Sept. 10	Sept. 3	Aug. 27	Sept. 30	Aug. 31	Sept. 30
F.R. notes outstanding (issued to Bank)	78,613	78,727	78,715	78,532	78,340	78,643	78,553	71,124
Collateral held against notes outstanding:								
Gold certificate account	11,596	11,596	11,596	11,596	11,596	11,596	11,596	2,360
Special Drawing Rights certificate account	302	302	302	302	302	302	302	....
Acceptances	....	....	....	....	....	....	....	....
U.S. Govt. securities	69,305	69,305	69,305	69,305	69,005	69,330	69,305	70,115
Total collateral	81,203	81,203	81,203	81,203	80,903	81,228	81,203	72,475

[1] See note 2 on p. A-2.
[2] See note 6 on p. A-3.

MATURITY DISTRIBUTION OF LOANS AND U.S. GOVERNMENT SECURITIES HELD BY FEDERAL RESERVE BANKS

(In millions of dollars)

Item	Wednesday					End of month		
	1975					1975		1974
	Sept. 24	Sept. 17	Sept. 10	Sept. 3	Aug. 27	Sept. 30	Aug. 31	Sept. 30
Loans—Total	1,402	336	1,696	209	158	283	231	2,920
Within 15 days	1,385	319	1,653	184	153	251	196	2,814
16–90 days	17	17	43	25	5	32	35	106
91 days to 1 year	....	....	....	....	....	....	....	....
Acceptances—Total	874	651	652	907	671	948	840	504
Within 15 days	308	111	108	343	104	353	268	202
16–90 days	309	333	360	369	395	288	381	253
91 days to 1 year	257	207	184	195	172	307	191	49
U.S. Govt. securities—Total	87,474	79,811	79,839	83,450	81,491	86,998	82,546	81,035
Within 15 days[1]	8,104	3,932	3,040	5,271	3,913	5,608	3,826	3,340
16–90 days	17,569	15,404	16,149	17,508	17,125	19,533	16,758	21,747
91 days to 1 year	21,864	20,905	21,536	21,557	21,556	22,198	22,805	22,794
1–5 years	30,377	30,129	29,815	29,815	29,708	30,099	29,858	21,289
5–10 years	5,893	5,847	5,756	5,756	5,693	5,893	5,756	9,946
Over 10 years	3,667	3,594	3,543	3,543	3,496	3,667	3,543	1,919
Federal agency obligations—Total	5,815	5,395	5,395	5,587	5,396	6,082	5,486	4,011
Within 15 days[1]	430	10	....	296	140	303	230	25
16–90 days	201	201	169	169	113	201	113	155
91 days to 1 year	590	590	632	558	579	613	579	577
1–5 years	2,788	2,758	2,788	2,700	2,700	3,073	2,700	1,894
5–10 years	1,253	1,253	1,253	1,311	1,311	1,310	1,311	872
Over 10 years	553	583	553	553	553	582	553	488

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

BANK DEBITS AND DEPOSIT TURNOVER

(Seasonally adjusted annual rates)

Period	Debits to demand deposit accounts[1] (billions of dollars)					Turnover of demand deposits				
	Total 233 SMSA's	Leading SMSA's		Total 232 SMSA's (excl. N.Y.)	226 other SMSA's	Total 233 SMSA's	Leading SMSA's		Total 232 SMSA's (excl. N.Y.)	226 other SMSA's
		N.Y.	6 others[2]				N.Y.	6 others[2]		
1974—Aug.	21,481.7	9,240.8	5,173.0	12,241.0	7,068.0	123.4	286.4	132.0	86.3	68.9
Sept.	22,017.5	9,970.8	5,092.1	12,046.7	6,954.7	125.1	310.5	127.5	83.8	66.9
Oct.	22,348.8	10,271.1	5,084.7	12,077.6	6,993.0	127.0	316.8	127.3	84.1	67.5
Nov.	22,918.7	10,538.9	5,160.2	12,379.8	7,219.6	131.8	324.6	131.5	87.5	70.6
Dec.	22,192.4	9,931.8	5,152.7	12,260.6	7,107.9	128.0	312.8	131.8	86.6	69.3
1975—Jan.	21,856.3	10,157.8	4,868.4	11,698.4	6,830.1	127.2	321.8	125.9	83.4	67.3
Feb.	22,952.7	10,918.0	4,992.8	12,034.7	7,041.9	133.3	343.2	127.4	85.8	69.6
Mar.	22,182.9	10,241.1	4,899.9	71,941.8	11,041.9	125.1	320.4	118.2	82.2	67.8
Apr.	22,707.7	10,810.3	4,770.6	11,897.5	7,126.9	128.3	337.5	115.3	82.1	68.8
May	22,739.7	10,826.1	4,852.6	11,913.6	7,016.0	129.7	341.3	121.3	83.0	68.2
June	22,504.2	10,612.2	4,755.2	11,892.0	7,136.9	124.6	328.6	115.5	80.2	66.7
July	r22,830.2	10,709.5	r4,841.1	r12,120.7	r7,279.5	r126.4	331.0	r116.4	r81.7	68.2
Aug.	23,277.8	10,628.8	5,125.0	12,649.0	7,524.0	130.4	335.0	124.4	86.2	71.3

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

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

For back data see pp. 634–35 of July 1972 BULLETIN.

MEASURES OF THE MONEY STOCK

(In billions of dollars)

Period	Seasonally adjusted M_1	M_2	M_3	M_4	M_5	Not seasonally adjusted M_1	M_2	M_3	M_4	M_5
	Composition of measures is described in the NOTE below.									
1972—Dec.	255.8	525.7	844.9	569.7	888.8	263.0	530.7	848.0	574.9	892.2
1973—Dec.	271.5	572.2	919.6	636.0	983.4	279.1	577.3	922.8	641.3	986.8
1974—Aug.	280.5	601.9	962.6	685.7	1,046.4	277.3	598.4	958.7	685.5	1,045.8
Sept.	280.7	603.4	965.0	688.2	1,049.9	278.9	600.3	960.8	689.0	1,049.5
Oct.	281.6	607.6	970.7	693.8	1,056.9	281.2	605.7	967.4	694.5	1,056.2
Nov.	283.6	611.6	976.9	697.1	r1,062.4	285.1	r609.7	972.8	696.8	1,059.9
Dec.	284.4	613.5	981.7	r703.7	1,072.0	292.3	618.6	r985.0	r709.0	1,075.5
1975—Jan.r	281.6	614.8	986.3	707.6	1,079.1	288.6	620.7	991.7	712.7	1,083.6
Feb.r	282.4	619.1	994.4	711.2	1,086.5	279.4	616.7	992.1	705.9	1,081.4
Mar.r	285.0	625.1	1,005.9	714.8	1,095.7	282.2	624.6	1,007.3	712.7	1,095.4
Apr.r	285.8	628.9	1,015.7	717.3	1,104.1	287.3	633.3	1,022.4	719.1	1,108.2
Mayr	288.5	635.9	1,028.3	721.5	1,113.9	283.7	634.1	1,028.2	718.2	1,112.3
Juner	293.0	646.1	1,045.3	730.1	1,129.4	291.1	645.5	1,047.1	727.9	1,129.4
Julyr	293.5	650.5	1,055.9	732.6	1,138.0	293.1	650.1	1,057.5	731.4	1,138.8
Aug.	294.2	653.7	1,064.2	731.7	1,142.2	290.9	650.0	1,060.2	731.1	1,141.4

NOTE.—Composition of the money stock measures is as follows:

M_1: Averages of daily figures for (1) demand deposits of commercial banks other than domestic interbank and U.S. Govt., less cash items in process of collection and F.R. float; (2) foreign demand balances at F.R. Banks; and (3) currency outside the Treasury, F.R. Banks, and vaults of commercial banks.

M_2: Averages of daily figures for M_1 plus savings deposits, time deposits open account, and time certificates other than negotiable CD's of $100,000 of large weekly reporting banks.

M_3: M_2 plus mutual savings bank deposits, savings and loan shares, and credit union shares (nonbank thrift).

M_4: M_2 plus large negotiable CD's.

M_5: M_3 plus large negotiable CD's.

For a description of the latest revisions in M_1, M_2, and M_3, see "Revision of Money Stock Measures and Member Bank Reserves and Deposits" on pp. 817–27 of the Dec. 1974 BULLETIN.

Latest monthly and weekly figures including revisions since Oct. 1974 are available from the Board's Sept. 18, 1975, H.6 release. Back data are available from the Banking Section, Division of Research and Statistics.

COMPONENTS OF MONEY STOCK MEASURES AND RELATED ITEMS

(In billions of dollars)

Period	Seasonally adjusted: Currency	Commercial banks: Demand deposits	Time and savings deposits: CD's[1]	Other	Total	Nonbank thrift institutions[2]	Not seasonally adjusted: Currency	Commercial banks: Demand deposits: Total	Member	Domestic nonmember	Time and savings deposits: CD's[1]	Other	Total	Nonbank thrift institutions[2]	U.S. Govt. deposits[3]
1972—Dec.	56.9	198.9	43.9	269.9	313.8	319.1	57.9	205.1	152.4	51.4	44.2	267.6	311.8	317.3	7.4
1973—Dec.	61.6	209.9	63.8	300.7	364.5	347.4	62.7	216.4	157.0	56.6	64.0	298.2	362.2	345.6	6.3
1974—Aug.	65.5	215.0	83.8	321.5	405.2	360.7	65.7	211.6	152.3	56.1	87.1	321.1	408.2	360.3	4.0
Sept.	65.9	214.8	84.8	322.7	407.5	361.7	65.8	213.1	153.3	56.6	88.7	321.3	410.1	360.5	5.5
Oct.	66.5	215.2	86.2	325.9	412.1	363.2	66.4	214.7	154.4	57.1	88.8	324.6	413.3	361.7	3.7
Nov.	67.4	216.2	85.5	328.0	r413.5	365.3	67.9	217.3	156.0	57.7	87.1	324.6	411.7	363.0	3.4
Dec.	67.9	216.5	90.3	329.1	r419.3	368.2	69.0	223.3	160.4	58.9	90.5	326.3	416.7	366.5	4.9
1975—Jan.r	68.2	213.4	92.7	333.2	426.0	371.5	67.8	220.9	158.8	58.5	91.9	332.1	424.0	371.0	4.0
Feb.r	68.7	213.7	92.1	336.7	428.8	375.3	67.8	211.6	152.3	56.1	89.2	337.3	426.5	375.4	3.3
Mar.r	69.4	215.6	89.8	340.1	429.9	380.8	68.8	213.4	153.9	56.2	88.1	342.4	430.5	382.7	3.8
Apr.r	69.5	216.3	88.4	343.1	431.5	386.8	69.1	218.2	157.5	57.7	85.8	345.9	431.8	389.1	4.0
Mayr	70.2	218.3	85.5	347.4	432.9	392.4	70.0	213.7	154.0	56.9	84.1	350.4	434.5	394.1	4.1
Juner	71.1	221.9	84.1	353.1	437.1	399.2	71.2	219.9	157.7	59.2	82.3	354.4	436.7	401.5	4.1
Julyr	71.4	222.1	82.1	357.0	439.1	405.4	71.9	221.1	158.3	59.8	81.3	357.0	438.3	407.4	3.3
Aug.	71.9	222.3	78.0	359.4	437.4	410.5	72.2	218.7	156.3	59.5	81.1	359.1	440.2	410.3	2.6

1 Negotiable time certificates of deposit issued in denominations of $100,000 or more by large weekly reporting commercial banks.

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

3 At all commercial banks.

See also NOTE above.

AGGREGATE RESERVES AND MEMBER BANK DEPOSITS
(In billions of dollars)

Period	Member bank reserves, S.A.[1]				Deposits subject to reserve requirements[3]								Total member bank deposits plus nondeposit items[4]	
					S.A.				N.S.A.					
	Total	Non-borrowed	Required	Available[2]	Total	Time and savings	Demand: Private	Demand: U.S. Govt.	Total	Time and savings	Demand: Private	Demand: U.S. Govt.	S.A.	N.S.A.
1971—Dec.	31.33	31.20	31.15	29.03	360.3	210.7	143.8	5.8	364.6	209.7	149.2	5.7	365.2	369.5
1972—Dec.	31.46	30.41	31.17	29.09	402.0	242.0	154.5	5.6	406.8	240.7	160.1	6.1	406.4	411.2
1973—Dec.	35.16	33.87	34.86	32.97	442.2	280.0	158.2	3.9	447.5	278.5	164.0	5.0	448.7	454.0
1974—Aug.	37.27	33.93	37.08	35.27	478.5	312.4	159.9	6.2	475.1	315.3	157.0	2.9	487.5	484.2
Sept.	37.28	34.00	37.08	35.30	480.6	314.4	159.9	6.3	479.7	317.2	158.3	4.2	489.2	488.2
Oct.	36.85	35.04	36.73	34.89	480.5	317.2	159.5	3.7	480.5	318.6	159.1	2.7	488.3	488.3
Nov.	36.88	35.62	36.67	34.87	483.6	318.4	160.6	4.6	481.2	317.4	161.4	2.4	491.2	488.8
Dec.	36.91	36.18	36.65	34.64	485.9	323.4	160.7	1.9	491.8	321.7	166.6	3.5	494.3	500.1
1975—Jan.	36.91	36.51	36.76	34.41	488.2	328.5	159.0	0.7	495.1	327.2	165.0	2.9	495.8	502.6
Feb.	35.46	35.32	35.27	33.61	489.2	328.9	159.7	0.6	487.0	326.5	158.0	2.4	495.7	493.5
Mar.	34.85	34.74	34.65	33.03	491.6	329.2	161.7	0.7	491.6	328.9	159.8	2.8	498.1	498.1
Apr.	35.08	34.97	34.93	33.11	493.5	329.7	161.7	2.1	495.4	329.1	163.2	3.1	500.2	502.2
May	34.63	34.56	34.47	32.80	493.7	329.0	162.6	2.1	491.8	329.8	159.0	3.0	501.2	499.2
June	34.87	34.65	34.67	33.00	500.5	330.8	165.9	3.8	497.5	330.2	164.2	3.1	507.5	504.5
July	34.99	34.69	34.80	32.94	498.5	330.8	165.2	2.5	497.2	330.2	164.5	2.5	505.3	504.0
Aug.	34.57	34.36	34.37	32.77	496.0	327.9	165.3	2.9	494.8	330.5	162.3	2.0	503.0	501.8

1 Averages of daily figures. Member bank reserve series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. Required reserves were increased by $660 million effective Apr. 16, 1969, and $400 million effective Oct. 16, 1969; were reduced by $500 million (net) effective Oct. 1, 1970. Required reserves were reduced by approximately $2.5 billion, effective Nov. 9, 1972; by $1.0 billion, effective Nov. 15; and increased by $300 million effective Nov. 22.

2 Reserves available to support private nonbank deposits are defined as (1) required reserves for (a) private demand deposits, (b) total time and savings deposits, and (c) nondeposit sources subject to reserve requirements, and (2) excess reserves. This series excludes required reserves for net interbank and U.S. Govt. demand deposits.

3 Averages of daily figures. Deposits subject to reserve requirements include total time and savings deposits and net demand deposits as defined by Regulation D. Private demand deposits include all demand deposits except those due to the U.S. Govt., less cash items in process of collection and demand balances due from domestic commercial banks.

4 "Total member bank deposits" subject to reserve requirements, plus Euro-dollar borrowings, loans sold to bank-related institutions, and certain other nondeposit items. This series for deposits is referred to as "the adjusted bank credit proxy."

NOTE.—For description of revised series and for back data, see article "Revision of Money Stock Measures and Member Bank Reserves and Deposits" on pp. 817–27 of the Dec. 1974 BULLETIN.

Due to changes in Regulations M and D, member bank reserves include reserves held against nondeposit funds beginning Oct. 16, 1969. Back data may be obtained from the Banking Section, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

LOANS AND INVESTMENTS AT ALL COMMERCIAL BANKS
(In billions of dollars)

Date	Seasonally adjusted							Not seasonally adjusted						
	Total loans and invest-ments[1]	Loans				Securities		Total loans and invest-ments[1]	Loans				Securities	
		Total[1]	Plus loans sold[2]	Commercial and industrial[3]: Total	Commercial and industrial[3]: Plus loans sold[2]	U.S. Treas-ury	Other[4]		Total[1]	Plus loans sold[2]	Commercial and industrial[3]: Total	Commercial and industrial[3]: Plus loans sold[2]	U.S. Treas-ury	Other[4]
1971—Dec. 31	484.8	320.3	323.1	115.9	117.5	60.1	104.4	497.9	328.3	331.1	118.5	120.2	64.9	104.7
1972—Dec. 31	556.4	377.8	380.4	129.7	131.4	61.9	116.7	571.4	387.3	389.9	132.7	134.4	67.0	117.1
1973—Dec. 31	630.3	447.3	451.6	155.8	158.4	52.8	130.2	647.3	458.5	462.8	159.4	162.0	58.3	130.6
1974—Sept. 25[5]	689.9	500.2	505.5	181.4	184.2	52.3	137.4	689.5	501.2	506.5	181.5	184.3	50.7	137.6
Oct. 30	690.8	502.0	507.2	183.2	186.0	49.8	139.0	689.5	500.7	505.9	182.0	184.8	50.7	138.1
Nov. 27[6]	692.5	503.8	508.7	184.3	187.0	49.1	139.6	692.2	502.0	506.9	183.2	185.9	52.1	138.1
Dec. 31	687.1	498.2	503.0	182.6	185.3	48.8	140.1	705.6	510.7	515.5	186.8	r189.6	r54.5	140.5
1975—Jan. 29p	689.3	500.7	505.3	183.9	186.6	48.8	139.8	688.3	495.9	500.5	181.7	184.4	53.6	138.9
Feb. 26p	691.0	497.6	502.1	182.1	184.8	53.3	140.1	685.3	491.5	496.0	180.3	183.0	54.7	139.1
Mar. 26p	694.7	496.4	501.1	180.4	183.2	58.7	139.6	690.2	490.3	495.0	180.0	182.8	59.6	140.3
Apr. 30p	696.2	492.4	497.0	179.8	182.5	64.5	139.3	695.2	490.6	495.2	180.4	183.1	63.7	140.9
May 28p	698.3	489.6	494.3	178.2	181.0	68.8	139.9	694.7	488.4	493.1	177.8	180.6	65.6	140.6
June 30p	698.8	484.5	489.2	175.3	178.2	73.0	141.3	703.0	491.8	496.5	177.9	180.8	68.8	142.4
July 30p	702.1	485.8	490.3	176.0	178.8	74.0	142.3	700.6	487.9	492.4	175.9	178.7	70.4	142.4
Aug. 27p	706.1	486.9	491.4	175.8	178.6	76.3	142.9	701.3	485.8	490.3	174.3	177.1	72.8	142.6
Sept. 24p	707.4	486.6	491.1	174.6	177.4	77.9	142.9	707.2	487.9	492.4	174.9	177.7	76.3	143.1

1 Adjusted to exclude domestic commercial interbank loans.

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

3 Reclassification of loans at one large bank reduced these loans by about $400 million as of June 30, 1972.

4 Farmers Home Administration insured notes included in "Other securities" rather than in loans beginning June 30, 1971, when such notes totaled about $700 million.

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

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

NOTE.—*Total loans and investments:* For monthly data, Jan. 1959–June 1973, see Nov. 1973 BULLETIN, pp. A-96–A-97, and for 1948–58, Aug. 1968 BULLETIN, pp. A-94–A-97. For a description of the current seasonally adjusted series see the Nov. 1973 BULLETIN, pp. 831–32, and the Dec. 1971 BULLETIN, pp. 971–73. *Commercial and industrial loans:* For monthly data, Jan. 1959–June 1973, see Nov. 1973 BULLETIN, pp. A-96–A-98; for description see July 1972 BULLETIN, p. 683. Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

PRINCIPAL ASSETS AND LIABILITIES AND NUMBER, BY CLASS OF BANK

(Amounts in millions of dollars)

Classification by FRS membership and FDIC insurance	Loans and investments: Total	Loans and investments: Loans [1]	Securities: U.S. Treasury	Securities: Other [2]	Cash assets [3]	Total assets—Total liabilities and capital accounts [4]	Deposits: Total [3]	Interbank [3]: Demand	Interbank [3]: Time	Other: Demand: U.S. Govt.	Other: Demand: Other	Other: Time [5]	Borrowings	Total capital accounts	Number of banks
						Last-Wednesday-of-month series [6]									
All commercial banks:															
1941—Dec. 31...	50,746	21,714	21,808	7,225	26,551	79,104	71,283	10,982		44,349		15,952	23	7,173	14,278
1947—Dec. 31 [7]..	116,284	38,057	69,221	9,006	37,502	155,377	144,103	12,792	240	1,343	94,367	35,360	65	10,059	14,181
1960—Dec. 31...	199,509	117,642	61,003	20,864	52,150	257,552	229,843	17,079	1,799	5,945	133,379	71,641	163	20,986	13,472
1970—Dec. 31 [8]..	461,194	313,334	61,742	86,118	93,643	576,242	480,940	30,608	1,975	7,938	209,335	231,084	19,375	42,958	13,686
1971—Dec. 31...	516,564	346,930	64,930	104,704	99,832	640,255	537,946	32,205	2,908	10,169	220,375	272,289	25,912	47,211	13,783
1972—Dec. 31...	598,808	414,696	67,028	117,084	113,128	739,033	616,037	33,854	4,194	10,875	252,223	314,891	38,083	52,658	13,927
1973—Dec. 31...	683,799	494,947	58,277	130,574	118,276	835,224	681,847	36,839	6,773	9,865	263,367	365,002	58,994	58,128	14,171
1974—Sept. 25...	721,160	532,890	50,690	137,580	107,390	873,710	692,830	29,760	10,610	7,380	236,550	408,530	67,920	61,850	14,398
Oct. 30 [9]..	723,330	534,520	50,730	138,080	110,770	880,750	700,420	33,150	10,180	3,080	243,090	410,920	68,350	62,180	14,422
Nov. 27...	729,640	539,400	52,140	138,100	116,220	894,530	708,150	34,230	10,310	3,910	248,730	410,970	71,470	62,210	14,440
Dec. 31...	744,107	549,183	54,451	140,473	128,042	919,552	747,903	43,483	11,496	4,807	267,506	420,611	58,369	63,650	14,465
1975—Jan. 29p..	724,080	531,630	53,560	138,890	101,400	873,940	701,390	29,900	11,740	4,530	233,730	421,490	61,320	64,010	14,475
Feb. 26p..	724,010	530,160	54,720	139,130	103,470	877,120	701,120	29,770	10,440	2,640	234,380	423,890	63,920	64,460	14,497
Mar. 26p..	729,500	529,590	59,620	140,290	105,230	886,450	710,440	30,160	11,680	3,970	236,540	428,090	62,830	65,100	14,523
Apr. 30p..	728,300	523,680	63,720	140,900	113,280	895,310	720,410	32,790	11,880	7,950	242,150	425,640	60,620	64,940	14,535
May 28p..	730,170	523,950	65,580	140,640	113,340	896,550	722,290	32,030	11,200	2,980	245,960	430,120	60,810	64,890	14,555
June 25p..	733,230	523,060	67,980	142,190	110,710	898,130	721,170	31,210	10,830	3,810	244,600	430,620	62,720	65,430	14,569
July 30p..	734,710	521,940	70,370	142,400	105,750	894,870	720,670	32,640	10,640	2,260	243,100	432,030	60,780	65,920	14,580
Aug. 27p..	736,450	520,990	72,830	142,630	102,970	893,570	719,360	30,990	10,380	2,880	241,890	433,220	58,780	66,350	14,592
Sept. 24p..	738,220	518,890	76,250	143,080	104,240	898,260	721,030	30,770	10,800	3,250	239,950	436,260	59,740	66,670	14,592
Members of F.R. System:															
1941—Dec. 31...	43,521	18,021	19,539	5,961	23,113	68,121	61,717	10,385	140	1,709	37,136	12,347	4	5,886	6,619
1947—Dec. 31...	97,846	32,628	57,914	7,304	32,845	132,060	122,528	12,353	50	1,176	80,609	28,340	54	8,464	6,923
1960—Dec. 31...	165,619	99,933	49,106	16,579	45,756	216,577	193,029	16,437	1,639	5,287	112,393	57,273	130	17,398	6,174
1970—Dec. 31 [8]..	365,940	253,936	45,399	66,604	81,500	465,644	384,596	29,142	1,733	6,460	168,032	179,229	18,578	34,100	5,767
1971—Dec. 31...	405,087	277,717	47,633	79,738	86,189	511,353	425,380	30,612	2,549	8,427	174,385	209,406	25,046	37,279	5,727
1972—Dec. 31...	465,788	329,548	48,715	87,524	96,566	585,125	482,124	31,958	3,561	9,024	197,817	239,763	36,357	41,228	5,704
1973—Dec. 31...	528,124	391,032	41,494	95,598	100,098	655,898	526,837	34,782	5,843	8,273	202,564	275,374	55,611	44,741	5,735
1974—Sept. 25...	550,843	417,631	34,683	98,529	91,002	679,160	531,194	27,831	9,522	5,782	180,114	307,945	62,166	47,054	5,774
Oct. 30 [9]..	548,622	415,941	34,813	97,868	93,674	680,173	535,128	31,043	9,089	2,117	184,573	308,306	60,803	47,131	5,775
Nov. 27...	556,088	421,428	36,394	98,266	98,603	694,743	542,515	32,422	9,222	2,859	189,688	308,324	65,411	47,320	5,774
Dec. 31...	568,532	429,537	38,921	100,073	106,995	715,615	575,563	41,062	10,052	3,183	204,203	317,064	52,850	48,240	5,780
1975—Jan. 29...	550,264	414,426	37,549	98,289	86,321	676,905	536,256	28,311	10,299	3,247	177,701	316,698	56,136	48,411	5,783
Feb. 26...	549,144	412,076	38,628	98,440	88,430	678,970	535,250	28,157	8,991	1,989	178,596	317,517	58,868	48,741	5,785
Mar. 26...	552,957	411,446	42,544	98,967	89,685	685,906	542,076	28,564	10,231	2,794	180,214	320,273	58,030	49,219	5,785
Apr. 30...	550,756	406,676	45,142	98,938	96,694	692,147	549,824	31,102	10,433	6,212	184,693	317,384	55,738	49,267	5,789
May 28...	551,264	405,803	46,918	98,543	96,455	691,485	549,996	30,191	9,751	2,178	187,439	320,437	56,140	49,188	5,790
June 25...	553,091	404,580	48,695	99,816	94,405	692,583	548,631	29,557	9,388	2,859	186,266	320,561	57,959	49,593	5,795
July 30...	553,545	403,742	50,050	99,753	89,898	688,756	547,222	30,980	9,198	1,541	184,595	320,908	56,094	49,951	5,796
Aug. 27p..	554,007	402,281	51,899	99,827	87,208	686,266	545,021	29,335	8,932	2,099	183,283	321,372	54,175	50,281	5,792
Sept. 24p..	555,096	400,695	54,355	100,046	88,004	689,717	546,360	29,150	9,360	2,343	181,340	324,167	54,929	50,543	5,792
						Call date series									
Insured banks:															
Total:															
1941—Dec. 31...	49,290	21,259	21,046	6,984	25,788	76,820	69,411	10,654		1,762	41,298	15,699	10	6,844	13,426
1947—Dec. 31...	114,274	37,583	67,941	8,750	36,926	152,733	141,851	12,615	54	1,325	92,975	34,882	61	9,734	13,398
1960—Dec. 31...	198,011	117,092	60,468	20,451	51,836	255,669	228,401	16,921	1,667	5,932	132,533	71,348	149	20,628	13,119
1970—Dec. 31 [8]..	458,919	312,006	61,438	85,475	92,708	572,682	479,174	30,233	1,874	7,898	208,037	231,132	19,149	42,427	13,502
1972—Dec. 31...	594,502	411,525	66,679	116,298	111,333	732,519	612,822	33,366	4,113	10,820	250,693	313,830	37,556	52,166	13,721
1973—Dec. 31...	678,113	490,527	57,961	129,625	116,266	827,081	677,358	36,248	6,429	9,856	261,530	363,294	57,531	57,603	13,964
1974—June 30...	709,904	521,424	51,832	136,648	123,536	871,986	703,767	40,534	8,427	8,355	250,225	396,226	65,514	61,003	14,108
Dec. 31...	734,516	541,111	54,132	139,272	125,375	906,325	741,665	42,587	10,693	4,799	265,444	418,142	55,988	63,039	14,216
1975—Aprl 16...	733,913	529,350	59,540	145,023	110,950	893,141	720,607	31,291	10,845	4,628	249,373	424,470	65,274	64,578	14,274
National member:															
1941—Dec. 31...	27,571	11,725	12,039	3,806	14,977	43,433	39,458	6,786		1,088	23,262	8,322	4	3,640	5,117
1947—Dec. 31...	65,280	21,428	38,674	5,178	22,024	88,182	82,023	8,375	35	795	53,541	19,278	45	5,409	5,005
1960—Dec. 31...	107,546	63,694	32,712	11,140	28,675	139,261	124,911	9,829	611	3,265	71,660	39,546	111	11,098	4,530
1970—Dec. 31 [8]..	271,760	187,554	34,203	50,004	56,028	340,764	283,663	18,051	982	4,740	122,298	137,592	13,100	24,868	4,620
1972—Dec. 31...	350,743	247,041	37,185	66,516	67,390	434,810	359,319	19,096	2,155	6,646	146,800	184,622	26,706	30,342	4,612
1973—Dec. 31...	398,236	293,555	30,962	73,718	70,711	489,470	395,767	20,357	3,876	5,955	152,705	212,874	39,696	33,125	4,659
1974—June 30...	418,329	313,659	27,631	77,039	73,703	516,632	407,915	20,086	4,912	5,038	145,954	231,925	48,123	34,966	4,693
Dec. 31...	428,433	321,466	29,075	77,892	76,523	534,207	431,039	23,497	6,750	2,437	154,397	243,959	39,603	35,815	4,706
1975—Apr. 16...	425,928	312,844	32,503	80,581	66,841	523,006	416,620	17,146	7,157	2,809	144,014	245,494	44,405	36,652	4,720

For notes see opposite page.

PRINCIPAL ASSETS AND LIABILITIES AND NUMBER, BY CLASS OF BANK—Continued

(Amounts in millions of dollars)

Classification by FRS membership and FDIC insurance	Loans and investments: Total	Loans [1]	Securities: U.S. Treasury	Securities: Other [2]	Cash assets [3]	Total assets—Total liabilities and capital accounts [4]	Deposits: Total [3]	Interbank [3]: Demand	Interbank [3]: Time	Other: Demand: U.S. Govt.	Other: Demand: Other	Other: Time [5]	Borrowings	Total capital accounts	Number of banks
						Call date series									
Insured banks (cont.):															
State member:															
1941—Dec. 31	15,950	6,295	7,500	2,155	8,145	24,688	22,259	3,739		621	13,874	4,025	1	2,246	1,502
1947—Dec. 31	32,566	11,200	19,240	2,125	10,822	43,879	40,505	3,978	15	381	27,068	9,062	9	3,055	1,918
1960—Dec. 31	58,073	36,240	16,394	5,439	17,081	77,316	68,118	6,608	1,028	2,022	40,733	17,727	20	6,299	1,644
1970—Dec. 31[8]	94,760	66,963	11,196	16,600	25,472	125,460	101,512	11,091	750	1,720	45,734	42,218	5,478	9,232	1,147
1972—Dec. 31	115,426	82,889	11,530	21,008	29,176	150,697	123,186	12,862	1,406	2,378	51,017	55,523	9,651	10,886	1,092
1973—Dec. 31	130,240	97,828	10,532	21,880	29,387	166,780	131,421	14,425	1,968	2,318	49,859	62,851	15,914	11,617	1,076
1974—June 30	132,388	101,732	8,303	22,353	35,268	175,896	139,446	19,125	2,906	1,586	47,690	68,138	14,713	11,980	1,068
Dec. 31	140,373	108,346	9,846	22,181	30,473	181,683	144,799	17,565	3,301	746	49,807	73,380	13,247	12,425	1,074
1975—Apr. 16	136,425	102,992	10,127	23,306	29,358	177,453	135,949	12,984	3,047	735	46,287	72,895	17,988	12,586	1,066
Nonmember:															
1941—Dec. 31	5,776	3,241	1,509	1,025	2,668	8,708	7,702	129		53	4,162	3,360	6	959	6,810
1947—Dec. 31	16,444	4,958	10,039	1,448	4,083	20,691	19,342	262	4	149	12,366	6,558	7	1,271	6,478
1960—Dec. 31	32,411	17,169	11,368	3,874	6,082	39,114	35,391	484	27	645	20,140	14,095	19	3,232	6,948
1970—Dec. 31[8]	92,399	57,489	16,039	18,871	11,208	106,457	93,998	1,091	141	1,438	40,005	51,322	571	8,326	7,735
1972—Dec. 31	128,333	81,594	17,964	28,774	14,767	147,013	130,316	1,408	552	1,796	52,876	73,685	1,199	10,938	8,017
1973—Dec. 31	149,638	99,143	16,467	34,027	16,167	170,831	150,170	1,467	586	1,582	58,966	87,569	1,920	12,862	8,229
1974—June 30	159,186	106,033	15,898	37,255	14,565	179,457	156,406	1,323	610	1,731	56,580	96,162	2,678	14,057	8,347
Dec. 31	165,709	111,300	15,211	39,199	18,380	190,435	165,827	1,525	642	1,616	61,240	100,804	3,138	14,799	8,436
1975—Apr. 16	171,559	113,513	16,909	41,136	14,750	192,682	168,039	1,161	641	1,084	59,071	106,082	2,881	15,339	8,488
Noninsured nonmember:															
1941—Dec. 31	1,457	455	761	241	763	2,283	1,872	329		1,291		253	13	329	852
1947—Dec. 31[7]	2,009	474	1,280	255	576	2,643	2,251	177	185	18	1,392	478	4	325	783
1960—Dec. 31	1,498	550	535	413	314	1,883	1,443	159	132	13	846	293	14	358	352
1970—Dec. 31[8]	3,079	2,132	304	642	934	4,365	2,570	375	101	40	1,298	756	226	532	184
1971—Dec. 31	3,147	2,224	239	684	1,551	5,130	2,923	380	116	19	1,273	1,134	283	480	181
1972—Dec. 31	4,865	3,731	349	785	1,794	7,073	3,775	488	81	55	1,530	1,620	527	491	206
1973—Dec. 31	6,192	4,927	316	949	2,010	8,650	4,996	591	344	9	1,836	2,215	1,463	524	207
1974—June 30	9,269	7,987	282	1,001	2,951	12,770	6,610	1,481	476	12	2,209	2,432	2,033	620	229
Dec. 31	9,981	8,461	319	1,201	2,667	13,616	6,627	897	803	8	2,062	2,857	2,382	611	249
Total nonmember:															
1941—Dec. 31	7,233	3,696	2,270	1,266	3,431	10,992	9,573	457		5,504		3,613	18	1,288	7,662
1947—Dec. 31	18,454	5,432	11,318	1,703	4,659	23,334	21,591	439	190	167	13,758	7,036	12	1,596	7,261
1960—Dec. 31	33,910	17,719	11,904	4,287	6,396	40,997	36,834	643	160	657	20,986	14,388	33	3,590	7,300
1970—Dec. 31[8]	95,478	59,621	16,342	19,514	12,143	110,822	96,568	1,466	243	1,478	41,303	52,078	796	8,858	7,919
1971—Dec. 31	111,674	69,411	17,297	24,966	13,643	129,100	112,764	1,592	359	1,742	45,990	63,081	866	9,932	8,056
1972—Dec. 31	133,198	85,325	18,313	29,559	16,562	154,085	134,091	1,895	633	1,850	54,406	75,305	1,726	11,429	8,223
1973—Dec. 31	155,830	104,070	16,783	34,976	18,177	179,480	155,165	2,057	930	1,592	60,802	89,784	3,383	13,386	8,436
1974—June 30	168,456	114,020	16,180	38,256	17,516	192,227	163,016	2,804	1,086	1,743	58,789	98,593	4,711	14,677	8,576
Dec. 31	175,690	119,761	15,530	40,400	21,047	204,051	172,454	2,422	1,445	1,624	63,302	103,661	5,520	15,410	8,685

[1] Loans to farmers directly guaranteed by CCC were reclassified as securities and Export-Import Bank portfolio fund participations were reclassified from loans to securities effective June 30, 1966. This reduced "Total loans" and increased "Other securities" by about $1 billion. "Total loans" include Federal funds sold, and beginning with June 1967 securities purchased under resale agreements, figures for which are included in "Federal funds sold, etc.," on p. A-16.

Effective June 30, 1971, Farmers Home Administration notes were classified as "Other securities" rather than "Loans." As a result of this change, approximately $300 million was transferred to "Other securities" for the period ending June 30, 1971, for all commercial banks.

See also table (and notes) at the bottom of p. A-24.

[2] See first 2 paragraphs of note 1.

[3] Reciprocal balances excluded beginning with 1942.

[4] Includes items not shown separately. See also note 1.

[5] See third paragraph of note 1 above.

[6] For the last-Wednesday-of-the-month series, figures for call dates are shown for June and December as soon as they became available.

[7] Beginning with Dec. 31, 1947, the series was revised; for description, see note 4, p. 587, May 1964 BULLETIN.

[8] Figure takes into account the following changes, which became effective June 30, 1969: (1) inclusion of consolidated reports (including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries) and (2) reporting of figures for total loans and for individual categories of securities on a gross basis—that is, before deduction of valuation reserves—rather than net as previously reported.

[9] Member bank data for Oct. exclude assets of $3.6 billion of one large bank.

NOTE.—Data are for all commercial banks in the United States (including Alaska and Hawaii, beginning with 1959). Commercial banks represent all commercial banks, both member and nonmember; stock savings banks; and nondeposit trust companies.

Figures for member banks before 1970 include mutual savings banks as follows: 3 before Jan. 1960 and 2 through Dec. 1960. Those banks are not included in insured commercial banks.

Effective June 30, 1969, commercial banks and member banks exclude a small national bank in the Virgin Islands; also, member banks exclude, and noninsured commercial banks include, through June 30, 1970, a small member bank engaged exclusively in trust business; beginning 1973, exclude 1 national bank in Puerto Rico.

Beginning Dec. 31, 1973, June 30, 1974, and Dec. 31, 1974, respectively, member banks exclude and noninsured nonmember banks include 1, 2, and 3 noninsured trust companies that are members of the Federal Reserve System.

Comparability of figures for classes of banks is affected somewhat by changes in F.R. membership, deposit insurance status, and by mergers etc.

Figures are partly estimated except on call dates.

For revisions in series before June 30, 1947, see July 1947 BULLETIN, pp. 870–71.

ASSETS BY CLASS OF BANK, DECEMBER 31, 1974

(Amounts in millions of dollars)

Account	All commercial banks	Insured commercial banks	Member banks[1]						Non-member banks[1]
			Total	Large banks			All other		
				New York City	City of Chicago	Other large			
Cash bank balances, items in process	128,042	125,375	106,995	27,604	4,816	40,126	34,449		21,047
Currency and coin	11,658	11,633	8,846	691	198	2,889	5,068		2,812
Reserves with F.R. Banks	27,109	27,109	27,109	4,960	1,783	10,356	10,011		....
Demand balances with banks in United States	36,073	34,317	21,685	7,265	357	4,382	9,681		14,388
Other balances with banks in United States	4,173	3,872	2,602	62	275	853	1,413		1,571
Balances with banks in foreign countries	1,751	1,331	1,165	412	89	532	132		586
Cash items in process of collection	47,278	47,113	45,588	14,214	2,115	21,115	8,144		1,690
Total securities held—Book value	194,924	193,404	138,995	16,412	5,612	47,254	69,716		55,929
U.S. Treasury	54,451	54,132	38,921	5,332	1,820	13,323	18,445		15,529
Other U.S. Govt. agencies	32,841	32,380	20,858	2,005	874	6,450	11,529		11,984
States and political subdivisions	100,376	100,010	74,261	8,288	2,706	25,761	37,507		26,115
All other securities	7,256	6,882	4,954	787	212	1,719	2,235		2,302
Trade-account securities	7,989	7,984	7,916	3,040	831	3,805	240		74
U.S. Treasury	2,548	2,543	2,521	970	461	1,037	53		27
Other U.S. Govt. agencies	1,352	1,352	1,347	541	120	637	49		4
States and political subdivisions	3,370	3,370	3,337	1,341	250	1,612	135		34
All other	719	719	710	188	....	519	3		9
Bank investment portfolios	186,934	185,420	131,079	13,372	4,781	43,449	69,476		55,855
U.S. Treasury	51,902	51,589	36,400	4,362	1,360	12,286	18,393		15,502
Other U.S. Govt. agencies	31,489	31,028	19,510	1,464	753	5,813	11,480		11,979
States and political subdivisions	97,006	96,640	70,925	6,947	2,456	24,150	37,372		26,081
All other	6,537	6,163	4,244	599	212	1,200	2,232		2,293
Federal funds sold and securities resale agreements	40,042	38,881	29,848	1,887	985	14,741	12,235		10,194
Commercial banks	33,807	32,645	23,723	1,052	698	10,628	11,345		10,084
Brokers and dealers	4,386	4,386	4,330	615	253	2,815	647		56
Others	1,849	1,849	1,795	220	35	1,298	243		54
Other loans	509,531	502,231	399,963	82,049	24,261	149,804	143,849		109,567
Real estate loans	130,585	130,301	94,576	8,184	1,325	35,945	49,123		36,009
Secured by farmland	5,904	5,887	2,634	14	2	345	2,274		3,270
Secured by residential	81,606	81,403	60,573	4,567	887	24,133	30,986		21,033
1- to 4-family residences	74,039	73,863	54,316	3,135	827	21,198	29,155		19,723
FHA insured	5,914	5,870	5,110	254	40	2,815	2,000		805
VA guaranteed	3,191	3,147	2,703	188	20	1,401	1,094		488
Other	64,933	64,846	46,503	2,693	766	16,982	26,062		18,430
Multifamily	7,567	7,540	6,257	1,432	59	2,934	1,831		1,310
FHA insured	938	921	820	166	27	355	272		118
Other	6,629	6,619	5,437	1,266	32	2,579	1,559		1,192
Secured by other properties	43,075	43,012	31,369	3,602	437	11,467	15,863		11,706
Loans to domestic and foreign banks	12,265	10,017	9,500	4,731	679	3,628	462		2,765
Loans to other financial institutions	35,235	35,011	33,626	12,911	5,009	13,047	2,660		1,609
Loans on securities to brokers and dealers	5,241	5,193	5,073	3,597	550	763	161		169
Other loans for purch./carry securities	4,026	4,001	3,343	566	329	1,527	921		683
Loans to farmers	18,237	18,216	10,501	120	252	2,457	7,672		7,735
Commercial and industrial loans	186,826	182,802	156,340	43,095	13,408	60,473	39,365		30,485
Loans to individuals	103,210	102,951	74,460	5,213	1,558	26,751	40,938		28,750
Instalment loans	80,242	80,033	57,440	3,177	835	20,819	32,608		22,802
Passenger automobiles	32,847	32,763	22,125	462	161	6,954	14,549		10,722
Residential-repair/modernize	5,546	5,536	4,074	206	39	1,734	2,096		1,472
Credit cards and related plans	11,078	11,077	9,807	1,113	388	5,479	2,828		1,271
Charge-account credit cards	8,281	8,280	7,430	665	358	4,273	2,134		851
Check and revolving credit plans	2,797	2,797	2,377	447	30	1,206	694		420
Other retail consumer goods	15,381	15,357	10,831	155	118	3,799	6,758		4,549
Mobile homes	8,997	8,996	6,520	97	54	2,353	4,016		2,477
Other	6,383	6,362	4,311	59	64	1,447	2,742		2,072
Other instalment loans	15,390	15,299	10,602	1,242	129	2,853	6,378		4,789
Single-payment loans to individuals	22,968	22,919	17,020	2,036	723	5,932	8,330		5,948
All other loans	13,906	13,738	12,543	3,631	1,152	5,214	2,546		1,362
Total loans and securities	744,496	734,516	568,806	100,348	30,859	211,799	225,800		175,690
Fixed assets—Buildings, furniture, real estate	15,106	15,027	11,374	1,116	448	4,622	5,189		3,732
Investments in subsidiaries not consolidated	1,763	1,739	1,723	768	134	752	69		41
Customer acceptances outstanding	10,857	10,648	10,364	5,629	451	3,912	372		493
Other assets	19,677	19,020	16,628	5,104	872	7,132	3,519		3,049
Total assets	919,941	906,325	715,890	140,569	37,581	268,343	269,398		204,051
Number of banks	14,465	14,216	5,780	13	9	155	5,603		8,685

[1] Member banks exclude and nonmember banks include 3 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

[2] See table (and notes), *Deposits Accumulated for Payment of Personal Loans*, p. 24.

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

NOTE. Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Figures for total loans and for individual categories of securities are reported on a gross basis—that is, before deduction of valuation reserves.

Back data in lesser detail were shown in previous BULLETINS. Beginning with the fall Call Report, data for future spring and fall Call Reports will be available from the Data Production Section of the Division of Data Processing.

Details may not add to totals because of rounding.

LIABILITIES AND CAPITAL BY CLASS OF BANK, DECEMBER 31, 1974

(Amounts in millions of dollars)

Account	All commercial banks	Insured commercial banks	Member banks[1] Total	Member banks[1] Large banks New York City	Member banks[1] Large banks City of Chicago	Member banks[1] Large banks Other large	Member banks[1] All other	Nonmember banks[1]
Demand deposits	315,796	312,829	248,448	55,556	11,307	88,451	93,134	67,348
Mutual savings banks	1,363	1,197	1,121	559	3	190	370	242
Other individuals, partnerships, and corporations	235,774	234,780	180,792	30,816	7,538	67,111	75,327	54,982
U.S. Government	4,807	4,799	3,183	226	36	815	2,106	1,624
States and political subdivisions	18,615	18,484	13,125	666	218	3,889	8,353	5,489
Foreign governments, central banks, etc.	2,124	1,882	1,855	1,465	24	357	8	269
Commercial banks in United States	35,316	35,053	33,824	14,399	3,039	11,985	4,401	1,492
Banks in foreign countries	6,804	6,336	6,116	4,593	198	1,192	134	688
Certified and officers' checks, etc.	10,993	10,297	8,431	2,833	251	2,912	2,436	2,562
Time and savings deposits	432,496	428,836	327,390	51,799	17,491	119,486	138,614	105,106
Savings deposits	135,597	135,353	97,585	6,061	2,060	34,273	55,191	38,012
Accumulated for personal loan payments[2]	389	387	275	....	....	69	206	115
Mutual savings banks	479	463	451	261	3	171	16	28
Other individuals, partnerships, and corporations	221,752	219,947	170,180	30,329	11,996	62,467	65,388	51,572
U.S. Government	477	477	352	39	6	146	160	125
States and political subdivisions	50,102	49,930	37,057	2,060	1,307	16,494	17,196	13,046
Foreign governments, central banks, etc.	12,683	12,049	11,891	7,369	1,315	3,174	32	792
Commercial banks in United States	8,611	8,417	7,858	4,119	775	2,546	418	753
Banks in foreign countries	2,406	1,814	1,742	1,561	29	145	7	663
Total deposits	748,292	741,665	575,838	107,355	28,799	207,936	231,748	172,454
Federal funds purchased and securities sold under agreements to repurchase	52,325	51,139	48,349	10,048	4,295	26,357	7,649	3,976
Other liabilities for borrowed money	6,045	4,848	4,501	1,571	63	2,406	460	1,544
Mortgage indebtedness	715	712	509	77	4	259	169	206
Bank acceptances outstanding	11,433	11,221	10,936	6,155	469	3,938	373	497
Other liabilities	28,788	25,047	20,426	4,397	1,346	8,029	6,653	8,362
Total liabilities	847,597	834,632	660,559	129,603	34,977	248,927	247,052	187,038
Minority interest in consolidated subsidiaries	6	5	2	....	....	....	2	3
Total reserves on loans/securities	8,688	8,649	7,088	1,594	488	2,668	2,338	1,600
Reserves for bad debts (IRS)	8,402	8,366	6,909	1,593	488	2,598	2,229	1,493
Other reserves on loans	116	115	70	1	....	17	51	46
Reserves on securities	171	169	110	....	....	53	57	60
Total capital accounts	63,650	63,039	48,240	9,372	2,115	16,748	20,005	15,410
Capital notes and debentures	4,290	4,226	3,422	755	61	1,673	933	868
Equity capital	59,360	58,813	44,818	8,616	2,054	15,076	19,072	14,542
Preferred stock	54	43	24	....	....	10	13	30
Common stock	14,820	14,723	11,014	2,188	568	3,560	4,698	3,806
Surplus	25,396	25,224	19,226	3,720	1,140	6,840	7,525	6,170
Undivided profits	18,122	17,917	13,905	2,704	301	4,398	6,502	4,216
Other capital reserves	968	904	649	4	44	267	334	319
Total liabilities, reserves, minority interest, capital accounts	919,941	906,325	715,890	140,569	37,581	268,343	269,398	204,051
Demand deposits adjusted[3]	228,395	225,864	165,853	26,717	6,117	54,535	78,483	62,542
Average total deposits (past 15 days)	724,418	717,811	555,884	103,014	27,229	199,287	226,354	168,534
Average *total loans (past 15 days)*	519,192	510,810	401,666	81,665	24,493	150,485	145,023	117,525
Selected ratios:								
Percentage of total assets								
Cash and balances with other banks	13.9	13.8	14.9	19.6	12.8	15.0	12.8	10.3
	21.2	21.3	19.4	11.7	14.9	17.6	25.9	27.4
Total securities held								
Trading account securities	.9	.9	1.1	2.2	2.2	1.4	.1	....
U.S. Treasury	.3	.3	.4	.7	1.2	.4	....	....
States and political subdivisions	.4	.4	.5	1.0	.7	.6	....	....
All other trading account securities	.2	.2	.3	.5	.3	.4	....	....
Bank investment portfolios	20.3	20.5	18.3	9.5	12.7	16.2	25.8	27.4
U.S. Treasury	5.6	5.7	5.1	3.1	3.6	4.6	6.8	7.6
States and political subdivisions	10.5	10.7	9.9	4.9	6.5	9.0	13.9	12.8
All other portfolio securities	4.1	4.1	3.3	1.5	2.6	2.6	5.1	7.0
Other loans and Federal funds sold	59.7	59.7	60.0	59.7	67.2	61.3	57.9	58.7
All other assets	5.2	5.1	5.6	9.0	5.1	6.1	3.4	3.6
Total loans and securities	80.9	81.0	79.5	71.4	82.1	78.9	83.8	86.1
Reserves for loans and securities	.9	1.0	1.0	1.1	1.3	1.0	.9	.8
Equity capital—Total	6.5	6.5	6.3	6.1	5.5	5.6	7.1	7.1
Total capital accounts	6.9	7.0	6.7	6.7	5.6	6.2	7.4	7.6
Number of banks	14,465	14,216	5,780	13	9	155	5,603	8,685

For notes see opposite page.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Wednesday	Total loans and investments	Loans: Federal funds sold, etc.[1]: Total	Federal funds sold, etc.: To commercial banks	Federal funds sold, etc.: To brokers and dealers involving U.S. Treasury securities	Federal funds sold, etc.: To brokers and dealers involving Other securities	Federal funds sold, etc.: To others	Other: Total	Other: Commercial and industrial	Other: Agricultural	For purchasing or carrying securities: To brokers and dealers: U.S. Treas-ury secs.	For purchasing or carrying securities: To brokers and dealers: Other secs.	For purchasing or carrying securities: To others: U.S. Treas-ury secs.	For purchasing or carrying securities: To others: Other secs.	To nonbank financial institutions: Pers. and sales finan. cos., etc.	To nonbank financial institutions: Other	Real estate
Large banks—Total																
1974																
Sept. 4	397,698	15,987	13,468	1,446	406	667	298,419	127,466	3,879	567	3,838	97	2,673	10,295	21,848	59,529
11	401,011	17,171	13,932	1,782	669	788	299,880	127,978	3,859	1,958	4,390	93	2,649	10,202	21,929	59,642
18	399,635	16,473	12,254	2,637	779	803	300,343	128,668	3,830	1,445	4,470	94	2,656	10,187	22,173	59,775
25	395,413	15,419	11,995	1,859	750	815	298,052	128,407	3,803	947	3,812	95	2,642	9,900	21,902	59,855
1975																
Aug. 6	390,355	17,303	13,744	2,565	538	456	280,693	120,052	3,566	1,484	3,618	115	2,295	8,965	20,055	58,990
13	388,160	15,888	13,430	1,530	471	457	279,409	119,506	3,638	815	3,739	115	2,285	8,917	19,967	59,012
20	387,219	14,251	11,898	1,285	519	549	279,216	119,257	3,649	676	3,519	119	2,260	9,022	19,955	58,994
27	388,100	16,110	13,751	1,453	452	454	278,349	118,832	3,640	896	3,380	99	2,274	8,812	19,926	58,994
Sept. 3	390,590	16,909	14,738	1,187	477	507	279,378	118,946	3,629	696	3,463	99	2,272	9,272	19,892	58,967
10	393,730	18,722	14,964	2,543	622	593	279,356	118,979	3,624	1,118	3,490	96	2,275	9,034	19,811	58,979
17	392,257	16,674	13,041	2,354	673	606	280,042	119,160	3,635	1,602	3,605	94	2,268	9,096	19,645	59,055
24	388,303	14,409	12,091	1,307	391	620	278,707	118,926	3,631	763	3,246	80	2,270	9,037	19,437	59,072
New York City																
1974																
Sept. 4	91,376	1,880	1,635	207	1	37	73,967	38,134	129	492	2,296	24	559	3,557	8,408	7,226
11	92,745	1,442	1,214	185	7	36	75,235	38,341	125	1,683	2,829	23	559	3,373	8,478	7,239
18	92,969	1,895	1,711	140	......	44	75,411	38,620	123	1,198	3,051	22	556	3,455	8,518	7,283
25	90,898	2,101	1,903	156	......	42	73,790	38,608	121	698	2,452	21	550	3,377	8,333	7,290
1975																
Aug. 6	86,765	1,352	849	356	......	147	69,919	36,693	89	1,133	2,451	50	433	3,069	7,826	7,435
13	86,239	1,753	1,557	51	......	145	68,850	36,443	88	634	2,552	50	432	2,992	7,771	7,463
20	86,670	1,837	1,536	46	......	255	68,558	36,186	90	596	2,272	51	416	3,021	7,776	7,475
27	86,096	2,037	1,812	62	......	163	68,030	35,996	89	809	2,162	31	412	2,953	7,794	7,501
Sept. 3	87,078	2,540	2,367	27	......	146	68,379	36,104	87	603	2,146	29	412	3,173	7,765	7,489
10	87,129	1,150	943	23	......	184	68,863	36,279	88	1,023	2,213	29	411	3,210	7,684	7,494
17	87,167	1,524	1,276	51	......	197	68,991	36,234	89	1,308	2,278	29	406	3,205	7,623	7,540
24	86,634	2,178	1,883	33	72	190	68,070	36,207	89	707	1,914	15	406	3,193	7,485	7,591
Outside New York City																
1974																
Sept. 4	306,322	14,107	11,833	1,239	405	630	224,452	89,332	3,750	75	1,542	73	2,114	6,738	13,440	52,303
11	308,266	15,729	12,718	1,597	662	752	224,645	89,637	3,734	275	1,561	70	2,090	6,829	13,451	52,403
18	306,666	14,578	10,543	2,497	779	759	224,932	90,048	3,707	247	1,419	72	2,100	6,732	13,655	52,492
25	304,515	13,318	10,092	1,703	750	773	224,262	89,799	3,682	249	1,360	74	2,092	6,523	13,569	52,565
1975																
Aug. 6	303,590	15,951	12,895	2,209	538	309	210,774	83,359	3,477	351	1,167	65	1,862	5,896	12,229	51,555
13	301,921	14,135	11,873	1,479	471	312	210,559	83,063	3,550	181	1,187	65	1,853	5,925	12,196	51,549
20	300,549	12,414	10,362	1,239	519	294	210,658	83,071	2,559	80	1,247	68	1,844	6,001	12,179	51,519
27	302,004	14,073	11,939	1,391	452	291	210,319	82,836	3,551	87	1,218	68	1,862	5,859	12,132	51,493
Sept. 3	303,512	14,369	12,371	1,160	477	361	210,999	82,842	3,542	93	1,317	70	1,860	6,099	12,127	51,478
10	306,601	17,572	14,021	2,520	622	409	210,493	82,700	3,536	95	1,277	67	1,864	5,824	12,127	51,485
17	305,090	15,150	11,765	2,303	673	409	211,051	82,926	3,546	294	1,327	65	1,862	5,891	12,022	51,515
24	301,669	12,231	10,208	1,274	319	430	210,637	82,719	3,542	56	1,332	65	1,864	5,844	11,952	51,481

For notes see p. A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS—Continued

(In millions of dollars)

Loans (cont.)					Investments											
Other (cont.)					U.S. Treasury securities						Other securities					
To commercial banks		Consumer instalment	Foreign govts.[2]	All other	Total	Bills	Certificates	Notes and bonds maturing			Total	Obligations of States and political subdivisions		Other bonds, corp. stocks, and securities		Wednesday
Domestic	Foreign							Within 1 yr.	1 to 5 yrs.	After 5 yrs.		Tax warrants[3]	All other	Certif. of participation[4]	All other[5]	
																Large banks Total
																1974
3,828	6,906	34,849	1,680	20,964	21,268	2,632	......	3,831	10,709	4,096	62,024	6,665	41,188	2,539	11,632	Sept. 4
3,635	6,857	34,899	1,621	20,168	21,782	3,202	......	3,819	10,701	4,060	62,178	6,672	41,103	2,603	11,800	11
3,677	6,755	34,965	1,639	20,009	20,876	2,472	......	3,737	10,636	4,031	61,943	6,601	41,043	2,557	11,742	18
3,566	6,526	35,069	1,579	19,949	20,069	1,771	......	3,722	10,610	3,966	61,873	6,561	40,819	2,616	11,877	25
																1975
2,394	5,818	34,048	1,488	17,805	32,097	6,914	......	5,136	17,003	3,044	60,262	6,498	39,615	2,400	11,749	Aug. 6
2,176	5,726	34,137	1,444	17,932	32,640	7,556	......	5,134	16,893	3,057	60,223	6,571	39,557	2,401	11,694	13
2,146	5,770	34,197	1,461	18,191	32,975	8,102	......	4,426	17,359	3,088	60,777	6,650	40,046	2,400	11,681	20
2,248	5,580	34,307	1,561	17,800	33,410	8,577	......	4,594	17,070	3,169	60,231	6,244	40,113	2,386	11,488	27
2,236	5,846	34,341	1,530	18,189	34,288	9,049	......	4,937	17,276	3,026	60,015	6,213	39,904	2,395	11,503	Sept. 3
2,261	5,785	34,361	1,432	18,111	35,243	9,637	......	5,295	17,308	3,003	60,409	6,451	39,944	2,415	11,599	10
2,368	5,713	34,414	1,414	17,973	35,013	9,838	......	5,351	16,959	2,865	60,528	6,503	40,114	2,394	11,517	17
2,444	5,866	34,467	1,407	18,061	35,013	10,069	......	5,303	16,774	2,867	60,174	6,413	39,799	2,377	11,585	24
																New York City
																1974
1,766	3,226	2,557	892	4,701	4,788	910	......	431	1,846	1,601	10,741	2,118	5,838	518	2,267	Sept. 4
1,561	3,176	2,572	832	4,444	5,315	1,558	......	402	1,824	1,531	10,753	2,108	5,780	513	2,352	11
1,604	3,145	2,580	869	4,387	4,591	949	......	403	1,768	1,471	11,072	2,351	5,878	509	2,334	18
1,561	3,042	2,622	863	4,252	4,021	418	......	418	1,720	1,465	10,986	2,355	5,655	541	2,435	25
																1975
1,128	2,601	2,552	570	3,889	6,534	1,143	......	609	3,960	822	8,960	1,418	5,033	514	1,995	Aug. 6
1,091	2,500	2,554	560	3,720	6,808	1,592	......	583	3,791	842	8,828	1,432	4,951	517	1,928	13
1,079	2,547	2,560	561	3,928	7,105	1,811	......	458	3,987	849	9,170	1,449	5,264	512	1,945	20
1,106	2,385	2,566	655	3,571	6,935	1,601	......	481	3,924	929	9,094	1,294	5,405	509	1,886	27
1,032	2,568	2,571	614	3,786	7,163	1,850	......	510	3,981	822	8,996	1,239	5,351	507	1,899	Sept. 3
1,033	2,506	2,578	535	3,780	8,032	2,498	......	515	4,230	789	9,084	1,268	5,398	515	1,903	10
1,063	2,407	2,584	529	3,696	7,351	2,278	......	494	3,913	666	9,301	1,388	5,588	506	1,819	17
1,054	2,536	2,588	530	3,755	7,264	2,225	......	537	3,818	684	9,122	1,356	5,444	496	1,826	24
																Outside New York City
																1974
2,062	3,680	32,292	788	16,263	16,480	1,722	......	3,400	8,863	2,495	51,283	4,547	35,350	2,021	9,365	Sept. 4
2,074	3,681	32,327	789	15,724	16,467	1,644	......	3,417	8,877	2,529	51,425	4,564	35,323	2,090	9,448	11
2,073	3,610	32,385	770	15,622	16,285	1,523	......	3,334	8,868	2,560	50,871	4,250	35,165	2,048	9,408	18
2,005	3,484	32,447	716	15,697	16,048	1,353	......	3,304	8,890	2,501	50,887	4,206	35,164	2,075	9,442	25
																1975
1,266	3,217	31,496	918	13,916	25,563	5,771	......	4,527	13,043	2,222	51,302	5,080	34,582	1,886	9,754	Aug. 6
1,085	3,226	31,583	884	14,212	25,832	5,964	......	4,551	13,102	2,215	51,395	5,139	34,606	1,884	9,766	13
1,067	3,223	31,637	900	14,263	25,870	6,291	......	3,968	13,372	2,239	51,607	5,201	34,782	1,888	9,736	20
1,142	3,195	31,741	906	14,229	26,475	6,976	......	4,113	13,146	2,240	51,137	4,950	34,708	1,877	9,602	27
1,204	3,278	31,770	916	14,403	27,125	7,199	......	4,427	13,295	2,204	51,019	4,974	34,553	1,888	9,604	Sept. 3
1,228	3,279	31,783	897	14,331	27,211	7,139	......	4,780	13,078	2,214	51,325	5,183	34,546	1,900	9,696	10
1,305	3,306	31,830	885	14,277	27,662	7,560	......	4,857	13,046	2,199	51,227	5,115	34,526	1,888	9,698	17
1,390	3,330	31,879	877	14,306	27,749	7,844	......	4,766	12,956	2,183	51,052	5,057	34,355	1,881	9,759	24

For notes see p. A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS—Continued

(In millions of dollars)

Wednesday	Cash items in process of collection	Reserves with F.R. Banks	Currency and coin	Balances with domestic banks	Investments in subsidiaries not consolidated	Other assets	Total assets/total liabilities	Deposits: Demand: Total 6	IPC	States and political subdivisions	U.S. Govt.	Domestic interbank: Commercial	Domestic interbank: Mutual savings
Large banks Total													
1974													
Sept. 4	37,602	25,671	4,350	11,563	1,626	29,230	507,740	163,679	117,574	6,094	1,343	24,974	698
11	32,897	22,681	4,711	11,187	1,616	29,163	503,266	158,643	115,076	5,799	1,735	22,815	635
18	31,479	21,833	4,709	10,955	1,628	28,678	498,917	158,107	113,850	5,609	4,579	21,342	603
25	31,307	25,124	4,756	10,695	1,590	29,530	498,415	156,348	111,863	6,300	4,331	20,384	572
1975													
Aug. 6	31,217	21,304	4,431	11,294	1,748	36,772	497,121	157,934	115,157	5,873	1,688	23,150	811
13	30,308	22,005	4,865	10,704	1,739	36,348	494,129	155,203	115,919	5,609	1,157	20,908	724
20	30,238	23,451	4,889	10,823	1,734	35,788	494,142	156,232	115,059	5,668	2,050	22,396	671
27	30,300	20,581	5,104	11,259	1,741	36,360	493,445	156,113	115,359	5,639	1,382	21,961	712
Sept. 3	36,974	22,651	4,796	11,787	1,752	37,356	505,906	165,445	120,411	6,198	1,243	24,635	781
10	31,764	20,995	4,927	10,760	1,753	38,210	502,139	160,028	118,669	6,088	1,473	21,677	711
17	32,351	18,689	4,964	11,301	1,751	37,740	499,053	161,658	118,337	5,847	2,764	22,175	700
24	28,659	22,436	5,052	11,668	1,747	37,946	495,811	154,488	113,681	6,050	1,456	21,518	668
New York City													
1974													
Sept. 4	11,368	8,475	487	4,821	748	9,359	126,634	45,901	25,865	409	151	11,521	361
11	10,396	8,310	514	4,827	727	9,497	127,016	44,113	24,638	303	335	11,057	326
18	9,642	5,007	507	4,803	728	9,306	122,962	42,499	24,147	301	974	9,644	313
25	10,833	7,215	522	4,586	713	9,928	124,695	44,073	24,829	494	820	9,848	285
1975													
Aug. 6	10,103	6,603	515	4,565	789	12,701	122,041	43,037	24,803	288	120	10,951	461
13	9,305	7,084	519	4,146	787	12,479	120,559	41,365	24,341	328	92	9,871	390
20	9,736	6,913	495	4,709	792	11,760	121,075	43,095	24,978	325	408	11,244	353
27	10,532	5,315	520	4,729	791	12,531	120,514	43,257	25,029	254	212	10,789	386
Sept. 3	11,063	6,252	517	4,648	795	12,595	122,948	44,789	25,673	389	99	10,936	421
10	10,321	6,624	544	4,493	787	13,255	123,153	43,016	25,410	318	206	10,050	372
17	10,518	4,216	518	4,817	788	12,425	120,449	43,976	25,334	337	282	10,635	365
24	9,336	6,028	525	5,405	796	12,617	121,341	42,480	24,126	381	178	10,869	338
Outside New York City													
1974													
Sept. 4	26,234	17,196	3,863	6,742	878	19,871	381,106	117,778	91,709	5,685	1,192	13,453	337
11	22,501	14,371	4,197	6,360	889	19,666	376,250	114,530	90,438	5,496	1,400	11,758	309
18	21,837	16,826	4,202	6,152	900	19,372	375,955	115,608	89,703	5,308	3,605	11,698	290
25	20,474	17,909	4,234	6,109	877	19,602	373,720	112,275	87,034	5,806	3,511	10,536	287
1975													
Aug. 6	21,114	14,701	3,916	6,729	959	24,071	375,080	114,897	90,354	5,585	1,568	12,199	350
13	21,003	14,921	4,346	6,558	952	23,869	373,570	113,838	91,578	5,281	1,065	11,037	334
20	20,502	16,538	4,394	6,114	942	24,028	373,067	113,137	90,081	5,343	1,642	11,152	318
27	19,768	15,266	4,584	6,530	950	23,829	372,931	112,856	90,330	5,385	1,170	11,172	326
Sept. 3	25,911	16,399	4,279	7,139	957	24,761	382,958	120,656	94,738	5,809	1,144	13,699	360
10	21,443	14,371	4,383	6,267	966	24,955	378,986	117,012	93,259	5,770	1,267	11,627	339
17	21,833	14,473	4,446	6,484	963	25,315	378,604	117,682	93,003	5,510	2,482	11,540	335
24	19,323	16,408	4,527	6,263	951	25,329	374,470	112,008	89,555	5,669	1,278	10,649	330

For notes see page A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS—Continued

(In millions of dollars)

Deposits (cont.) — Demand (cont.) — Foreign — Govts., etc.[2]	Deposits (cont.) — Demand (cont.) — Foreign — Commercial banks	Deposits (cont.) — Demand (cont.) — Certified and officers' checks	Deposits (cont.) — Time and savings — Total[6]	Time and savings — IPC — Savings	Time and savings — IPC — Other	Time and savings — States and political subdivisions	Time and savings — Domestic interbank	Time and savings — Foreign govts.[2]	Federal funds purchased, etc.[7]	Borrowings from — F.R. Banks	Borrowings from — Others	Other liabilities, etc.[8]	Wednesday
													Large banks Total
													1974
1,149	5,178	6,669	219,454	57,059	118,780	24,240	7,445	10,311	53,030	2,572	5,935	24,365	Sept. 4
1,442	5,079	6,062	219,904	56,960	119,273	24,334	7,417	10,242	53,265	1,927	5,988	24,760	11
1,211	4,966	5,947	219,282	56,881	118,662	24,253	7,528	10,290	49,413	2,569	6,060	24,809	18
1,302	5,138	6,458	220,289	56,876	119,135	24,412	7,736	10,407	47,705	4,433	5,779	25,236	25
													1975
1,261	4,944	5,050	222,313	65,439	112,913	22,917	7,607	12,056	49,275	29	4,012	22,146	Aug. 6
1,253	4,531	5,102	222,775	65,382	113,335	22,969	7,721	12,022	47,624	446	4,017	22,602	13
1,158	4,496	4,734	221,953	65,308	113,436	22,683	7,552	11,642	47,280	517	3,928	22,866	20
1,030	4,752	5,278	222,139	65,253	113,780	22,568	7,585	11,649	46,951	34	3,773	23,059	27
1,215	5,023	5,939	222,765	65,246	114,625	22,366	7,815	11,409	49,020	85	4,036	22,933	Sept. 3
1,144	4,651	5,615	223,268	65,223	115,079	22,096	7,742	11,798	48,006	1,589	4,075	23,545	10
1,297	4,941	5,597	222,937	65,207	114,875	22,023	7,770	11,782	45,170	201	4,013	23,520	17
1,037	5,081	4,997	225,016	65,208	116,283	22,144	7,983	11,997	45,861	1,182	4,023	23,604	24
													New York City
													1974
941	3,767	2,886	45,909	4,916	27,606	1,863	4,366	6,115	13,189	440	2,155	8,847	Sept. 4
1,258	3,735	2,461	46,178	4,916	27,956	1,880	4,310	6,043	14,785	....	2,260	9,473	11
1,005	3,584	2,531	46,104	4,902	27,781	1,782	4,424	6,119	12,132	250	2,387	9,418	18
1,069	3,685	3,043	46,285	4,902	27,635	1,880	4,527	6,214	10,934	1,527	2,236	9,507	25
													1975
1,010	3,523	1,881	44,392	5,775	25,513	1,225	3,410	7,545	13,646	....	1,952	7,863	Aug. 6
1,023	3,333	1,987	44,523	5,779	25,611	1,263	3,533	7,445	13,267	329	1,973	7,937	13
957	3,228	1,602	44,157	5,752	25,615	1,190	3,411	7,316	12,670	....	1,857	8,140	20
834	3,514	2,239	44,243	5,774	25,838	1,156	3,367	7,253	11,687	....	1,897	8,246	27
996	3,723	2,552	44,686	5,739	26,429	1,134	3,447	7,110	11,987	....	2,099	8,169	Sept. 3
929	3,348	2,383	44,694	5,729	26,238	1,135	3,303	7,421	12,272	1,502	2,075	8,344	10
1,014	3,618	2,391	44,483	5,720	26,079	1,116	3,201	7,528	10,486	....	2,060	8,238	17
828	3,754	2,006	44,989	5,717	26,320	1,101	3,221	7,674	11,614	550	2,066	8,386	24
													Outside New York City
													1974
208	1,411	3,783	173,545	52,143	91,174	22,377	3,079	4,196	39,841	2,132	3,780	15,518	Sept. 4
184	1,344	3,601	173,726	52,044	91,317	22,454	3,107	4,199	38,480	1,927	3,728	15,287	11
206	1,382	3,416	173,178	51,979	90,881	22,471	3,104	4,171	37,281	2,319	3,673	15,391	18
233	1,453	3,415	174,004	51,974	91,500	22,532	3,209	4,193	36,771	2,906	3,543	15,729	25
													1975
251	1,421	3,169	177,921	59,664	87,400	21,692	4,197	4,511	35,629	29	2,060	14,283	Aug. 6
230	1,198	3,115	178,254	59,603	87,724	21,706	4,188	4,577	34,357	117	2,044	14,665	13
201	1,268	3,132	177,796	59,556	87,821	21,493	4,141	4,326	34,610	517	2,071	14,726	20
196	1,238	3,039	177,896	59,479	87,942	21,412	4,218	4,396	35,264	34	1,876	14,813	27
219	1,300	3,387	178,079	59,507	88,196	21,232	4,368	4,299	37,033	85	1,937	14,764	Sept. 3
215	1,303	3,232	178,574	59,494	88,841	20,961	4,439	4,377	35,734	87	2,000	15,201	10
283	1,323	3,206	178,454	59,487	88,796	20,907	4,569	4,254	34,684	201	1,953	15,282	17
209	1,327	2,991	180,027	59,491	89,963	21,043	4,762	4,323	34,247	632	1,957	15,218	24

For notes see p. A-22.

ASSETS AND LIABILITIES OF LARGE COMMERCIAL BANKS—Continued

(In millions of dollars)

Wednesday	Reserves for: Loans	Reserves for: Securities	Total capital accounts	Memoranda: Total loans (gross) adjusted[9]	Memoranda: Total loans and investments (gross) adjusted[9]	Memoranda: Demand deposits adjusted[10]	Large negotiable time CD's included in time and savings deposits[11]: Total	Large negotiable time CD's: Issued to IPC's	Large negotiable time CD's: Issued to others	All other large time deposits[12]: Total	All other large time deposits: Issued to IPC's	All other large time deposits: Issued to others	Gross liabilities of banks to their foreign branches
Large banks *Total*													
1974													
Sept. 4	5,116	62	33,527	297,110	380,402	99,760	88,475	61,506	26,969	....	....	....	3,002
11	5,198	62	33,519	299,484	383,444	101,196	88,981	62,078	26,903	....	....	....	3,334
18	5,148	62	33,467	300,885	383,704	100,707	88,209	61,284	26,925	....	....	....	3,449
25	5,144	62	33,419	297,910	379,852	100,326	89,116	61,712	27,404	....	....	....	2,918
1975													
Aug. 6	5,732	69	35,611	281,858	374,217	101,879	80,834	53,853	26,981	33,751	17,842	15,909	1,826
13	5,741	69	35,652	279,691	372,554	102,830	81,389	54,196	27,193	34,102	17,963	16,139	2,205
20	5,733	69	35,564	279,432	373,175	101,548	80,811	54,218	26,593	33,429	17,932	15,497	2,848
27	5,747	70	35,559	278,460	372,101	102,470	81,244	54,554	26,690	33,363	18,048	15,315	2,617
Sept. 3	5,775	84	35,763	279,313	373,616	102,593	81,814	55,222	26,592	33,277	18,046	15,231	2,327
10	5,797	69	35,762	280,853	376,505	105,114	82,374	55,622	26,752	33,288	18,099	15,189	2,353
17	5,791	70	35,693	281,307	376,848	104,368	82,078	55,332	26,746	33,204	18,202	15,002	2,613
24	5,794	69	35,774	278,581	373,768	102,855	84,138	56,750	27,388	33,239	18,202	15,037	2,312
New York City													
1974													
Sept. 4	1,405	....	8,788	72,446	87,975	22,861	29,615	19,832	9,783	....	....	....	1,820
11	1,409	....	8,798	73,902	89,970	22,325	29,837	20,162	9,675	....	....	....	2,068
18	1,417	....	8,755	73,991	89,654	22,239	29,746	20,027	9,719	....	....	....	2,246
25	1,424	....	8,709	72,427	87,434	22,572	29,969	19,931	10,038	....	....	....	1,793
1975													
Aug. 6	1,690	....	9,461	69,294	84,788	21,863	28,396	18,275	10,121	7,792	4,822	2,970	1,066
13	1,700	....	9,467	67,955	83,591	22,097	28,603	18,408	10,195	7,773	4,853	2,920	1,014
20	1,701	....	9,455	67,780	84,055	21,707	28,375	18,503	9,872	7,645	4,756	2,889	1,817
27	1,718	....	9,466	67,149	83,178	21,724	28,527	18,757	9,770	7,623	4,767	2,856	1,536
Sept. 3	1,732	....	9,486	67,520	83,679	22,691	28,812	19,166	9,646	7,722	4,854	2,868	1,528
10	1,741	....	9,509	68,037	85,153	22,439	28,857	19,025	9,832	7,738	4,849	2,889	1,605
17	1,731	....	9,475	68,176	84,828	22,541	28,658	18,855	9,803	7,662	4,819	2,843	1,765
24	1,733	....	9,523	67,311	83,697	22,097	29,333	19,266	10,067	7,536	4,691	2,845	1,482
Outside New York City													
1974													
Sept. 4	3,711	62	24,739	224,664	292,427	76,899	58,860	41,674	17,186	....	....	....	1,182
11	3,789	62	24,721	225,582	293,474	78,871	59,144	41,916	17,228	....	....	....	1,266
18	3,731	62	24,712	226,894	294,050	78,468	58,463	41,257	17,206	....	....	....	1,203
25	3,720	62	24,710	225,483	292,418	77,754	59,147	41,781	17,366	....	....	....	1,125
1975													
Aug. 6	4,042	69	26,150	212,564	289,429	80,016	52,438	35,578	16,860	25,959	13,020	12,939	760
13	4,041	69	26,185	211,736	288,963	80,733	52,786	35,788	16,998	26,329	13,110	13,219	1,191
20	4,032	69	26,109	211,643	289,120	79,841	52,436	35,715	16,721	25,784	13,176	12,608	1,031
27	4,029	70	26,093	211,311	288,923	80,746	52,717	35,797	16,920	25,740	13,281	12,459	1,081
Sept 3	4,043	84	26,277	211,793	289,937	79,902	53,002	36,056	16,946	25,555	13,192	12,363	799
10	4,056	69	26,253	212,816	291,352	82,675	53,517	36,597	16,920	25,550	13,250	12,300	748
17	4,060	70	26,218	213,131	292,020	81,827	53,420	36,477	16,943	25,542	13,383	12,159	848
24	4,061	69	26,251	211,270	290,071	80,758	54,805	37,484	17,321	25,703	13,511	12,192	830

[1] Includes securities purchased under agreements to resell.
[2] Includes official institutions and so forth.
[3] Includes short-term notes and bills.
[4] Federal agencies only.
[5] Includes corporate stocks.
[6] Includes U.S. Govt. and foreign bank deposits, not shown separately.
[7] Includes securities sold under agreements to repurchase.
[8] Includes minority interest in consolidated subsidiaries.
[9] Exclusive of loans and Federal funds transactions with domestic commercial banks.
[10] All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.
[11] Certificates of deposit issued in denominations of $100,000 or more.
[12] All other time deposits issued in denominations of $100,000 or more (not included in large negotiable CD's).

COMMERCIAL AND INDUSTRIAL LOANS OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Industry	Outstanding					Net change during							
	1975					1975			1975			1975	1974
	Sept. 24	Sept. 17	Sept. 10	Sept. 3	Aug. 27	Sept.	Aug.	July	III	II	I	1st half	2nd half
Durable goods manufacturing:													
Primary metals	2,009	2,011	1,947	1,970	1,986	23	1	38	14	23	41	18	140
Machinery	6,535	6,777	6,806	6,789	6,836	301	244	347	892	642	672	1,314	222
Transportation equipment	3,304	3,348	3,343	3,371	3,293	11	214	3	206	296	6	302	705
Other fabricated metal products	2,439	2,451	2,421	2,429	2,440	1	55	228	284	211	23	-188	75
Other durable goods	3,971	3,996	3,987	3,997	3,992	21	83	66	170	316	402	718	247
Nondurable goods manufacturing:													
Food, liquor, and tobacco	3,334	3,280	3,200	3,222	3,205	129	134	241	22	519	1,090	-1,609	984
Textiles, apparel, and leather	3,167	3,235	3,282	3,204	3,240	73	16	1	56	148	139	287	618
Petroleum refining	2,593	2,507	2,526	2,500	2,540	53	17	45	115	283	55	228	967
Chemicals and rubber	2,873	2,859	2,820	2,783	2,774	99	79	269	249	321	61	260	256
Other nondurable goods	2,076	2,091	2,075	2,088	2,045	31	120	58	147	10	293	283	23
Mining, including crude petroleum and natural gas	5,139	5,118	5,046	4,992	5,011	128	43	175	260	109	267	158	846
Trade: Commodity dealers	1,249	1,233	1,294	1,234	1,128	121	11	12	144	328	644	972	508
Other wholesale	5,584	5,557	5,557	5,560	5,611	27	27	18	36	534	574	1,108	484
Retail	5,983	5,953	6,036	6,051	6,103	120	14	192	326	-212	186	398	465
Transportation	5,950	5,968	6,015	6,011	5,988	38	33	42	113	142	181	323	283
Communication	2,029	2,065	2,014	2,075	2,105	76	24	15	115	17	372	355	2
Other public utilities	6,966	6,908	6,890	6,905	6,943	23	148	104	229	404	1,019	1,423	1,697
Construction	5,504	5,532	5,484	5,476	5,532	28	27	2	57	77	545	622	36
Services	10,584	10,624	10,544	10,516	10,536	48	152	146	250	388	732	-1,120	304
All other domestic loans	9,723	9,770	9,817	9,904	9,752	29	71	63	37	65	307	372	744
Bankers acceptances	1,973	2,036	2,071	2,048	2,009	-36	278	27	287	28	571	599	-56
Foreign commercial and industrial loans	5,077	5,028	4,948	5,019	4,904	173	13	360	546	233	61	294	447
Total classified loans	98,062	98,347	98,123	98,144	97,973	89	1,420	1,050	2,381	3,946	6,727	10,673	6,933
Comm. paper included in total classified loans [1]	242	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total commercial and industrial loans of large commercial banks	118,926	119,160	118,979	118,946	118,832	94	1,779	1,274	2,959	3,845	6,236	10,081	8,354

For notes see table below.

"TERM" COMMERCIAL AND INDUSTRIAL LOANS OF LARGE COMMERCIAL BANKS

(In millions of dollars)

Industry	Outstanding									Net change during				
	1975									1975			1974	1975
	Sept. 24	Aug. 27	July 30	June 25	May 28	Apr. 30	Mar. 26	Feb. 26	Jan. 29	III	II	I	IV	1st half
Durable goods manufacturing:														
Primary metals	1,338	1,286	1,269	1,288	1,280	1,323	1,284	1,237	1,249	50	4	74	77	78
Machinery	3,737	3,825	3,864	3,977	4,269	4,302	4,071	4,117	4,138	240	94	-74	249	168
Transportation equipment	1,693	1,722	1,725	1,740	1,726	1,705	1,672	1,712	1,737	47	68	1	138	67
Other fabricated metal products	1,268	1,228	1,196	1,222	1,245	1,280	1,312	1,323	1,243	46	-90	115	131	25
Other durable goods	2,012	2,042	2,058	2,090	2,122	2,210	2,251	2,256	2,288	78	161	-140	123	301
Nondurable goods manufacturing:														
Food, liquor, and tobacco	1,471	1,461	1,440	1,514	1,616	1,571	1,561	1,614	1,703	43	47	202	114	249
Textiles, apparel, and leather	1,103	1,077	1,116	1,095	1,075	1,091	1,158	1,083	1,124	8	63	13	6	50
Petroleum refining	1,967	1,889	1,828	1,709	1,611	1,617	1,483	1,458	1,542	258	226	35	421	191
Chemicals and rubber	1,665	1,645	1,678	1,762	1,784	1,814	1,846	1,812	1,839	97	-84	32	100	116
Other nondurable goods	1,056	1,023	1,085	1,143	1,114	1,126	1,130	1,119	1,221	87	13	105	31	-92
Mining, including crude petroleum and natural gas	3,847	3,754	3,801	3,734	3,646	3,626	3,537	3,446	3,523	113	197	164	362	33
Trade: Commodity dealers	150	148	152	148	140	142	150	153	169	2	-2	5	16	7
Other wholesale	1,319	1,371	1,344	1,329	1,344	1,387	1,450	1,420	1,472	10	121	42	43	163
Retail	2,124	2,139	2,111	2,136	2,143	2,192	2,283	2,298	2,369	12	147	-311	67	458
Transportation	4,391	4,405	4,399	4,425	4,424	4,492	4,524	4,505	4,455	34	-99	26	201	-125
Communication	1,132	1,149	1,136	1,133	1,159	1,148	1,135	1,125	1,158	1	2	53	53	51
Other public utilities	3,966	3,902	4,018	4,045	4,047	4,017	4,034	3,870	3,885	79	11	71	291	82
Construction	2,359	2,367	2,360	2,314	2,291	2,272	2,197	2,191	2,224	45	117	97	22	20
Services	5,151	5,010	5,155	5,140	5,246	5,352	5,430	5,370	5,320	11	-290	-102	182	-392
All other domestic loans	3,244	3,257	3,232	3,258	3,186	3,210	3,082	3,144	3,079	14	176	-142	102	34
Foreign commercial and industrial loans	2,763	2,695	2,676	2,594	2,547	2,596	2,528	2,544	2,524	169	66	71	56	137
Total loans	47,756	47,395	47,643	47,796	48,015	48,473	48,118	47,797	48,262	-40	322	1,081	2,773	-1,403

[1] New item to be reported as of the last Wednesday of each month.

NOTE.—About 160 weekly reporting banks are included in this series; these banks classify by industry, commercial and industrial loans amounting to about 90 per cent of such loans held by all weekly reporting banks and about 70 per cent of those held by all commercial banks.

For description of series see article "Revised Series on Commercial and Industrial Loans by Industry," Feb. 1967 BULLETIN, p. 209.

Commercial and industrial "term" loans are all outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

GROSS DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS[1]

(In billions of dollars)

Class of bank, and quarter or month	Type of holder: Financial business	Nonfinancial business	Consumer	Foreign	All other	Total deposits, IPC
All insured commercial banks:						
1970—Dec.	17.3	92.7	53.6	1.3	10.3	175.1
1971—Sept.	17.9	91.5	57.5	1.2	9.7	177.9
Dec.	18.5	98.4	58.6	1.3	10.7	187.5
1972—Mar.	20.2	92.6	54.7	1.4	12.3	181.2
June	17.9	97.6	60.5	1.4	11.0	188.4
Sept.	18.0	101.5	63.1	1.4	11.4	195.4
Dec.	18.9	109.9	65.4	1.5	12.3	208.0
1973—Mar.	18.6	102.8	65.1	1.7	11.8	200.0
June	18.6	106.6	67.3	2.0	11.8	206.3
Sept.	18.8	108.3	69.1	2.1	11.9	210.3
Dec.	19.1	116.2	70.1	2.4	12.4	220.1
1974—Mar.	18.9	108.4	70.6	2.3	11.0	211.2
June	18.2	112.1	71.4	2.2	11.1	215.0
Sept.	17.9	113.9	72.0	2.1	10.9	216.8
Dec.	19.0	118.8	73.3	2.3	11.7	225.0
1975—Mar.	18.6	111.3	73.2	2.3	10.9	216.3
June[p]	19.4	115.1	74.8	2.3	10.6	222.2
Weekly reporting banks:						
1971—Dec.	14.4	58.6	24.6	1.2	5.9	104.8
1972—Dec.	14.7	64.4	27.1	1.4	6.6	114.3
1973—Dec.	14.9	66.2	28.0	2.2	6.8	118.1
1974—Sept.	13.9	64.4	28.4	2.0	6.3	115.0
Oct.	14.7	64.4	28.4	2.0	6.4	115.8
Nov.	14.6	65.9	28.7	2.1	6.5	117.7
Dec.	14.8	66.9	29.0	2.2	6.8	119.7
1975—Jan.	14.8	65.6	29.2	2.2	6.6	118.3
Feb.	14.4	63.1	27.9	2.3	6.2	113.9
Mar.	14.1	63.2	28.2	2.2	6.4	114.1
Apr.	15.0	63.3	30.1	2.2	6.5	117.0
May	14.2	63.1	29.2	2.3	6.2	115.0
June	15.1	65.1	29.5	2.2	6.2	118.1
July	15.0	65.3	29.8	2.2	6.5	118.7
Aug.[p]	14.4	64.6	29.1	2.0	5.9	116.1

[1] Including cash items in process of collection.

NOTE.—Daily-average balances maintained during month as estimated from reports supplied by a sample of commercial banks. For a detailed description of the type of depositor in each category, see June 1971 BULLETIN, p. 466.

DEPOSITS ACCUMULATED FOR PAYMENT OF PERSONAL LOANS

(In millions of dollars)

Class of bank	Dec. 31, 1973	June 30, 1974	Dec. 31, 1974	Apr. 16, 1975	Class of bank	Dec. 31, 1973	June 30, 1974	Dec. 31, 1974	Apr. 16, 1975
All commercial	507	460	389	....	All member—Cont.				
Insured	503	457	387	363	Other large banks[1]	58	63	69	73
National member	288	265	236	224	All other member[1]	294	267	206	188
State member	64	65	39	37	All nonmember	155	130	115	102
All member	352	330	275	261	Insured	152	127	112	102
					Noninsured	3	3	3	....

[1] Beginning Nov. 9, 1972, designation of banks as reserve city banks for reserve-requirement purposes has been based on size of bank (net demand deposits of more than $400 million), as described in the BULLETIN for July 1972, p. 626. Categories shown here as "Other large" and "All other member" parallel the previous "Reserve City" (other than in New York City and the City of Chicago) and "Country" categories, respectively (hence the series are continuous over time).

NOTE.—Hypothecated deposits, as shown in this table, are treated one way in monthly and weekly series for commercial banks and in another way in call-date series. That is, they are excluded from "Time deposits" and "Loans" in the monthly (and year-end) series as shown on p. A-14; from the figures for weekly reporting banks as shown on pp. A-18–A-22 (consumer instalment loans); and from the figures in the table at the bottom of p. A-13. But they are included in the figures for "Time deposits" and "Loans" for call dates as shown on pp. A-14–A-17.

LOANS SOLD OUTRIGHT BY LARGE COMMERCIAL BANKS

(Amounts outstanding; in millions of dollars)

Date	To selected related institutions[1]			
	Total	By type of loan		
		Commercial and industrial	Real estate	All other
1975—June 4	4,615	2,829	198	1,588
11	4,628	2,849	198	1,581
18	4,631	2,849	198	1,584
25	4,667	2,895	196	1,576
July 2	4,648	2,907	196	1,545
9	4,599	2,827	192	1,580
16	4,484	2,755	189	1,540
23	4,470	2,734	188	1,548
30	4,500	2,763	186	1,551
Aug. 6	4,470	2,758	195	1,517
13	4,510	2,794	195	1,521
20	4,463	2,764	195	1,504
27	4,479	2,757	198	1,524
Sept. 3	4,420	2,703	198	1,519
10	4,446	2,741	198	1,507
17	4,479	2,775	198	1,506
24	4,498	2,763	199	1,536

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

NOTE.—Series changed on Aug. 28, 1974. For a comparison of the old and new data for that date, see p. 741 of the Oct. 1974 BULLETIN. Revised figures received since Oct. 1974 that affect that comparison are shown in note 2 to this table in the Dec. 1974 BULLETIN, p. A-27.

COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

(In millions of dollars)

End of period	Commercial paper						Dollar acceptances									
	All issuers	Financial companies[1]		Nonfinancial companies[4]	Bank-related[5]		Total	Held by—						Based on—		
								Accepting banks			F.R. Banks		Others			
		Dealer-placed[2]	Directly-placed[3]		Dealer-placed	Directly-placed		Total	Own bills	Bills bought	Own acct.	Foreign corr.[6]		Imports into United States	Exports from United States	All other
1966	13,645	2,332	10,556	757	....	....	3,603	1,198	983	215	193	191	2,022	997	829	1,778
1967	17,085	2,790	12,184	2,111	....	....	4,317	1,906	1,447	459	164	156	2,090	1,086	989	2,241
1968	21,173	4,427	13,972	2,774	....	....	4,428	1,544	1,344	200	58	109	2,717	1,423	952	2,053
1969	32,600	6,503	20,741	5,356	1,160	3,134	5,451	1,567	1,318	249	64	146	3,674	1,889	1,153	2,408
1970	33,071	5,514	20,424	7,133	352	1,997	7,058	2,694	1,960	735	57	250	4,057	2,601	1,561	2,895
1971	32,126	5,297	20,582	6,247	524	1,449	7,889	3,480	2,689	791	261	254	3,894	2,834	1,546	3,509
1972	34,721	5,655	22,098	6,968	1,226	1,411	6,898	2,706	2,006	700	106	179	3,907	2,531	1,909	2,458
1973	41,073	5,487	27,204	8,382	1,938	2,943	8,892	2,837	2,318	519	68	581	5,406	2,273	3,499	3,120
1974—July	45,561	4,655	30,344	10,562	1,465	5,585	15,686	3,499	2,983	516	218	1,023	10,947	3,589	3,774	8,323
Aug.	47,967	5,308	31,774	10,885	2,425	6,350	16,167	3,388	2,866	522	277	1,202	11,300	3,585	3,933	8,649
Sept.	49,087	5,333	31,095	12,659	2,185	6,446	16,035	3,347	2,942	405	504	1,459	10,724	3,526	3,806	8,703
Oct.	51,754	5,242	32,509	14,003	2,046	6,408	16,882	3,291	2,872	419	218	2,037	11,335	3,793	3,759	9,330
Nov.	51,883	4,860	32,491	14,532	1,947	6,697	17,553	3,789	3,290	499	611	1,756	11,398	3,810	3,709	10,035
Dec.	49,070	4,611	31,765	12,694	1,874	6,444	18,484	4,226	3,685	542	999	1,109	12,150	4,023	4,067	10,394
1975—Jan.	51,528	5,029	31,851	14,648	1,946	6,625	18,602	4,357	3,903	454	966	560	12,718	4,120	4,314	10,168
Feb.	52,325	5,167	32,426	14,732	1,854	7,228	18,579	4,864	4,370	494	993	325	12,398	3,974	4,210	10,396
Mar.	50,745	5,342	31,139	14,264	1,738	7,190	18,730	4,773	4,085	688	665	263	13,029	3,845	4,296	10,589
Apr.	51,552	5,461	32,073	14,018	1,654	6,931	18,727	4,485	3,900	585	1,185	235	13,034	3,690	4,206	10,831
May	51,238	5,889	32,742	12,607	1,587	7,017	18,108	4,450	3,892	558	865	234	12,559	3,665	4,186	10,257
June	48,851	5,604	31,202	12,045	1,608	7,316	17,740	4,774	4,224	550	682	319	11,965	3,466	4,080	10,193
July	49,298	6,018	31,208	12,072	1,697	6,983	16,930	4,778	4,275	503	685	329	11,138	3,474	3,865	9,591

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

[2] As reported by dealers; includes all financial company paper sold in the open market.

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

[4] Nonfinancial companies include public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

[5] Included in dealer- and directly-placed financial company columns. Coverage of bank-related companies was expanded in Aug. 1974. Most of the increase resulting from this expanded coverage occurred in directly-placed paper.

[6] Beginning November 1974, the Board of Governors terminated the System guarantee on acceptances purchased for foreign official accounts.

PRIME RATE CHARGED BY BANKS

(Per cent per annum)

Effective date	Rate	Effective date	Rate	Effective date	Rate	Monthly average rate	
1974—Apr. 11	10	1975—Jan. 9	10¼	1975—July 18	7¼	1974—Sept.	12.00
19	10¼	15	10	28	7½	Oct.	11.68
25	10½	20	9¾	Aug. 12	7¾	Nov.	10.83
May 2	10¼	28	9½	Sept. 15	8	Dec.	10.50
6	11	Feb. 3	9¼			1975—Jan.	10.05
10	11¼	10	9			Feb.	8.96
17	11½	18	8¾			Mar.	7.93
June 26	11¾	24	8½			Apr.	7.50
July 5	12	Mar. 5	8¼			May	7.40
Oct. 7	11¾	10	8			June	7.07
21	11½	18	7¾			July	7.15
28	11¼	24	7½			Aug.	7.66
Nov. 4	11	May 20	7¼			Sept.	7.88
14	10¾	June 9	7				
25	10½						

NOTE.—Beginning Nov. 1971, several banks adopted a floating prime rate keyed to money market variables. Rate shown is the predominant prime rate quoted by a majority of large "money market" banks to large businesses.

Effective Apr. 16, 1973, with the adoption of a two-tier or "dual prime rate," this table shows only the "large-business prime rate," which is the range of rates charged by commercial banks on short-term loans to large businesses with the highest credit standing.

RATES ON BUSINESS LOANS OF BANKS

Center	All sizes		Size of loan (in thousands of dollars)									
			1–9		10–99		100–499		500–999		1,000 and over	
	Aug. 1975	May 1975	Aug. 1975	May 1975	Aug. 1975	May 1975	Aug. 1975	May 1975	Aug. 1975	May 1975	Aug. 1975	May 1975
	Short-term											
35 centers	8.22	8.16	9.42	9.57	9.02	9.10	8.48	8.52	8.29	8.18	8.00	7.90
New York City	8.00	7.88	9.28	9.27	8.89	9.02	8.44	8.55	7.93	7.86	7.93	7.76
7 Other Northeast	8.43	8.37	9.83	10.00	9.33	9.34	8.71	8.63	8.67	8.51	8.01	7.95
8 North Central	8.12	8.00	9.01	9.11	8.79	8.82	8.39	8.32	8.25	7.91	7.94	7.82
3 Southeast	8.41	8.70	9.58	9.86	9.21	9.40	8.57	8.97	8.32	8.67	7.94	8.15
8 Southwest	8.28	8.34	9.21	9.35	8.76	8.89	8.27	8.32	8.32	8.24	8.06	8.15
4 West Coast	8.45	8.33	9.67	9.72	9.21	9.23	8.51	8.58	8.28	8.23	8.37	8.18
	Revolving credit											
35 centers	8.17	7.95	9.73	9.59	9.06	8.91	8.45	8.58	8.68	8.23	8.07	7.84
New York City	8.37	7.92	8.91	9.04	8.94	8.94	8.41	8.37	8.30	8.16	8.37	7.88
7 Other Northeast	8.09	7.92	10.11	10.45	9.01	8.66	8.01	8.21	8.78	7.56	7.98	7.91
8 North Central	8.27	8.20	9.70	9.78	9.58	10.01	8.81	9.24	8.56	8.12	8.12	8.03
7 Southeast	7.82	8.41	10.07	9.90	9.47	8.61	8.35	8.68	7.50	7.97	7.50	8.40
8 Southwest	8.41	8.40	9.36	9.44	8.88	8.66	8.46	8.51	8.11	8.47	8.49	8.29
4 West Coast	8.02	7.84	9.27	8.91	8.84	8.54	8.39	8.44	9.10	8.40	7.83	7.69
	Long-term											
35 centers	8.89	8.22	9.45	9.94	9.47	9.36	9.01	8.83	8.54	8.47	8.89	8.05
New York City	8.77	8.38	8.80	9.92	8.53	9.50	8.86	8.69	8.01	9.02	8.80	8.31
7 Other Northeast	8.96	8.53	9.35	9.99	10.09	9.76	9.56	9.41	9.28	7.96	8.60	8.28
8 North Central	9.45	7.22	9.71	9.06	9.24	8.68	8.50	8.64	8.23	8.09	9.81	6.80
7 Southeast	8.91	8.91	8.87	10.94	9.66	9.14	9.54	7.93	8.04	9.47	8.30	9.50
8 Southwest	8.41	8.47	9.69	10.74	9.38	9.86	8.67	8.37	8.62	8.68	8.18	8.28
4 West Coast	8.57	8.71	9.60	9.15	9.24	9.20	9.28	9.06	8.47	8.67	8.47	8.66

MONEY MARKET RATES

(Per cent per annum)

Period	Prime commercial paper[1]: 90–119 days	Prime commercial paper[1]: 4 to 6 months	Finance co. paper placed directly, 3 to 6 months[2]	Prime bankers' acceptances, 90 days[3]	Federal funds rate[4]	U.S. Government securities[5]: 3-month bills[6]: Rate on new issue	3-month bills[6]: Market yield	6-month bills[6]: Rate on new issue	6-month bills[6]: Market yield	9- to 12-month issues: 1-year bill (market yield)[6]	9- to 12-month issues: Other[7]	3- to 5-year issues[7]
1967	....	5.10	4.89	4.75	4.22	4.321	4.29	4.630	4.61	4.71	4.84	5.07
1968	....	5.90	5.69	5.75	5.66	5.339	5.34	5.470	5.47	5.46	5.62	5.59
1969	....	7.83	7.16	7.61	8.21	6.677	6.67	6.853	6.86	6.79	7.06	6.85
1970	....	7.72	7.23	7.31	7.17	6.458	6.39	6.562	6.51	6.49	6.90	7.37
1971	....	5.11	4.91	4.85	4.66	4.348	4.33	4.511	4.52	4.67	4.75	5.77
1972	4.66	4.69	4.52	4.47	4.44	4.071	4.07	4.466	4.49	4.77	4.86	5.85
1973	8.20	8.15	7.40	8.08	8.74	7.041	7.03	7.178	7.20	7.01	7.30	6.92
1974	10.05	9.87	8.62	9.92	10.51	7.886	7.84	7.926	7.95	7.71	8.25	7.81
1974 – Sept.	11.36	11.23	9.41	11.06	11.34	8.363	8.06	8.599	8.53	8.52	8.95	8.38
Oct.	9.55	9.36	9.03	9.34	10.06	7.244	7.46	7.559	7.74	7.59	8.04	7.98
Nov.	8.95	8.81	8.50	9.03	9.45	7.585	7.47	7.551	7.52	7.29	7.67	7.65
Dec.	9.18	8.98	8.50	9.19	8.53	7.179	7.15	7.091	7.11	6.79	7.33	7.22
1975 Jan.	7.39	7.30	7.31	7.54	7.13	6.493	6.26	6.525	6.36	6.27	6.74	7.29
Feb.	6.36	6.33	6.24	6.35	6.24	5.583	5.50	5.674	5.62	5.56	5.97	6.85
Mar.	6.06	6.06	6.00	6.22	5.54	5.544	5.49	5.635	5.62	5.70	6.10	7.00
Apr.	6.11	6.15	5.97	6.15	5.49	5.694	5.61	6.012	6.00	6.40	6.83	7.76
May	5.70	5.82	5.74	5.76	5.22	5.315	5.23	5.649	5.59	5.91	6.31	7.49
June	5.67	5.79	5.53	5.70	5.55	5.193	5.34	5.463	5.61	5.86	6.26	7.26
July	6.32	6.44	6.01	6.40	6.10	6.164	6.13	6.492	6.50	6.64	7.07	7.72
Aug.	6.59	6.70	6.39	6.74	6.14	6.463	6.44	6.940	6.94	7.16	7.55	8.12
Sept.	6.79	6.86	6.53	6.83	6.24	6.383	6.42	6.870	6.92	7.20	7.54	8.22
Week ending—												
1975 June 7	5.48	5.60	5.50	5.59	5.24	5.258	5.23	5.505	5.48	5.77	6.15	7.29
14	5.55	5.63	5.50	5.55	5.15	5.080	5.00	5.283	5.25	5.50	5.94	7.05
21	5.58	5.65	5.45	5.58	5.31	4.767	5.24	5.129	5.55	5.74	6.13	7.14
28	5.98	6.18	5.63	6.03	5.72	5.665	5.80	5.935	6.07	6.32	6.69	7.49
July 5	6.25	6.34	5.81	6.19	6.31	6.009	5.98	6.262	6.28	6.47	6.89	7.62
12	6.28	6.45	6.00	6.38	6.06	6.203	6.06	6.510	6.39	6.50	6.91	7.65
19	6.28	6.43	6.00	6.35	5.93	6.045	6.05	6.344	6.41	6.53	6.91	7.67
26	6.38	6.48	6.03	6.52	6.14	6.247	6.27	6.626	6.65	6.82	7.27	7.79
Aug. 2	6.43	6.53	6.18	6.48	6.25	6.318	6.28	6.719	6.69	6.86	7.35	7.86
9	6.50	6.63	6.25	6.66	6.09	6.456	6.42	6.864	6.88	7.11	7.50	8.05
16	6.63	6.68	6.33	6.75	6.08	6.349	6.42	6.809	6.93	7.17	7.58	8.13
23	6.63	6.75	6.50	6.79	6.15	6.452	6.46	7.000	7.00	7.26	7.63	8.20
30	6.63	6.75	6.50	6.83	6.23	6.593	6.49	7.085	6.98	7.16	7.54	8.12
Sept. 6	6.75	6.75	6.50	6.82	6.06	6.381	6.38	6.866	6.89	7.07	7.43	8.07
13	6.75	6.75	6.50	6.85	6.15	6.389	6.43	6.889	6.88	7.14	7.51	8.26
20	6.85	6.93	6.50	6.82	6.28	6.444	6.45	6.901	6.97	7.31	7.64	8.34
27	6.78	6.95	6.58	6.81	6.29	6.316	6.38	6.824	6.90	7.21	7.52	8.18

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

2 Averages of the most representative daily offering rate published by finance companies, for varying maturities in the 90–179 day range.

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

4 Seven-day averages for week ending Wednesday. Beginning with statement week ending July 25, 1973, weekly averages are based on the daily average of the range of rates on a given day weighted by the volume of transactions at these rates. For earlier statement weeks, the averages were based on the daily effective rate—the rate considered most representative of the day's transactions, usually the one at which most transactions occurred.

5 Except for new bill issues, yields are averages computed from daily closing bid prices.

6 Bills quoted on bank-discount-rate basis.

7 Selected note and bond issues.

NOTE.—Figures for Treasury bills are the revised series described on p. A-35 of the Oct. 1972 BULLETIN.

BOND AND STOCK YIELDS

(Per cent per annum)

Period	Government bonds: United States (long-term)	Government bonds: State and local: Total[1]	Government bonds: State and local: Aaa	Government bonds: State and local: Baa	Corporate bonds: Aaa utility: New issue	Corporate bonds: Aaa utility: Recently offered	Corporate bonds: Seasoned issues: Total[1]	Corporate bonds: Seasoned issues: By selected rating: Aaa	Corporate bonds: Seasoned issues: By selected rating: Baa	Corporate bonds: Seasoned issues: By group: Industrial	Corporate bonds: Seasoned issues: By group: Railroad	Corporate bonds: Seasoned issues: By group: Public utility	Stocks: Dividend/price ratio: Preferred	Stocks: Dividend/price ratio: Common	Stocks: Earnings/price ratio: Common
1970	6.59	6.42	6.12	6.75	8.68	8.71	8.51	8.04	9.11	8.26	8.77	8.68	7.22	3.83	6.46
1971	5.74	5.62	5.22	5.89	7.62	7.66	7.94	7.39	8.56	7.57	8.38	8.13	6.75	3.14	5.41
1972	**5.63**	**5.30**	**5.04**	**5.60**	**7.31**	**7.34**	**7.63**	**7.21**	**8.16**	**7.35**	**7.99**	**7.74**	**7.27**	**2.84**	**5.50**
1973	6.30	5.22	4.99	5.49	7.74	7.75	7.80	7.44	8.24	7.60	8.12	7.83	7.23	3.06	7.12
1974	6.99	6.19	5.89	6.53	9.33	9.34	8.98	8.57	9.50	8.78	8.98	9.27	8.23	4.47	11.60
1974—Sept.	7.30	6.77	6.49	7.18	10.38	10.30	9.67	9.24	10.12	9.44	9.46	10.11	8.93	5.45	14.35
Oct.	7.22	6.56	6.21	6.99	10.16	10.23	9.80	9.27	10.41	9.53	9.64	10.31	8.78	5.38	....
Nov.	6.93	6.54	6.06	7.01	9.21	9.34	9.60	8.89	10.50	9.30	9.59	10.14	8.60	5.13	....
Dec.	6.78	7.04	6.65	7.50	9.53	9.56	9.56	8.89	10.55	9.23	9.59	10.02	8.78	5.43	12.97
1975—Jan.	6.68	6.89	6.39	7.45	9.36	9.45	9.55	8.83	10.62	9.19	9.52	10.10	8.41	5.07	....
Feb.	6.61	6.40	5.96	7.03	8.97	9.09	9.33	8.62	10.43	9.01	9.32	9.83	8.07	4.61	....
Mar.	6.73	6.70	6.28	7.25	9.35	9.38	9.28	8.67	10.29	9.05	9.25	9.67	8.04	4.42	10.18
Apr.	7.03	6.95	6.46	7.43	9.67	9.65	9.49	8.95	10.34	9.30	9.39	9.88	8.27	4.34	....
May	6.99	6.95	6.42	7.48	9.63	9.65	9.55	8.90	10.46	9.37	9.49	9.93	8.51	4.08	....
June	6.86	6.96	6.28	7.48	9.25	9.32	9.45	8.77	10.40	9.29	9.40	9.81	8.34	4.02	....
July	6.89	7.07	6.39	7.60	9.41	9.42	9.43	8.84	10.33	9.26	9.37	9.81	8.24	4.02	....
Aug.	7.06	7.12	6.40	7.71	9.46	9.49	9.51	8.95	10.35	9.29	9.41	9.93	8.41	4.36	....
Sept.	7.29	7.40	6.70	7.96	9.68	9.57	9.55	8.95	10.38	9.35	9.42	9.98	8.56	4.39	....
Week ending—															
1975—Aug. 2	6.92	7.07	6.40	7.58	9.37	9.35	9.44	8.86	10.31	9.26	9.37	9.82	8.45	4.19	....
9	7.00	7.11	6.40	7.70	9.44	9.51	9.48	8.93	10.31	9.28	9.38	9.88	8.40	4.30	....
16	7.01	7.11	6.40	7.70	9.43	9.49	9.51	8.95	10.35	9.29	9.40	9.93	8.39	4.31	....
23	7.14	7.12	6.40	7.72	9.53	9.54	9.52	8.96	10.36	9.31	9.42	9.96	8.38	4.44	....
30	7.12	7.12	6.40	7.72	9.49	9.50	9.53	8.96	10.37	9.31	9.44	9.96	8.47	4.38	....
Sept. 6	7.11	7.29	6.60	7.85	....	9.41	9.53	8.93	10.37	9.32	9.43	9.95	8.48	4.30	....
13	7.25	7.35	6.66	7.91	9.64	9.50	9.54	8.94	10.36	9.34	9.43	9.97	8.53	4.42	....
20	7.34	7.45	6.76	8.01	9.68	9.61	9.56	8.98	10.39	9.36	9.42	9.99	8.61	4.50	....
27	7.35	7.49	6.79	8.06	9.70	9.70	9.55	8.94	10.40	9.36	9.41	10.00	8.61	4.34	....
Number of issues[2]	15	20	5	5	....	....	121	20	30	41	30	40	14	500	500

[1] Includes bonds rated Aa and A, data for which are not shown separately. Because of a limited number of suitable issues, the number of corporate bonds in some groups has varied somewhat. As of Dec. 23, 1967, there is no longer an Aaa-rated railroad bond series.

[2] Number of issues varies over time; figures shown reflect most recent count.

NOTE.—Annual yields are averages of weekly, monthly, or quarterly data.

Bonds: Monthly and weekly yields are computed as follows: (1) *U.S. Govt.*, averages of daily figures for bonds maturing or callable in 10 years or more; from Federal Reserve Bank of New York. (2) *State and local govt.*, general obligations only, based on Thurs. figures, from Moody's Investors Service. (3) *Corporate*, rates for "New issue" and "Recently offered" Aaa utility bonds, weekly averages compiled by the Board of Governors of the Federal Reserve System; and rates for seasoned issues, averages of daily figures from Moody's Investors Service.

Stocks: Standard and Poor's corporate series. Dividend/price ratios are based on Wed. figures. Earnings/price ratios as of end of period. Preferred stock ratio based on 8 median yields for a sample of non-callable issues—12 industrial and 2 public utility. Common stock ratios on the 500 stocks in the price index. Quarterly earnings are seasonally adjusted at annual rates.

NOTES TO TABLES ON OPPOSITE PAGE:

Security Prices:

NOTE.—Annual data are averages of daily or weekly figures. Monthly and weekly data are averages of daily figures unless otherwise noted and are computed as follows: *U.S. Govt. bonds*, derived from average market yields in table on p. A-28 on basis of an assumed 3 per cent, 20-year bond. *Municipal and corporate bonds*, derived from average yields as computed by Standard and Poor's Corp., on basis of a 4 per cent, 20-year bond; Wed. closing prices. *Common stocks*, derived from component common stock prices. *Average daily volume of trading*, presently conducted 5 days per week for 6 hours per day.

Stock Market Customer Financing:

[1] Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock (Dec. 1970 BULLETIN, p. 920). Credit extended by brokers is end-of-month data for member firms of the New York Stock Exchange. June data for banks are universe totals; all other data for banks represent estimates for all commercial banks based on reports by a reporting sample, which accounted for 60 per cent of security credit outstanding at banks on June 30, 1971.

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

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

SECURITY PRICES

Period	Bond prices (per cent of par)			Common stock prices											Volume of trading in stocks (thousands of shares)	
				New York Stock Exchange									American Stock Exchange total index (Aug. 31, 1973=100)			
				Standard and Poor's index (1941–43=10)				New York Stock Exchange index (Dec. 31, 1965=50)								
	U.S. Govt. (long-term)	State and local	Corporate AAA	Total	Industrial	Railroad	Public utility	Total	Industrial	Transportation	Utility	Finance			NYSE	AMEX
1970	60.52	72.3	61.6	83.22	91.29	32.13	54.48	45.72	48.03	32.14	37.24	54.64	96.63		10,532	3,376
1971	67.73	80.0	65.0	98.29	108.35	41.94	59.33	54.22	57.92	44.35	39.53	70.38	113.40		15,381	4,234
1972	68.71	84.4	65.9	109.20	121.79	44.11	56.90	60.29	65.73	50.17	38.48	78.35	129.10		16,487	4,447
1973	62.80	85.4	63.7	107.43	120.44	38.05	53.47	57.42	63.08	37.74	37.69	70.12	103.80		16,374	3,004
1974	57.45	76.3	58.8	82.85	92.91	37.53	38.91	43.84	48.08	31.89	29.82	49.67	79.97		13,883	1,908
1974—Sept.	55.13	71.0	56.2	68.12	76.54	31.55	30.93	35.69	39.29	25.86	24.94	36.42	65.70		13,998	1,808
Oct.	55.69	72.7	55.9	69.44	77.57	33.70	33.80	36.62	39.81	27.26	26.76	39.28	66.78		16,396	1,880
Nov.	57.80	72.6	56.3	71.74	80.17	35.95	34.45	37.98	41.24	28.40	27.60	41.89	63.72		14,341	1,823
Dec.	58.96	68.6	56.1	67.07	74.80	34.81	32.85	35.41	38.32	26.02	26.18	39.27	59.88		15,007	2,359
1975—Jan.	59.70	70.9	56.4	72.56	80.50	37.31	38.19	38.56	41.29	28.12	29.55	44.85	68.31		19,661	2,117
Feb.	60.27	74.1	56.6	80.10	89.29	37.80	40.37	42.48	46.00	30.21	31.31	47.59	76.08		22,311	2,545
Mar.	59.33	70.9	56.2	83.78	93.90	38.35	39.55	44.35	48.63	31.62	31.04	47.83	79.15		22,680	2,665
Apr.	57.05	69.5	55.8	84.72	95.27	38.55	38.19	44.91	49.74	31.70	30.01	47.35	82.03		20,334	2,302
May	57.40	69.6	56.6	90.10	101.05	38.92	39.69	47.76	53.22	32.28	31.02	49.97	86.94		21,785	2,521
June	58.33	69.8	56.7	92.40	103.68	38.97	43.65	49.21	54.61	30.79	32.78	52.20	90.57		r21,286	2,743
July	58.09	68.5	56.6	92.49	103.84	38.04	43.67	49.54	54.96	32.88	32.98	52.51	93.28		20,076	2,750
Aug.	56.84	68.3	55.6	85.71	96.21	35.13	41.04	45.71	50.71	30.14	31.02	46.55	85.74		13,404	1,476
Sept.	55.23	66.1	55.8	84.62	94.96	34.94	40.53	44.97	50.05	29.46	30.65	43.38	84.26		12,717	1,439
Week ending—																
1975—Sept. 6	56.49	66.9	55.9	85.92	96.31	35.11	40.88	45.76	50.81	29.92	31.01	45.12	85.70		12,053	1,265
13	55.52	66.6	55.8	84.21	94.39	34.65	40.62	44.76	49.73	29.18	30.76	43.53	84.40		13,080	1,278
20	54.83	65.6	55.6	83.46	93.59	34.46	39.98	44.27	49.27	28.80	30.27	42.51	82.95		13,816	1,744
27	54.79	65.1	55.9	85.52	95.95	35.47	40.64	45.37	50.61	30.04	30.64	43.18	84.56		14,250	1,476

For notes see opposite page.

STOCK MARKET CUSTOMER FINANCING

(In millions of dollars)

End of period	Margin credit at brokers and banks [1]										Free credit balances at brokers [4]	
	Regulated [2]									Unregulated [3]		
	By source			By type								
				Margin stock		Convertible bonds		Subscription issues		Nonmargin stock credit at banks		
	Total	Brokers	Banks	Brokers	Banks	Brokers	Banks	Brokers	Banks		Margin accts.	Cash accts.
1974—July	6,028	5,005	1,023	4,840	978	158	33	7	12	2,091	402	1,391
Aug.	5,705	4,752	953	4,590	912	156	29	6	12	2,119	429	1,352
Sept.	5,167	4,243	924	4,090	881	148	31	5	12	2,060	437	1,354
Oct.	5,066	4,150	916	4,000	872	145	32	5	12	2,024	431	1,419
Nov.	5,074	4,183	891	4,040	851	139	29	4	11	2,054	410	1,447
Dec.	4,906	4,050	856	3,910	815	137	30	3	11	2,064	411	1,424
1975—Jan.	5,014	4,166	848	4,030	806	134	29	2	13	1,919	410	1,446
Feb.	r5,169	4,339	830	4,200	783	136	34	3	13	1,897	478	1,604
Mar.	5,244	4,400	844	4,260	800	134	30	6	14	1,882	515	1,760
Apr.	5,407	4,583	824	4,440	781	138	30	5	13	1,885	505	1,790
May	5,746	4,927	819	4,780	779	140	27	7	13	1,883	520	1,705
June	....	5,160	....	5,010	....	146	....	4	....	....	519	1,790
July	....	5,466	....	5,320	....	143	....	3	....	....	557	1,710

For notes see opposite page.

EQUITY STATUS OF MARGIN ACCOUNT DEBT AT BROKERS

(Per cent of total debt, except as noted)

End of period	Total debt (millions of dollars)[1]	Equity class (per cent): 80 or more	70–79	60–69	50–59	40–49	Under 40
1974—July..	4,840	4.0	4.8	7.9	13.3	22.2	47.9
Aug..	4,590	3.5	4.0	6.6	11.2	18.4	56.3
Sept..	4,090	3.5	3.9	6.1	10.2	18.0	58.3
Oct...	4,000	4.6	5.5	9.4	16.8	27.3	36.4
Nov..	4,040	4.2	5.1	8.5	14.8	24.4	42.8
Dec..	3,910	4.3	4.6	8.8	13.9	23.0	45.4
1975 Jan..	4,030	5.6	7.3	13.5	24.6	28.1	21.2
Feb..	4,200	5.9	7.2	14.6	25.4	28.5	18.4
Mar..	4,260	6.5	8.0	15.3	27.6	25.8	16.9
Apr..	4,440	7.1	8.7	16.1	28.7	23.5	15.9
May.	4,780	7.0	9.1	16.7	31.5	21.0	13.4
June.	5,010	7.4	9.9	18.3	32.7	20.4	11.4
July..	5,320	6.0	8.3	13.9	23.6	30.4	17.9

1 Note 1 appears at the bottom of p. A-28.

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

SPECIAL MISCELLANEOUS ACCOUNT BALANCES AT BROKERS, BY EQUITY STATUS OF ACCOUNTS

(Per cent of total, except as noted)

End of period	Net credit status	Equity class of accounts in debit status: 60 per cent or more	Less than 60 per cent	Total balance (millions of dollars)
1974—July	40.2	36.5	23.2	6,695
Aug.	39.9	34.0	26.0	6,783
Sept.	40.7	31.2	27.0	7,005
Oct.	40.9	35.1	24.0	7,248
Nov.	40.0	34.6	25.3	6,926
Dec.	41.1	32.4	26.5	7,013
1975 Jan.	41.1	39.3	19.8	7,185
Feb.	42.2	40.1	17.8	7,303
Mar.	44.4	40.1	15.5	7,277
Apr.	45.2	41.1	13.7	7,505
May	44.5	43.2	12.3	7,601
June	45.9	43.1	11.0	7,875
July	45.6	41.1	13.1	7,772

NOTE.—Special miscellaneous accounts contain credit 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.

MUTUAL SAVINGS BANKS

(In millions of dollars)

End of period	Loans: Mortgage	Loans: Other	Securities: U.S. Govt.	Securities: State and local govt.	Securities: Corporate and other[1]	Cash	Other assets	Total assets—Total liabilities and general reserve accts.	Deposits	Other liabilities	General reserve accounts	Mortgage loan commitments[2] classified by maturity (in months): 3 or less	3–6	6–9	Over 9	Total
1971	62,069	2,808	3,334	385	17,674	1,389	1,711	89,369	81,440	1,810	6,118	1,047	627	463	1,310	3,447
1972[3]	67,563	2,979	3,510	873	21,906	1,644	2,117	100,593	91,613	2,024	6,956	1,593	713	609	1,624	4,539
1973	73,231	3,871	2,957	926	21,383	1,968	2,314	106,651	96,496	2,566	7,589	1,250	598	405	1,008	3,261
1974	74,891	3,812	2,555	930	22,550	2,167	2,645	109,550	98,701	2,888	7,961	664	418	232	726	2,040
1974 July	74,541	4,311	2,650	884	22,383	1,402	2,487	108,660	97,713	3,144	7,803	990	586	316	1,076	2,968
Aug.	74,724	4,031	2,604	879	22,292	1,334	2,519	108,383	97,067	3,475	7,841	949	496	417	977	2,839
Sept.	74,790	4,087	2,574	876	22,218	1,303	2,573	108,420	97,425	3,089	7,906	932	382	450	904	2,668
Oct.	74,835	3,981	2,525	870	22,190	1,303	2,608	108,313	97,252	3,158	7,904	775	374	360	792	2,301
Nov.	74,913	4,226	2,553	877	22,201	1,406	2,633	108,809	97,582	3,291	7,936	724	398	317	743	2,182
Dec.	74,891	3,812	2,555	930	22,550	2,167	2,645	109,550	98,701	2,888	7,961	664	418	232	726	2,040
1975—Jan.	74,957	4,287	2,571	967	22,979	1,706	2,663	110,130	99,211	2,948	7,971	726	400	225	620	1,971
Feb.	75,057	4,658	2,677	1,017	23,402	1,856	2,709	111,376	100,149	3,211	8,016	654	360	217	579	1,810
Mar.	75,127	4,736	2,975	1,095	24,339	2,101	2,672	113,045	102,285	2,712	8,049	824	312	294	564	1,994
Apr.	75,259	4,407	3,419	1,121	24,994	1,841	2,780	113,821	102,902	2,849	8,071	913	335	312	538	2,098
May	75,440	4,593	3,616	1,137	25,579	2,077	2,811	115,252	104,056	3,080	8,116	955	383	300	573	2,211
June	75,763	4,492	3,744	1,240	26,470	2,088	2,954	116,751	105,993	2,594	8,164	973	510	195	565	2,243
July	76,097	4,396	3,965	1,436	26,976	1,835	3,004	117,709	106,533	2,970	8,208	957	463	266	526	2,212

1 Also includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

2 Commitments outstanding of banks in New York State as reported to the Savings Banks Assn. of the State of New York. Data include building loans.

3 Balance sheet data beginning 1972 are reported on a gross-of-valuation-reserves basis. The data differ somewhat from balance sheet data previously reported by National Assn. of Mutual Savings Bank, which were net of valuation reserves. For most items, however, the differences are relatively small.

NOTE.—NAMSB data; figures are estimates for all savings banks in the United States and differ somewhat from those shown elsewhere in the BULLETIN; the latter are for call dates and are based on reports filed with U.S. Govt. and State bank supervisory agencies.

LIFE INSURANCE COMPANIES

(In millions of dollars)

End of period	Total assets	Government securities: Total	Government securities: United States	Government securities: State and local	Government securities: Foreign[1]	Business securities: Total	Business securities: Bonds	Business securities: Stocks	Mort-gages	Real estate	Policy loans	Other assets
1971	222,102	11,000	4,455	3,363	3,182	99,805	79,198	20,607	75,496	6,904	17,065	11,832
1972	239,730	11,372	4,562	3,367	3,443	112,985	86,140	26,845	76,948	7,295	18,003	13,127
1973	252,436	11,403	4,328	3,412	3,663	117,715	91,796	25,919	81,369	7,693	20,199	14,057
1974	263,817	11,890	4,396	3,653	3,841	119,580	97,430	22,150	86,258	8,249	22,899	14,941
1974 July	258,712	11,722	4,312	3,600	3,810	119,655	95,917	23,738	83,657	7,957	21,563	14,158
Aug.	258,508	11,789	4,365	3,603	3,821	118,319	96,076	22,243	84,082	8,037	21,867	14,414
Sept.	258,116	11,762	4,316	3,618	3,828	116,884	96,162	20,722	84,427	8,100	22,175	14,768
Oct.	261,183	11,804	4,344	3,620	3,840	119,225	96,815	22,410	85,016	8,140	22,473	14,525
Nov.	262,253	11,871	4,394	3,626	3,851	119,246	97,199	22,047	85,481	8,207	22,676	14,772
Dec.	263,349	11,965	4,437	3,667	3,861	118,572	96,652	21,920	86,234	8,331	22,862	15,385
1975 Jan.	266,823	12,065	4,461	3,669	3,935	121,986	98,876	23,110	86,526	8,313	23,058	14,875
Feb.	269,715	12,161	4,512	3,686	3,960	124,158	99,571	24,587	86,929	8,402	23,224	14,841
Mar.	272,143	12,338	4,581	3,712	4,045	125,512	100,116	25,396	87,187	8,582	23,391	15,133
Apr.	273,523	12,374	4,608	3,719	4,047	126,256	99,725	26,531	87,638	8,782	23,459	15,014
May	275,816	12,464	4,678	3,739	4,047	127,847	100,478	27,369	87,882	8,843	23,570	15,210
June	278,343	12,560	4,738	3,762	4,060	129,838	101,238	28,600	88,035	8,989	23,675	15,246
July	279,354	12,814	4,843	3,902	4,069	130,298	102,675	27,623	88,162	9,058	23,794	15,228

[1] Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE. Institute of Life Insurance estimates for all life insurance companies in the United States.

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."

SAVINGS AND LOAN ASSOCIATIONS

(In millions of dollars)

End of period	Assets: Mort-gages	Assets: Invest-ment securities[1]	Assets: Cash	Assets: Other	Total assets—Total liabilities	Liabilities: Savings capital	Liabilities: Net worth[2]	Liabilities: Bor-rowed money[3]	Liabilities: Loans in process	Liabilities: Other	Mortgage loan commitments outstanding at end of period[4]
1971	174,250	18,185	2,857	10,731	206,023	174,197	13,592	8,992	5,029	4,213	7,328
1972	206,182	21,574	2,781	12,590	243,127	206,764	15,240	9,782	6,209	5,132	11,515
1973[5]	231,733	21,055		19,117	271,905	226,968	17,056	17,172	4,667	6,042	9,526
1974 r	249,293	23,240		22,991	295,524	242,959	18,436	24,780	3,244	6,105	7,454
1974 Aug. r	246,702	22,087		22,290	291,079	236,502	18,377	22,862	4,607	8,731	9,851
Sept. r	247,612	21,172		22,687	291,471	237,911	18,201	24,104	4,253	7,002	9,126
Oct. r	248,177	22,132		22,940	293,249	238,338	18,444	24,508	3,840	8,119	8,127
Nov. r	248,699	23,255		23,222	295,176	239,567	18,675	24,510	3,479	8,945	7,723
Dec. r	249,293	23,240		22,991	295,524	242,959	18,436	24,780	3,244	6,105	7,454
1975 Jan. r	249,719	25,390		23,252	298,361	246,227	18,586	23,355	3,057	7,136	7,887
Feb. r	250,828	27,003		23,669	301,500	249,524	18,816	21,895	3,049	8,216	8,787
Mar. r	252,442	28,304		24,210	304,956	256,017	18,654	20,373	3,275	6,637	10,050
Apr. r	254,727	29,047		24,868	308,642	258,875	18,882	19,845	3,608	7,432	11,653
May r	257,911	30,648		25,520	314,079	262,770	19,128	19,317	4,105	8,759	12,557
June r	261,336	30,880		25,786	318,003	268,978	18,992	18,881	4,446	6,706	12,363
July	264,458	32,054		26,311	322,823	272,032	19,266	18,765	4,771	7,989	12,611
Aug. p	267,718	31,708		27,105	326,531	273,493	19,495	19,232	4,999	9,312	12,641

[1] Excludes stock of the Federal Home Loan Bank Board. Compensating changes have been made in "Other" assets.

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

[3] Advances from FHLBB and other borrowing.

[4] Data comparable with those shown for mutual savings banks (on opposite page) except that figures for loans in process are not included above but are included in the figures for mutual savings banks.

[5] Beginning 1973, participation certificates guaranteed by the Federal Home Loan Mortgage Corporation, loans and notes insured by the Farmers Home Administration, and certain other Govt.-insured mortgage-type investments, previously included in mortgage loans, are included in other assets. The effect of this change was to reduce the mortgage total by about $0.6 billion.

Also, GNMA-guaranteed, mortgage-backed securities of the pass-through type, previously included in "Cash" and "Investment securities" are included in "Other" assets. These amounted to about $2.4 billion at the end of 1972.

NOTE. FHLBB data; figures are estimates for all savings and loan assns. in the United States. Data are based on monthly reports of insured assns. and annual reports of noninsured assns. Data for current and preceding year are preliminary even when revised.

FEDERAL FISCAL OPERATIONS: SUMMARY

(In millions of dollars)

Period	U.S. budget: Receipts	U.S. budget: Outlays	U.S. budget: Surplus or deficit (−)	Means of financing — Borrowings from the public: Public debt securities	Agency securities	Less: Investments by Govt. accounts[1]: Special issues	Less: Investments by Govt. accounts[1]: Other	Less: Special notes[2]	Equals: Total	Less: Cash and monetary assets: Treasury operating balance	Less: Cash and monetary assets: Other	Other means of financing, net[3]
Fiscal year:												
1972	208,649	231,876	−23,227	29,131	−1,269	6,796	1,623	......	19,442	1,362	1,108	6,003
1973	232,225	246,526	−14,301	30,881	216	11,712	109	......	19,275	2,459	−1,613	−4,129
1974	264,932	268,392	−3,460	16,918	903	13,673	1,140	......	3,009	−3,417	898	−2,063
1975	280,997	324,601	−43,604	58,953	1,069	9,252	1,825	......	50,853	−1,570	1,891	−5,794
Half year:												
1973—July-Dec.	124,256	130,362	−6,106	11,756	478	5,376	845	......	6,014	−2,202	319	2,429
1974 Jan.-June	140,676	138,032	2,647	5,162	426	8,297	295	......	3,004	1,215	1,089	231
July-Dec.	139,807	153,399	−13,591	18,429	−646	2,840	150	......	14,794	−3,228	248	4,183
1975 Jan.-June	141,190	171,202	30,012	40,524	423	6,412	−1,975	......	36,059	1,658	1,643	2,084
Month:												
1974 Aug.	23,620	25,408	−1,787	6,447	−56	4,133	25	......	2,283	−1,012	83	−1,425
Sept.	28,377	24,712	3,666	−326	−167	−1,311	250	......	569	3,244	797	−194
Oct.	19,633	26,460	−6,827	−1,242	−242	−2,053	−152	......	721	−6,445	−338	677
Nov.	22,292	24,965	−2,673	5,139	−17	653	−31	......	4,500	816	96	−915
Dec.	24,946	27,442	2,496	7,300	−38	2,276	−90	......	5,077	2,874	268	561
1975 Jan.	25,020	28,934	3,914	1,475	23	−2,173	−42	......	3,667	58	319	508
Feb.	19,975	26,200	−6,225	5,571	−306	1,224	495	......	4,535	−2,359	−132	−801
Mar.	20,134	27,986	−7,852	9,949	5	1,216	79	......	11,249	3,115	285	3
Apr.	31,451	29,601	1,850	7,081	37	10	451	......	7,485	7,666	1,847	178
May	12,793	28,186	−15,394	11,418	6	3,296	−440	......	8,556	−5,757	732	349
June	31,817	30,296	1,521	5,030	−55	r4,131	r276	......	567	−949	56	−1,847
July	20,197	31,249	11,052	5,051	23	2,427	346	......	7,800	3,390	−1,373	−1,511
Aug.	23,584	30,634	−7,050	9,472	6	2,384	94	......	7,189	630	263	−1,032

Selected balances

End of period	Treasury operating balance: F.R. Banks	Tax and loan accounts	Other depositaries[4]	Total	Borrowing from the public: Public debt securities	Agency securities	Less: Investments of Govt. accounts[1]: Special issues	Less: Investments of Govt. accounts[1]: Other	Less: Special notes[2]	Equals: Total	Memo: Debt of Govt.-sponsored corps.—Now private[5]
Fiscal year:											
1971	1,274	7,372	109	8,755	398,130	12,163	82,740	22,400	825	304,328	37,086
1972	2,344	7,934	139	10,117	427,260	10,894	89,536	24,023	825	323,770	41,814
1973	4,038	8,433	106	12,576	458,142	11,109	101,248	24,133	825	343,045	51,325
1974	2,919	6,152	88	9,159	475,060	12,012	114,921	25,273	825	346,053	65,411
1975	5,773	1,473	343	7,589	533,188	10,943	123,033	24,192	(6)	396,906	76,092
Calendar year:											
1973	2,543	7,760	70	10,374	469,898	11,586	106,624	24,978	825	349,058	59,857
1974	3,113	2,749	70	5,932	492,664	11,367	117,761	25,423	(6)	360,847	....
Month:											
1974—Aug.	3,304	2,049	91	5,443	481,792	11,831	118,196	25,446	....	349,980	69,951
Sept.	3,211	5,384	92	8,687	481,466	11,664	116,885	25,696	....	350,549	73,068
Oct.	789	1,381	71	2,241	480,224	11,422	114,832	25,544	....	351,270	75,343
Nov.	1,494	1,571	....	3,066	485,364	11,404	115,485	25,513	....	355,770	75,706
Dec.	3,113	2,745	70	5,928	492,664	11,367	117,761	25,423	....	360,847	76,459
1975—Jan.	3,541	2,115	220	5,876	494,139	11,343	115,588	25,380	....	364,514	76,921
Feb.	2,884	410	220	3,514	499,710	11,037	116,812	24,886	....	369,049	75,964
Mar.	4,269	2,140	220	6,629	509,659	11,042	115,596	24,807	....	380,298	76,392
Apr.	8,363	5,411	521	14,295	516,740	11,004	115,606	24,355	....	387,783	77,124
May	7,036	981	521	8,538	528,158	10,998	118,902	23,915	....	396,339	75,140
June	5,773	1,473	343	7,589	533,188	10,943	123,033	24,192	....	396,906	76,092
July	r2,775	r880	r544	r4,199	538,240	10,920	120,606	r23,847	....	404,707	77,173
Aug.	2,349	1,211	9	3,569	547,711	10,926	122,990	23,752	....	411,895	....

1 With the publication of the Oct. 1974, Federal Reserve BULLETIN, these series have been corrected (beginning in fiscal year 1971) to exclude special issues held by the Federal home loan banks and the General Services Adm. Participation Certificate Trust, which are not Govt. accounts.

2 Represents non-interest-bearing public debt securities issued to the International Monetary Fund and international lending organizations. New obligations to these agencies are handled by letters of credit.

3 Includes net outlays of off-budget Federal agencies, accrued interest payable on public debt securities, deposit funds, miscellaneous liability and asset accounts, and seigniorage.

4 As of Jan. 3, 1972, the Treasury operating balance was redefined to exclude the gold balance and to include previously excluded "Other depositaries" (deposits in certain commercial depositaries that have been converted from a time to a demand basis to permit greater flexibility in Treasury cash management).

5 Includes debt of Federal home loan banks, Federal land banks, R.F.K. Stadium Fund, FNMA (beginning Sept. 1968), and Federal intermediate credit banks and banks for cooperatives (both beginning Dec. 1968).

6 Beginning July 1974, public debt securities excludes $825 million of notes issued to International Monetary Fund to conform with Office of Management and Budget's presentation of the budget.

NOTE.—Half years may not add to fiscal year totals due to revisions in series that are not yet available on a monthly basis.

FEDERAL FISCAL OPERATIONS: DETAIL

(In millions of dollars)

Period	Budget receipts: Total	Individual income taxes: Withheld	Individual income taxes: Pres. Election Campaign Fund[1]	Individual income taxes: Nonwithheld	Individual income taxes: Refunds	Individual income taxes: Net total	Corporation income taxes: Gross receipts	Corporation income taxes: Refunds	Social insurance taxes and contributions: Employment taxes and contributions[2]: Payroll taxes	Social insurance taxes and contributions: Employment taxes and contributions[2]: Self-empl.	Social insurance taxes and contributions: Unempl. insur.	Social insurance taxes and contributions: Other net receipts[3]	Social insurance taxes and contributions: Net total	Excise taxes	Customs	Estate and gift	Misc. receipts[4]
Fiscal year:																	
1972	208,649	83,200	......	25,679	14,143	94,737	34,926	2,760	44,088	2,032	4,357	3,437	53,914	15,477	3,287	5,436	3,633
1973	232,225	98,093	......	27,017	21,866	103,246	39,045	2,893	52,505	2,371	6,051	3,614	64,542	16,260	3,188	4,917	3,921
1974	264,932	112,064	28	30,812	23,952	118,952	41,744	3,125	62,878	3,008	6,837	4,051	76,780	16,844	3,334	5,035	5,369
1975[r]	280,997	122,071	......	34,297	34,013	122,386	45,747	5,125	71,789	3,417	6,770	4,466	86,441	16,551	3,676	4,611	6,711
Half year:																	
1973 July-Dec.	124,256	52,964	......	6,207	999	58,172	16,589	1,494	29,965	201	2,974	1,967	35,109	8,966	1,633	2,514	2,768
1974 Jan.-June	140,676	59,100	28	24,605	22,953	60,782	25,155	1,631	32,919	2,807	3,862	2,084	41,671	7,878	1,701	2,521	2,601
July-Dec.	139,807	61,377	......	7,099	1,016	67,460	18,247	2,016	34,418	254	2,914	2,187	39,774	8,761	1,958	2,284	3,341
1975 Jan.-June	141,190	60,694	......	27,198	32,997	54,926	27,500	3,109	37,371	3,163	3,856	2,279	46,667	7,790	1,718	2,327	3,370
Month:																	
1974 Aug.	23,620	10,223	......	491	229	10,485	1,084	256	7,813	......	1,363	368	9,544	1,415	355	453	540
Sept.	28,377	9,754	......	4,323	130	13,947	6,082	435	5,428	240	62	389	6,119	1,465	305	352	543
Oct.	19,633	10,106	......	561	78	10,590	1,717	511	4,558	......	221	363	5,142	1,401	347	370	578
Nov.	22,292	10,638	......	305	111	10,832	1,111	314	6,633	......	762	353	7,748	1,474	319	350	773
Dec.	24,946	10,428	......	461	90	10,799	6,458	190	4,982	14	89	356	5,441	1,489	307	341	301
1975 Jan.	25,020	10,252	1	5,366	132	15,487	1,745	557	4,802	223	245	402	5,673	1,351	307	385	629
Feb.	19,975	10,957	7	1,046	4,264	7,747	1,275	496	7,670	225	732	352	8,979	1,277	260	399	535
Mar.	20,134	9,617	8	2,661	8,152	4,134	7,228	649	6,268	208	21	373	6,870	1,160	295	356	741
Apr.	31,451	9,542	15	12,766	6,258	16,065	5,819	726	5,438	1,743	557	388	8,126	1,166	286	317	399
May	12,793	10,300	......	819	12,749	-1,630	1,192	18	7,689	340	2,209	350	10,588	1,373	270	459	559
June	31,817	10,027	......	4,540	1,444	13,123	10,241	664	5,552	373	92	413	6,431	1,464	301	412	508
July	20,197	9,205	......	908	498	9,615	1,838	471	5,309	......	444	374	6,128	1,514	313	503	757
Aug.	23,584	10,246	......	488	331	10,403	1,045	425	8,085	......	1,257	372	9,713	1,394	302	430	723

Period	Budget outlays[5]: Total	National defense	Intl. affairs	General science, space, and tech.	Agriculture	Natural resources, envir., and energy	Commerce and transp.	Commun. and region. development	Education, manpower, and social serv.	Health and welfare	Veterans	Interest	General Govt., law enforce., and justice	Revenue shar. and fiscal assistance	Undistrib. off-setting receipts[6]
Fiscal year:															
1973	246,526	75,072	2,956	4,169	4,855	5,461	9,938	5,869	11,874	91,790	12,013	22,813	4,813	7 7,222	12,318
1974	268,392	78,569	3,593	4,154	2,230	6,390	13,100	4,910	11,600	106,505	13,386	28,072	5,789	6,746	-16,652
1975	324,601	88,238	4,198	4,154	1,991	7,921	15,566	4,410	15,110	136,333	16,595	31,019	6,464	6,700	-14,098
1976[8]	358,900	94,100	5,500	4,600	2,000	10,300	15,700	6,100	16,800	151,800	17,100	34,400	6,500	7,300	-20,000
Month:															
1975 Mar.	27,986	7,435	503	379	347	723	1,415	1,519	1,209	12,154	1,811	2,656	568	3	1,236
Apr.	29,601	7,555	109	368	275	611	1,088	309	1,838	12,379	1,466	2,716	152	1,524	-1,053
May	28,186	8,000	408	384	42	679	995	383	1,647	11,968	1,468	2,607	240	....	873
June	30,296	7,854	557	256	179	788	1,289	453	1,684	14,158	1,412	2,521	521	14	1,601
July	31,249	7,307	531	476	270	821	2,256	402	1,237	13,092	1,367	2,637	322	1,625	1,094
Aug.	30,634	8,229	448	402	117	770	2,165	568	1,690	12,431	1,447	2,672	334	213	1,071

[1] Collections of these receipts, totaling $2.427 million for fiscal year 1973, were included as part of nonwithheld income taxes prior to Feb. 1974.

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

[3] Supplementary medical insurance premiums and Federal employee retirement contributions.

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

[5] Budget outlays reflect the new functional classification of outlays presented in the 1976 Budget. For a description of these functions, see *Budget of the U.S. Government, Fiscal Year 1976*, pp. 64–65.

[6] Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and Govt. contributions for employee retirement.

[7] Contains retroactive payments of $2,617 million for fiscal 1972.

[8] Estimates presented in *Mid-Session Review of the 1976 Budget*, May 30, 1975. Breakdowns do not add to totals because special allowances for contingencies, civilian agency pay raises, and energy tax equalization payments totaling $6,800 million for fiscal 1976 are not included.

NOTE.—Half years may not add to fiscal year totals due to revisions in series that are not yet available on a monthly basis.

GROSS PUBLIC DEBT, BY TYPE OF SECURITY

(In billions of dollars)

End of period	Total gross public debt [1]	Public issues (interest-bearing): Total	Marketable: Total	Marketable: Bills	Marketable: Certificates	Marketable: Notes	Marketable: Bonds [2]	Convertible bonds	Nonmarketable: Total [3]	Nonmarketable: Foreign issues [4]	Nonmarketable: Savings bonds and notes	Special issues [5]
1968—Dec.	358.0	296.0	236.8	75.0	....	76.5	85.3	2.5	56.7	4.3	52.3	59.1
1969—Dec.	368.2	295.2	235.9	80.6	....	85.4	69.9	2.4	56.9	3.8	52.2	71.0
1970—Dec.	389.2	309.1	247.7	87.9	....	101.2	58.6	2.4	59.1	5.7	52.5	78.1
1971—Dec.	424.1	336.7	262.0	97.5	....	114.0	50.6	2.3	72.3	16.8	54.9	85.7
1972—Dec.	449.3	351.4	269.5	103.9	....	121.5	44.1	2.3	79.5	20.6	58.1	95.9
1973—Dec.	469.9	360.7	270.2	107.8	....	124.6	37.8	2.3	88.2	26.0	60.8	107.1
1974—Sept.	481.5	362.7	272.6	111.1	....	127.7	33.8	2.3	87.8	23.2	63.0	117.4
Oct.	480.2	363.9	273.5	112.1	....	127.7	33.8	2.3	88.1	23.1	63.3	115.3
Nov.	485.4	368.2	277.5	114.6	....	129.6	33.3	2.3	88.4	23.1	63.6	115.9
Dec.	492.7	373.4	282.9	119.7	....	129.8	33.4	2.3	88.2	22.8	63.8	118.2
1975—Jan.	494.1	377.1	286.1	120.0	....	131.8	33.3	2.3	88.8	23.0	64.2	116.0
Feb.	499.7	381.5	289.8	123.0	....	132.7	34.1	2.3	89.4	23.3	64.5	117.2
Mar.	509.7	392.6	300.0	124.0	....	141.9	34.1	2.3	90.4	24.0	64.8	116.0
Apr.	516.7	399.8	307.2	127.0	....	145.0	35.3	2.3	90.3	23.6	65.2	116.0
May	528.2	407.8	314.9	131.5	....	146.5	36.8	2.3	90.6	23.5	65.5	119.2
June	533.2	408.8	315.6	128.6	....	150.3	36.8	2.3	90.9	23.2	65.9	123.3
July	538.2	416.3	323.7	133.4	....	153.6	36.7	2.3	90.4	22.2	66.3	120.9
Aug.	547.7	423.5	331.1	138.1	....	155.2	37.8	2.3	90.1	21.6	66.6	123.3
Sept.	553.6	431.5	338.9	142.8	....	158.5	37.7	2.3	90.3	21.5	66.9	121.1

[1] Includes non-interest-bearing debt (of which $622 million on Sept. 30, 1975, was not subject to statutory debt limitation).

[2] Includes Treasury bonds and minor amounts of Panama Canal and postal savings bonds.

[3] Includes (not shown separately): depositary bonds, retirement plan bonds, Rural Electrification Administration bonds, State and local government bonds, and Treasury deposit funds.

[4] Nonmarketable certificates of indebtedness, notes, and bonds in the Treasury foreign series and foreign-currency-series issues.

[5] Held only by U.S. Govt. agencies and trust funds and the Federal home loan banks.

NOTE.—Based on *Monthly Statement of the Public Debt of the United States*, published by U.S. Treasury. See also second paragraph in NOTE to table below.

OWNERSHIP OF PUBLIC DEBT

(Par value, in billions of dollars)

End of period	Total gross public debt	Held by—: U.S. Govt. agencies and trust funds	Held by—: F.R. Banks	Held by private investors: Total	Commercial banks	Mutual savings banks	Insurance companies	Other corporations	State and local govts.	Individuals: Savings bonds	Individuals: Other securities	Foreign and international [1]	Other misc. investors [2]
1968—Dec.	358.0	76.6	52.9	228.5	66.0	3.8	8.4	14.2	24.9	51.9	23.3	14.3	21.9
1969—Dec.	368.2	89.0	57.2	222.0	56.8	3.1	7.6	10.4	27.2	51.8	29.0	11.2	25.0
1970—Dec.	389.2	97.1	62.1	229.9	62.7	3.1	7.4	7.3	27.8	52.1	29.1	20.6	19.9
1971—Dec.	424.1	106.0	70.2	247.9	65.3	3.1	7.0	11.4	25.4	54.4	18.8	46.9	15.6
1972—Dec.	449.3	116.9	69.9	262.5	67.7	3.4	6.6	9.8	28.9	57.7	16.2	55.3	17.0
1973—Dec.	469.9	129.6	78.5	261.7	60.3	2.9	6.4	10.9	29.2	60.3	16.9	55.6	19.3
1974—July	475.3	137.5	78.1	259.7	[r]53.5	2.6	5.7	11.3	28.8	62.2	19.4	56.9	[r]19.2
Aug.	481.8	141.6	81.1	259.0	[r]53.1	2.6	5.7	11.0	29.2	62.3	20.3	56.0	[r]18.9
Sept.	481.5	140.6	81.0	259.8	[r]52.0	2.5	5.7	10.5	29.3	62.5	20.8	56.0	[r]20.6
Oct.	480.2	138.4	79.4	262.5	[r]52.7	2.5	5.9	11.2	28.8	62.8	21.0	56.6	[r]21.1
Nov.	485.4	139.0	81.0	265.3	[r]53.7	2.5	5.9	11.0	28.7	63.2	21.1	58.3	[r]20.8
Dec.	492.7	141.2	80.5	271.0	[r]55.6	2.5	6.1	11.0	29.2	63.4	21.5	58.4	[r]23.2
1975—Jan.	494.1	139.0	81.3	273.8	[r]54.6	2.6	6.2	11.3	30.0	63.7	21.6	61.5	22.3
Feb.	499.7	139.8	81.1	278.9	[r]56.5	2.7	6.2	11.4	30.5	64.0	21.3	64.6	[r]21.6
Mar.	509.7	138.5	81.4	289.8	[r]61.8	2.9	6.6	12.0	29.7	64.4	21.4	65.0	[r]26.1
Apr.	516.7	138.0	87.8	290.9	[r]64.1	3.2	6.7	12.5	29.8	64.7	21.4	64.9	[r]23.6
May	528.2	140.9	85.6	301.7	67.7	3.4	6.9	13.7	29.8	65.1	21.5	66.8	26.8
June	533.2	145.3	84.7	303.2	69.2	3.5	7.1	13.2	29.6	65.5	21.6	66.0	27.4
July[p]	538.2	142.5	81.9	313.8	71.4	3.7	7.3	15.0	30.8	65.9	21.7	66.4	31.7

[1] Consists of investments of foreign and international accounts in the United States.

[2] Consists of savings and loan assns., nonprofit institutions, corporate pensions trust funds, and dealers and brokers. Also included are certain Govt. deposit accounts and Govt.-sponsored agencies.

NOTE.—Reported data for F.R. Banks and U.S. Govt. agencies and trust funds; Treasury estimates for other groups.

The debt and ownership concepts were altered beginning with the Mar. 1969 BULLETIN. The new concepts (1) exclude guaranteed securities and (2) remove from U.S. Govt. agencies and trust funds and add to other miscellaneous investors the holdings of certain Govt.-sponsored but privately owned agencies and certain Govt. deposit accounts. Beginning in July 1974, total gross public debt includes Federal Financing Bank bills and excludes notes issued to the IMF ($825 million).

OWNERSHIP OF MARKETABLE SECURITIES, BY MATURITY

(Par value, in millions of dollars)

Type of holder and date	Total	Within 1 year: Total	Within 1 year: Bills	Within 1 year: Other	1-5 years	5-10 years	10-20 years	Over 20 years
All holders:								
1972—Dec. 31	269,509	130,422	103,870	26,552	88,564	29,143	15,301	6,079
1973—Dec. 31	270,224	141,571	107,786	33,785	81,715	25,134	15,659	6,145
1974—Dec. 31	282,891	148,086	119,747	28,339	85,311	27,897	14,833	6,764
1975—July 31	323,701	168,767	133,445	35,322	105,221	26,825	14,466	8,373
Aug. 31	331,080	175,467	138,086	37,381	106,272	25,443	14,431	9,467
U.S. Govt. agencies and trust funds:								
1972—Dec. 31	19,360	1,609	674	935	6,418	5,487	4,317	1,530
1973—Dec. 31	20,962	2,220	631	1,589	7,714	4,389	5,019	1,620
1974—Dec. 31	21,391	2,400	588	1,812	7,823	4,721	4,670	1,777
1975—July 31	20,188	2,171	384	1,787	7,532	4,263	4,233	1,990
Aug. 31	20,088	3,106	409	2,697	6,692	4,050	4,233	2,006
Federal Reserve Banks:								
1972—Dec. 31	69,906	37,750	29,745	8,005	24,497	6,109	1,414	136
1973—Dec. 31	78,516	46,189	36,928	9,261	23,062	7,504	1,577	184
1974—Dec. 31	80,501	45,388	36,990	8,399	23,282	9,664	1,453	713
1975—July 31	81,883	43,184	34,475	8,709	28,366	7,137	1,419	1,777
Aug. 31	82,546	42,790	34,085	8,705	30,404	5,782	1,460	2,111
Held by private investors:								
1972—Dec. 31	180,243	91,063	73,451	17,612	57,649	17,547	9,570	4,413
1973—Dec. 31	170,746	93,162	70,227	22,935	50,939	13,241	9,063	4,341
1974—Dec. 31	180,999	100,298	82,168	18,130	54,206	13,512	8,710	4,274
1975—July 31	221,630	123,412	98,586	24,826	69,373	15,425	8,814	4,606
Aug. 31	228,446	129,571	103,592	25,979	69,176	15,611	8,738	5,350
Commercial banks:								
1972—Dec. 31	52,440	18,077	10,289	7,788	27,765	5,654	864	80
1973—Dec. 31	45,737	17,499	7,901	9,598	22,878	4,022	1,065	272
1974—Dec. 31	42,755	14,873	6,952	7,921	22,717	4,151	733	280
1975—July 31	55,517	20,735	10,352	10,383	29,618	4,294	622	249
Aug. 31	57,763	22,833	12,166	10,667	29,955	4,077	614	286
Mutual savings banks:								
1972—Dec. 31	2,609	590	309	281	1,152	469	274	124
1973—Dec. 31	1,955	562	222	340	750	211	300	131
1974—Dec. 31	1,477	399	207	192	614	174	202	88
1975—July 31	2,606	547	239	308	1,294	422	242	100
Aug. 31	2,771	594	248	346	1,383	448	233	113
Insurance companies:								
1972—Dec. 31	5,220	799	448	351	1,190	976	1,593	661
1973—Dec. 31	4,956	779	312	467	1,073	1,278	1,301	523
1974—Dec. 31	4,741	722	414	308	1,061	1,310	1,297	351
1975—July 31	5,812	826	479	347	1,677	1,777	1,166	366
Aug. 31	5,864	912	505	407	1,717	1,716	1,148	371
Nonfinancial corporations:								
1972—Dec. 31	4,948	3,604	1,198	2,406	1,198	121	25	1
1973—Dec. 31	4,905	3,295	1,695	1,600	1,281	260	54	15
1974—Dec. 31	4,246	2,623	1,859	764	1,423	115	26	59
1975—July 31	6,911	4,072	3,216	856	2,528	223	64	23
Aug. 31	6,652	4,304	3,521	783	2,034	217	72	25
Savings and loan associations:								
1972—Dec. 31	2,873	820	498	322	1,140	605	226	81
1973—Dec. 31	2,103	576	121	455	1,011	320	151	45
1974—Dec. 31	1,663	350	87	263	835	282	173	23
1975—July 31	2,536	795	495	300	1,343	269	105	24
Aug. 31	2,624	839	536	303	1,392	264	106	23
State and local governments:								
1972—Dec. 31	10,904	6,159	5,203	956	2,033	816	1,298	598
1973—Dec. 31	9,829	5,845	4,483	1,362	1,870	778	1,003	332
1974—Dec. 31	7,864	4,121	3,319	802	1,796	815	800	332
1975—July 31	9,169	5,317	4,477	840	1,769	725	845	514
Aug. 31	8,920	5,081	4,347	734	1,716	774	826	523
All others:								
1972—Dec. 31	101,249	61,014	55,506	5,508	23,171	8,906	5,290	2,868
1973—Dec. 31	101,261	64,606	55,493	9,113	22,076	6,372	5,189	3,023
1974—Dec. 31	118,253	77,210	69,330	7,880	25,760	6,664	5,479	3,141
1975—July 31	139,079	91,119	79,329	11,790	31,144	7,715	5,770	3,332
Aug. 31	143,850	95,009	82,270	12,739	30,979	8,114	5,738	4,008

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership.

Data complete for U.S. Govt. agencies and trust funds and F.R. Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting: (1) 5,555 commercial banks, 473 mutual savings banks, and 732 insurance companies combined, each about 90 per cent; (2) 458 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 501 State and local govts., about 40 per cent.

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

DAILY-AVERAGE DEALER TRANSACTIONS

(Par value, in millions of dollars)

Period	U.S. Government securities										U.S. Govt. agency securities
	Total	By maturity				By type of customer					
		Within 1 year	1-5 years	5-10 years	Over 10 years	U.S. Govt. securities dealers	U.S. Govt. securities brokers	Commercial banks	All other[1]		
1974– Aug.	3,097	2,407	389	238	64	554	876	789	878		857
Sept.	4,118	3,327	472	265	50	683	1,351	1,022	1,058		1,228
Oct.	3,543	2,802	498	193	50	607	1,087	928	920		1,150
Nov.	3,977	2,872	635	384	86	560	1,049	1,144	1,224		1,186
Dec.	4,111	3,126	550	369	67	671	1,196	1,120	1,124		1,087
1975– Jan.	5,415	3,495	1,514	303	104	887	1,549	1,503	1,478		1,244
Feb.	5,770	3,353	1,521	711	185	698	2,044	1,511	1,518		1,233
Mar.	4,467	2,812	994	464	197	671	1,183	1,198	1,415		928
Apr.	5,197	3,682	1,096	285	134	704	1,450	1,242	1,801		904
May	6,419	4,181	1,615	466	158	981	1,917	1,454	2,067		1,049
June	5,732	3,745	1,484	372	132	801	1,689	1,336	1,906		1,217
July	4,675	3,30[illegible]	1,131	172	71	669	1,294	1,100	1,613		778
Aug.	5,183	3,375	1,340	333	134	742	1,405	1,185	1,851		844
Week ending—											
1975– Aug. 6	5,525	3,273	1,257	744	251	827	1,612	1,138	1,949		517
13	4,534	3,072	913	422	128	567	1,332	1,015	1,620		668
20	4,687	2,978	1,419	206	84	683	1,113	1,144	1,747		1,155
27	6,225	4,223	1,730	192	80	903	1,601	1,499	2,222		893
Sept. 3	5,480	3,885	1,355	151	89	879	1,481	1,217	1,904		893
10	4,864	3,836	858	106	65	774	1,231	1,143	1,716		560
17	5,033	3,400	1,371	135	128	794	1,133	1,097	2,010		577
24	6,874	4,911	1,711	144	108	1,167	1,916	1,397	2,395		1,128

[1] Since Jan. 1972 has included transactions of dealers and brokers in securities other than U.S. Govt.

NOTE.—The transactions data combine market purchases and sales of U.S. Govt. securities dealers reporting to the F.R. Bank of New York. They do not include allotments of, and exchanges for, new U.S. Govt. securities, redemptions of called or matured securities, or purchases or sales of securities under repurchase agreement, reverse repurchase (resale), or similar contracts. Averages of daily figures based on the number of trading days in the period.

DAILY-AVERAGE DEALER POSITIONS

(Par value, in millions of dollars)

Period	U.S. Government securities, by maturity					U.S. Govt. agency securities
	All maturities	Within 1 year	1–5 years	5–10 years	Over 10 years	
1974—Aug.	2,432	2,361	215	337	66	1,041
Sept.	3,033	2,692	329	328	59	1,190
Oct.[2]	2,837	2,149	420	247	21	1,414
Nov.[2]	4,478	2,998	714	602	163	1,505
Dec.[2]	4,821	3,100	974	553	195	1,773
1975— Jan.	4,634	2,689	1,236	600	113	1,578
Feb.	5,588	3,658	1,180	536	213	1,469
Mar.	5,737	3,435	1,486	618	198	1,444
Apr.	4,453	3,123	1,036	218	77	937
May	6,332	4,917	1,094	248	73	896
June	6,768	5,923	748	100	-3	790
July	5,736	4,978	775	47	-64	626
Aug.	5,501	4,491	609	262	138	610
Week ending—						
1975— July 2	6,195	4,917	1,187	148	-57	682
9	5,701	4,841	812	92	44	657
16	5,773	5,184	610	37	-59	523
23	5,753	5,002	834	3	-81	602
20	5,435	4,952	660	-95	-81	680
Aug. 6	6,115	4,552	811	559	192	722
13	5,350	4,575	411	233	130	586
20	5,153	4,409	426	184	134	560
27	5,787	4,682	815	192	97	581

NOTE.—The figures include all securities sold by dealers under repurchase contracts regardless of the maturity date of the contract, unless the contract is matched by a reverse repurchase (resale) agreement or delayed delivery sale with the same maturity and involving the same amount of securities. Included in the repurchase contracts are some that more clearly represent investments by the holders of the securities rather than dealer trading positions.

Average of daily figures based on number of trading days in the period.

DAILY-AVERAGE DEALER FINANCING

(In millions of dollars)

Period	All sources	Commercial banks		Corporations[1]	All other
		New York City	Elsewhere		
1974—Aug.	4,138	988	1,248	548	1,354
Sept.	4,709	1,312	1,247	480	1,671
Oct.	4,621	1,194	1,003	571	1,853
Nov.	5,626	1,466	1,245	561	2,355
Dec.	6,904	2,061	1,619	691	2,534
1975— Jan.	6,185	1,455	1,277	864	2,590
Feb.	6,295	1,672	1,077	714	2,832
Mar.	6,881	1,879	1,650	838	2,513
Apr.	5,696	1,655	1,326	583	2,132
May	6,656	1,684	1,567	452	2,953
June	7,682	1,955	1,979	737	3,012
July	6,594	1,365	1,435	929	2,865
Aug.	6,167	1,009	1,148	1,120	2,890
Week ending—					
1975— July 2	6,819	1,352	1,221	742	3,504
9	6,454	1,185	1,573	855	2,840
16	7,002	1,597	1,667	954	2,784
23	6,929	1,497	1,568	995	2,869
30	5,997	994	999	967	3,037
Aug. 6	6,584	1,318	1,270	934	3,061
13	5,976	1,076	1,201	1,011	2,688
20	6,061	1,110	1,197	1,227	2,527
27	6,229	679	1,021	1,240	3,289

[1] All business corporations, except commercial banks and insurance companies.

NOTE.—Averages of daily figures based on the number of calendar days in the period. Both bank and nonbank dealers are included. See also NOTE to the table on the left.

OUTSTANDING ISSUES OF FEDERALLY SPONSORED CREDIT AGENCIES, AUGUST 31, 1975

Agency, and date of issue and maturity	Coupon rate	Amount (millions of dollars)
Federal home loan banks		
Bonds:		
12/18/70 - 11/25/75	6.50	350
5/25/73 - 11/25/75	7.05	600
5/28/74 - 11/25/75	9.10	700
6/21/74 - 2/25/76	8.70	400
8/25/71 - 2/25/76	7.38	300
8/27/73 - 2/25/76	8.75	300
8/26/74 - 2/25/76	9.20	600
6/22/73 - 5/25/76	7.20	600
11/27/73 - 5/25/76	7.45	300
7/25/73 - 8/25/76	7.80	500
9/25/74 - 8/25/76	9.55	700
10/25/74 - 11/26/76	8.60	600
7/25/74 - 11/26/76	9.55	500
10/25/73 - 2/25/77	7.20	500
11/25/74 - 2/25/77	8.05	500
6/21/74 - 5/25/77	8.70	500
6/25/71 - 5/25/77	6.95	200
4/12/73 - 8/25/77	7.15	300
5/28/74 - 8/25/77	8.80	600
2/26/73 - 11/25/77	6.75	300
11/27/73 - 11/25/77	7.45	300
8/26/74 - 11/25/77	9.15	700
9/25/74 - 2/27/78	9.38	400
9/21/73 - 5/25/78	7.60	500
8/26/74 - 11/27/78	9.10	500
6/21/74 - 2/26/79	8.65	600
9/25/74 - 2/26/79	9.45	600
10/25/74 - 5/25/79	8.65	500
5/28/74 - 5/25/79	8.75	400
7/25/74 - 8/27/79	9.50	500
11/25/74 - 11/26/79	8.15	500
12/23/74 - 11/26/79	7.50	500
3/25/70 - 2/25/80	7.75	350
2/25/74 - 2/25/80	7.05	300
10/15/70 - 10/15/80	7.80	200
10/27/71 - 11/27/81	6.60	200
10/25/74 - 11/25/81	8.65	400
8/25/75 - 2/25/82	8.63	500
4/12/73 - 5/25/83	7.30	183
2/25/75 - 11/25/83	7.38	400
5/28/74 - 5/25/84	8.75	300
10/25/73 - 11/26/93	7.38	400
Federal Home Loan Mortgage Corporation		
Bonds:		
5/29/73 - 8/25/76	7.05	400
5/11/72 - 2,25/77	6.15	350
11/19/70 - 11/27/95	8.60	140
7/15/71 - 8/26/96	7.75	150
5/11/72 - 5/26/97	7.15	150
Certificates:		
2/25/75 - 3/15/05	8.20	300
Federal National Mortgage Association-Secondary market operations		
Discount notes		2,323
Capital debentures:		
9/30/71 - 10/1/96	4.38	248
10/2/72 - 10/1/97	7.40	250
Mortgage-backed bonds:		
3/14/73 - 1/15/81	3.58	53
3/14/73 - 1/15/81	5.48	5
6/21/73 - 7/1/82	5.85	71
6/21/73 - 7/1/82	5.92	35
3/1/73 - 8/31/84	5.50	10
3/1/73 - 10/31/85	5.49	21
3/1/73 - 3/1/86	5.74	81
9/29/70 - 10/1/90	8.63	200

Agency, and date of issue and maturity	Coupon rate	Amount (millions of dollars)
Federal National Mortgage Association-Cont.		
Debentures:		
10/13/70 - 9/10/75	7.50	350
3/12/73 - 9/10/75	6.80	650
3/10/72 - 12/10/75	5.70	500
9/10/73 - 12/10/75	8.25	300
3/11/71 - 3/10/76	5.65	500
6/12/73 - 3/10/76	7.13	400
6/10/71 - 6/10/76	6.70	250
2/10/72 - 6/10/76	5.85	450
9/10/74 - 6/10/76	10.00	700
11/10/71 - 9/10/76	6.13	300
6/12/72 - 9/10/76	5.85	500
12/10/74 - 9/10/76	7.50	200
7/12/71 - 12/10/76	7.45	300
12/11/72 - 12/10/76	6.25	500
6/10/74 - 12/10/76	8.45	600
3/13/62 - 2/10/77	4.50	198
9/11/72 - 3/10/77	6.30	500
3/11/74 - 3/10/77	7.05	400
12/10/70 - 6/10/77	6.38	250
5/10/71 - 6/10/77	6.50	150
12/10/73 - 6/10/77	7.20	500
9/10/71 - 9/12/77	6.88	300
9/10/73 - 9/12/77	7.85	400
7/10/73 - 12/12/77	7.25	500
10/1/73 - 12/12/77	7.55	500
6/10/74 - 3/10/78	8.45	650
3/10/75 - 3/10/78	6.70	350
6/12/73 - 6/12/78	7.15	600
6/10/75 - 6/12/78	7.45	400
3/11/74 - 9/11/78	7.15	550
10/12/71 - 12/11/78	6.75	300
7/10/74 - 12/11/78	8.95	450
12/10/73 - 3/12/79	7.25	500
9/10/73 - 6/11/79	7.85	300
9/10/74 - 6/11/79	9.80	600
6/12/72 - 9/10/79	6.40	300
12/10/74 - 9/10/79	7.80	700
12/10/71 - 12/10/79	6.55	350
6/10/75 - 12/10/79	7.75	650
2/10/72 - 3/10/80	6.88	250
3/10/75 - 3/10/80	7.25	750
4/1/75 - 4/10/80	7.63	300
6/10/74 - 6/10/80	8.50	600
2/16/73 - 7/31/80	5.19	1
2/16/73 - 7/31/80	3.18	9
10/1/73 - 9/10/80	7.50	400
1/16/73 - 10/30/80	4.46	5
12/11/72 - 12/10/80	6.60	300
6/29/72 - 1/29/81	6.15	156
3/12/73 - 3/10/81	7.05	350
4/18/73 - 3/10/81	6.59	26
3/21/73 - 5/1/81	4.50	18
3/21/73 - 5/1/81	5.77	2
1/21/71 - 6/10/81	7.25	250
9/10/71 - 9/10/81	7.25	250
9/10/74 - 9/10/81	9.70	300
3/11/74 - 12/10/81	7.30	250
7/10/74 - 3/10/82	8.88	300
6/28/72 - 5/1/82	5.84	58
2/10/71 - 6/10/82	6.65	250
9/11/72 - 9/10/82	6.80	200
12/10/73 - 12/10/82	7.35	300
3/11/71 - 6/10/83	6.75	200
6/12/73 - 6/10/83	7.30	300
11/10/71 - 9/12/83	6.75	250
6/10/75 - 12/12/83	8.00	300
4/12/71 - 6/11/84	6.25	200
7/10/75 - 7/10/84	8.20	300
12/10/74 - 9/10/84	7.95	300
12/10/71 - 12/10/84	6.90	250
3/10/75 - 3/11/85	7.65	500
3/10/72 - 3/10/92	7.00	200
6/12/72 - 6/10/92	7.05	200
12/11/72 - 12/10/97-82	7.10	200

Agency, and date of issue and maturity	Coupon rate	Amount (millions of dollars)
Banks for cooperatives		
Bonds:		
3/3/75 - 9/2/75	6.05	411
4/1/75 - 10/1/75	5.85	373
5/1/75 - 11/3/75	6.15	374
6/2/75 - 12/1/75	5.80	497
7/1/75 - 1/5/76	5.65	424
8/4/75 - 2/2/76	6.80	525
10/1/73 - 4/4/77	7.70	200
12/2/74 - 10/1/79	8.00	201
Federal intermediate credit banks		
Bonds:		
12/2/74 - 9/2/75	8.05	783
1/2/75 - 10/1/75	7.35	593
2/3/75 - 11/3/75	7.05	824
3/3/75 - 12/1/75	6.15	897
3/1/73 - 1/5/76	6.65	261
4/1/75 - 1/5/76	6.05	1,079
5/1/75 - 2/2/76	6.60	909
6/2/75 - 3/1/76	6.15	840
7/1/75 - 4/1/76	5.80	739
8/4/75 - 5/3/76	7.00	888
7/2/73 - 1/3/77	7.10	236
7/1/74 - 4/4/77	8.70	321
1/2/74 - 1/3/78	7.10	406
1/2/75 - 1/2/79	7.40	410
7/1/75 - 1/2/80	7.40	531
Federal land banks		
Bonds:		
7/20/71 - 10/20/75	7.20	300
10/23/73 - 10/20/75	7.40	362
4/20/72 - 1/20/76	6.25	300
7/22/74 - 1/20/76	9.20	650
2/21/66 - 2/24/76	5.00	123
1/22/73 - 4/20/76	6.25	373
4/22/74 - 4/20/76	8.25	400
7/20/66 - 7/20/76	5.38	150
1/21/74 - 7/20/76	7.05	360
4/23/73 - 10/20/76	7.15	450
4/21/75 - 1/20/77	7.45	750
7/21/75 - 10/20/76	7.20	650
4/22/74 - 4/20/77	8.25	565
7/20/73 - 7/20/77	7.50	550
10/20/71 - 10/20/77	6.35	300
10/21/74 - 1/23/78	8.70	546
2/20/63 - 2/20/73-78	4.13	148
5/2/66 - 4/20/78	5.13	150
1/20/75 - 4/20/78	7.60	713
7/20/72 - 7/20/78	6.40	269
7/22/74 - 7/20/78	9.15	350
10/23/73 - 10/19/78	7.35	550
2/20/67 - 1/22/79	5.00	285
1/21/74 - 1/22/79	7.10	300
9/15/72 - 4/23/79	6.85	235
2/20/74 - 7/23/79	7.15	389
10/23/72 - 10/23/79	6.80	400
1/22/73 - 1/21/80	6.70	300
7/20/73 - 7/21/80	7.50	250
10/21/74 - 10/20/80	8.70	400
2/23/71 - 4/20/81	6.70	224
7/22/74 - 7/20/81	9.10	265
1/20/75 - 1/20/82	7.80	400
4/20/72 - 4/20/82	6.90	200
4/21/75 - 4/20/82	8.15	300
4/23/73 - 10/20/82	7.30	239
7/21/75 - 1/20/83	8.20	464
10/23/73 - 10/20/83	7.30	300
6/23/75 - 7/22/85	8.10	391

NOTE.—These securities are not guaranteed by the U.S. Govt.; see also note to table at top of p. A-38.

MAJOR BALANCE SHEET ITEMS OF SELECTED FEDERALLY SPONSORED CREDIT AGENCIES

(In millions of dollars)

End of period	Federal home loan banks — Assets — Advances to members	Federal home loan banks — Assets — Investments	Federal home loan banks — Assets — Cash and deposits	Federal home loan banks — Liabilities and capital — Bonds and notes	Federal home loan banks — Liabilities and capital — Member deposits	Federal home loan banks — Liabilities and capital — Capital stock	Federal National Mortgage Assn. (secondary market operations) — Mortgage loans (A)	Federal National Mortgage Assn. (secondary market operations) — Debentures and notes (L)	Banks for cooperatives — Loans to cooperatives (A)	Banks for cooperatives — Bonds (L)	Federal intermediate credit banks — Loans and discounts (A)	Federal intermediate credit banks — Bonds (L)	Federal land banks — Mortgage loans (A)	Federal land banks — Bonds (L)
1970	10,614	3,864	105	10,183	2,332	1,607	15,502	15,206	2,030	1,755	4,974	4,799	7,186	6,395
1971	7,936	2,520	142	7,139	1,789	1,618	17,791	17,701	2,076	1,801	5,669	5,503	7,917	7,063
1972	7,979	2,225	129	6,971	1,548	1,756	19,791	19,238	2,298	1,944	6,094	5,804	9,107	8,012
1973	15,147	3,537	157	15,362	1,745	2,122	24,175	23,001	2,577	2,670	7,198	6,861	11,071	9,838
1974—Aug.	19,653	2,052	80	18,759	1,935	2,495	28,022	26,639	3,026	2,622	8.548	8,381	12,941	11,782
Sept.	20,772	2,681	135	20,647	2,160	2.543	28,641	27,312	3,092	2,835	8.931	8,502	13,185	11,782
Oct.	21,409	3,224	105	22,058	2,129	2,580	29,139	27,543	3,598	2,855	8.838	8,482	13,418	12,427
Nov.	21,502	2.568	106	21,474	2,182	2,603	29,407	28,024	3,573	3,295	8,700	8,441	13,643	12,427
Dec.	21,804	3,094	144	21,878	2,484	2,624	29,709	28,201	3,575	3,561	8,848	8,400	13,643	12,427
1975—Jan.	20,728	4,467	113	21,778	2,612	2,699	29,797	28,030	3,910	3,653	8.888	8,419	14,086	13,020
Feb.	19,460	4,838	99	20,822	2,819	2,698	29,846	27,730	3,821	3,592	9,031	8,484	14,326	13,021
Mar.	18,164	6,415	154	20,754	3,025	2,677	29,870	28,420	3,741	3,439	9,303	8,703	14,641	13,021
Apr.	17.528	6,836	98	20,738	2,651	2.660	29,931	28,257	3,650	3,329	9.520	9,061	14,917	13,571
May	17,145	5,745	98	19,463	2,708	2,656	29,977	27,714	3,499	2,982	9,763	9,231	15,180	13,571
June	16,803	6,259	134	19,396	2,831	2,653	30,136	28,237	3,371	2,948	10,031	9,357	15,437	13,961
July	16,685	6,174	119	19,446	2,436	2,656	30,453	28,419	3,520	2,914	10.163	9,556	15,654	14,351
Aug.	16,945	4,680	89	19,736	2,281	2,660	30,881	28,718	3,738	3,004	10,176	9,715	15,851	14,351

NOTE.—Data from Federal Home Loan Bank Board, Federal National Mortgage Assn., and Farm Credit Admin. Among omitted balance sheet items are capital accounts of all agencies, except for stock of FHLB's. Bonds, debentures, and notes are valued at par. They include only publicly offered securities (excluding, for FHLB's, bonds held within the FHLB System) and are not guaranteed by the U.S. Govt.; for a listing of these securities, see table on preceding page. Loans are gross of valuation reserves and represent cost for FNMA and unpaid principal for other agencies.

NEW ISSUES OF STATE AND LOCAL GOVERNMENT SECURITIES

(In millions of dollars)

Period	All issues (new capital and refunding) — Total	Type of issue — General obligations	Type of issue — Revenue	Type of issue — HAA[1]	Type of issue — U.S. Govt. loans	Type of issuer — State	Type of issuer — Special district and stat. auth.	Type of issuer — Other[2]	Total amount delivered[3]	Issues for new capital — Total	Use of proceeds — Education	Use of proceeds — Roads and bridges	Use of proceeds — Utilities[4]	Use of proceeds — Housing[5]	Use of proceeds — Veterans' aid	Use of proceeds — Other purposes
1971	24,963	15,220	8,681	1,000	62	5,999	8,714	10,246	....	24,495	5,278	2,642	5,214	2,068	......	9,293
1972	23,653	13,305	9,332	959	57	4,991	9,496	9,165	....	19,959	4,981	1,689	4,638	1,910	......	6,741
1973	r23,969	12,257	10,632	1,022	r58	4,212	9,505	10,249	....	22,397	4,311	1,458	5,654	2,639	......	8,335
1974	24,315	13,563	10,212	461	79	4,784	8,638	10,817	....	23,508	4,730	768	5,634	1,064	......	11,312
1974—Aug.	1,109	576	529	....	4	141	400	565	....	1,067	228	85	257	15	......	482
Sept.	1,705	869	832	....	4	448	641	611	....	1,669	251	11	380	21	......	1,006
Oct.	2,865	1,707	1,153	....	5	328	974	1,558	....	2,738	343	110	236	110	......	1,939
Nov.	2,487	1,110	1,374	....	3	689	1,005	789	....	2,403	698	4	866	9	......	826
Dec.	1,500	761	717	....	22	222	558	700	....	1,475	297	64	424	53	......	637
1975—Jan.	2,367	1,364	997	....	6	372	702	1,293	....	2,332	710	49	644	172	......	757
Feb.	2,327	1,704	618	....	5	877	582	861	....	2,287	432	206	417	105	......	1,127
Mar.r	2,126	1,283	841	....	2	376	709	1,041	....	2,071	463	94	471	35	......	1,008
Apr.r	2,400	1,492	901	....	7	368	876	1,153	....	2,312	405	61	734	38	......	1,074
Mayr	2,880	1,860	1,015	....	5	811	1,196	865	....	2,783	419	211	559	25	......	1,569
Juner	3,022	1,736	1,284	....	2	938	1,119	964	....	2,823	430	164	816	27	......	1,386
Julyr	3,542	1,353	2,183	....	6	1,577	1,040	921	....	3,523	381	123	869	37	......	2,113
Aug.	2,740	1,053	1,684	....	3	376	1,628	736	....	2,516	376	54	599	67	......	1,420

1 Only bonds sold pursuant to 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

2 *Municipalities, counties, townships, school districts.*

3 Excludes U.S. Govt. loans. Based on date of delivery to purchaser and payment to issuer, which occurs after date of sale.

4 Water, sewer, and other utilities.

5 Includes urban redevelopment loans.

NOTE.—*Security Industries Assn. data; par amounts of long-term issues* based on date of sale unless otherwise indicated.

Components may not add to totals due to rounding.

TOTAL NEW ISSUES

(In millions of dollars)

Period	Gross proceeds, all issues[1]										
		Noncorporate				Corporate					
							Bonds			Stock	
	Total	U.S. Govt.[2]	U.S. Govt. agency[3]	State and local (U.S.)[4]	Other[5]	Total	Total	Publicly offered	Privately placed	Preferred	Common
1971	105,233	17,235	16,283	24,370	2,165	44,914	31,999	24,790	7,209	3,679	9,236
1972	96,522	17,080	12,825	23,070	1,589	40,787	27,727	18,347	9,378	3,373	9,689
1973	100,417	19,057	23,883	22,700	1,385	33,391	22,268	13,649	8,620	3,372	7,750
1974	....	....	....	....	....	37,837	31,551	25,337	6,214	2,253	4,033
1974 June	....	....	....	....	....	2,981	2,455	1,939	516	113	413
July	....	....	....	....	....	3,257	2,702	2,086	616	228	327
Aug.	....	....	....	....	....	2,668	2,341	2,042	299	107	218
Sept.	....	....	....	....	....	1,617	1,204	897	307	126	r287
Oct.	....	....	....	....	....	4,609	3,778	3,423	355	196	635
Nov.	....	....	....	....	....	3,746	3,346	3,016	330	93	307
Dec.	....	....	....	....	....	3,505	3,052	2,172	880	152	301
1975 Jan.	....	....	....	....	....	r5,376	r4,787	3,635	r1,130	235	354
Feb.	....	....	....	....	....	4,526	3,904	3,201	703	173	449
Mar.	....	....	....	....	....	5,368	4,471	3,971	500	253	644
Apr.	....	....	....	....	....	r4,439	r3,193	2,771	r360	347	r899
May	....	....	....	....	....	5,646	4,316	3,796	520	346	984
June	....	....	....	....	....	5,570	4,565	3,943	622	230	775

Period	Gross proceeds, major groups of corporate issuers											
	Manufacturing		Commercial and *miscellaneous*		Transportation		Public utility		Communication		Real estate *and financial*	
	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks	Bonds	Stocks
1971	9,551	2,102	2,158	2,370	2,006	434	7,576	4,201	4,222	1,596	6,484	2,204
1972	4,796	1,812	2,669	2,878	1,767	187	6,398	4,967	3,680	1,127	8,415	2,096
1973	4,329	643	1,283	1,559	1,881	43	5,585	4,661	3,535	1,369	5,661	2,860
1974	9,890	543	1,851	956	983	22	8,872	3,964	3,710	222	6,241	587
1974 June	434	43	303	139	5	15	859	288	355	1	491	39
July	1,051	43	257	93	62	1	318	300	242	53	773	65
Aug.	601	4	38	62	14	....	862	216	364	....	462	44
Sept.	186	2	46	45	40	5	384	296	331	18	217	48
Oct.	725	3	102	29	306	....	1,414	695	439	36	791	69
Nov.	1,697	2	116	100	336	....	739	225	62	31	397	44
Dec.	1,456	196	180	23	14	....	435	194	150	25	817	15
1975 Jan.	1,898	3	179	74	84	....	r761	507	933	5	r931	....
Feb.	1,631	44	65	60	75	....	1,471	486	124	1	539	32
Mar.	2,368	111	271	74	83	....	828	679	317	....	604	34
Apr.	r1,498	233	293	211	r97	....	794	r584	r354	209	156	9
May	2,265	214	241	141	415	1	845	704	153	260	399	10
June	2,180	123	381	194	210	....	838	640	362	....	594	47

1 Gross proceeds are derived by multiplying principal amounts or number of units by offering price.
2 Includes guaranteed issues.
3 Issues not guaranteed.
4 See NOTE to table at bottom of opposite page.
5 Foreign governments and their instrumentalities, International Bank for Reconstruction and Development, and domestic nonprofit organizations.

NOTE.—Securities and Exchange Commission estimates of new issues maturing in more than 1 year sold for cash in the United States.

NET CHANGE IN OUTSTANDING CORPORATE SECURITIES

(In millions of dollars)

Period	Derivation of change, all issuers[1]								
	All securities			Bonds and notes			Common and preferred stocks		
	New issues	Retirements	Net change	New issues	Retirements	Net change	New issues	Retirements	Net change
1971	46,687	9,507	37,180	31,917	8,190	23,728	14,769	1,318	13,452
1972	42,306	10,224	32,082	27,065	8,003	19,062	15,242	2,222	13,018
1973	33,559	11,804	21,754	21,501	8,810	12,691	12,057	2,993	9,064
1974	39,334	9,935	29,399	31,554	6,255	25,098	7,980	3,678	4,302
1974—II	9,637	2,048	7,589	7,847	1,584	6,263	1,790	465	1,326
III	8,452	2,985	5,467	6,611	1,225	5,386	1,841	1,759	82
IV	12,272	2,871	9,401	10,086	2,004	8,082	2,186	866	1,319
1975—I	15,211	2,088	13,123	12,759	1,587	11,172	2,452	501	1,951
II	15,602	3,211	12,390	11,460	2,336	9,124	4,142	875	3,266

Period	Type of issues											
	Manufacturing		Commercial and other[2]		Transportation[3]		Public utility		Communication		Real estate and financial[1]	
	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks	Bonds and notes	Stocks
1971	6,585	2,534	827	2,290	900	800	6,486	4,206	3,925	1,600	5,005	2,017
1972	1,995	2,094	1,409	2,471	711	254	5,137	4,844	3,343	1,260	7,045	2,096
1973	801	658	−109	1,411	1,044	−93	4,265	4,509	3,165	1,399	3,523	1,181
1974	7,404	17	1,116	−135	341	−20	7,308	3,834	3,499	398	5,428	207
1974—II	1,921	−12	698	213	−13	12	1,699	1,038	1,080	−7	877	82
III	1,479	−421	189	664	49	−6	1,358	862	1,116	222	1,194	88
IV	3,098	126	240	−47	342	9	2,079	1,107	628	107	1,695	17
1975—I	5,134	262	373	77	1	1	2,653	1,569	1,269	24	1,742	18
II	4,574	500	483	490	429	7	1,977	1,866	810	359	852	43

[1] Excludes investment companies.
[2] Extractive and commercial and miscellaneous companies.
[3] Railroad and other transportation companies.

NOTE.—Securities and Exchange Commission estimates of cash transactions only. As contrasted with data shown on preceding page, new issues exclude foreign sales and include sales of securities held by affiliated companies, special offerings to employees, and also new stock issues and cash proceeds connected with conversions of bonds into stocks. Retirements are defined in the same way and also include securities retired with internal funds or with proceeds of issues for that purpose.

OPEN-END INVESTMENT COMPANIES

(In millions of dollars)

Year	Sales and redemption of own shares			Assets (market value at end of period)		
	Sales[1]	Redemptions	Net sales	Total[2]	Cash position[3]	Other
1963	2,460	1,504	952	25,214	1,341	23,873
1964	3,404	1,875	1,528	29,116	1,329	27,787
1965	4,359	1,962	2,395	35,220	1,803	33,417
1966	4,671	2,005	2,665	34,829	2,971	31,858
1967	4,670	2,745	1,927	44,701	2,566	42,135
1968	6,820	3,841	2,979	52,677	3,187	49,490
1969	6,717	3,661	3,056	48,291	3,846	44,445
1970	4,624	2,987	1,637	47,618	3,649	43,969
1971	5,145	4,751	394	55,045	3,038	52,007
1972	4,892	6,563	−1,671	59,831	3,035	56,796
1973	4,358	5,651	−1,261	46,518	4,002	42,516
1974	5,346	3,937	1,409	35,777	5,637	30,140

Month	Sales and redemption of own shares			Assets (market value at end of period)		
	Sales[1]	Redemptions	Net sales	Total[2]	Cash position[3]	Other
1974—Aug.	446	339	127	35,106	4,953	30,153
Sept.	499	292	207	31,985	5,078	26,907
Oct.	816	311	505	37,115	5,652	31,463
Nov.	619	335	284	36,366	5,804	30,562
Dec.	736	411	325	35,777	5,637	30,140
1975—Jan.	1,067	428	639	3,7407	3,889	33,518
Feb.	889	470	419	39,330	4,006	35,324
Mar.	847	623	224	40,449	3,870	36,579
Apr.	808	791	17	42,353	3,841	38,512
May	677	735	−58	43,832	3,879	39,953
June	705	811	−108	45,538	3,640	41,898
July	763	981	239	42,896	3,591	39,305
Aug.	753	788	−35	41,672	3,660	38,012

[1] Includes contractual and regular single-purchase sales, voluntary and contractual accumulation plan sales, and reinvestment of investment income dividends; excludes reinvestment of realized capital gains dividends.
[2] Market value at end of period less current liabilities.
[3] Cash and deposits, receivables, all U.S. Govt. securities, and other short-term debt securities, less current liabilities.

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.

CORPORATE PROFITS, TAXES, AND DIVIDENDS

(In billions of dollars)

Year	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits	Corporate capital consumption allowances[1]
1968	87.6	39.9	47.8	23.6	24.2	46.8
1969	84.9	40.1	44.8	24.3	20.5	51.9
1970	74.0	34.8	39.3	24.7	14.6	56.0
1971	83.6	37.5	46.1	25.0	21.1	60.4
1972	99.2	41.5	57.7	27.3	30.3	66.3
1973	122.7	49.8	72.9	29.6	43.3	71.2
1974	140.7	55.7	85.0	32.7	52.4	76.7

Quarter	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits	Corporate capital consumption allowances[1]
1973 III	122.7	49.9	72.9	29.8	43.1	71.6
IV	122.7	49.5	73.2	30.7	42.5	73.1
1974 I	135.4	52.2	83.2	31.6	51.6	74.1
II	139.0	55.9	83.1	32.5	50.5	75.7
III	157.0	62.7	94.3	33.2	61.1	77.6
IV	131.5	52.0	79.5	33.3	46.2	79.3
1975 I	101.2	39.0	62.3	33.8	28.5	81.2
II	113.3	43.0	70.3	34.0	36.3	83.0

[1] Includes depreciation, capital outlays charged to current accounts, and accidental damages.

NOTE.—Dept. of Commerce estimates. Quarterly data are at seasonally adjusted annual rates.

CURRENT ASSETS AND LIABILITIES OF NONFINANCIAL CORPORATIONS

(In billions of dollars)

End of period	Net working capital	Current assets							Current liabilities				
		Total	Cash	U.S. Govt. securities	Notes and accts. receivable		Inventories	Other	Total	Notes and accts. payable		Accrued Federal income taxes	Other
					U.S. Govt.[1]	Other				U.S. Govt.[1]	Other		
1970	187.4	492.3	50.2	7.7	4.2	201.9	193.3	35.0	304.9	6.6	204.7	10.0	83.6
1971	203.6	529.6	53.3	11.0	3.5	217.6	200.4	43.8	326.0	4.9	215.6	13.1	92.4
1972	221.3	573.5	57.5	9.3	3.4	240.0	215.2	48.1	352.2	4.0	230.4	15.1	102.6
1973 II	235.4	608.2	59.0	10.0	2.9	255.4	230.1	50.8	372.7	4.5	241.7	15.0	111.6
III	239.5	625.3	58.9	9.7	3.0	264.4	238.0	51.3	385.8	4.4	250.2	16.5	114.7
IV	242.3	643.2	61.6	11.0	3.5	266.1	246.7	54.4	401.0	4.3	261.6	18.1	117.0
1974 I	250.1	666.2	59.4	12.1	3.2	276.2	258.4	56.9	416.1	4.5	266.5	20.6	124.5
II	253.9	685.4	58.8	10.7	3.4	289.8	269.2	53.5	431.5	4.7	278.5	19.0	129.1
III	259.5	708.6	60.3	11.0	3.5	295.5	282.1	56.1	449.1	5.1	287.0	22.7	134.3
IV	261.5	712.2	62.7	11.7	3.5	289.7	288.0	56.6	450.6	5.2	287.5	23.2	134.8
1975 I	260.4	698.4	60.6	12.1	3.2	281.9	285.2	55.4	438.0	5.3	271.2	21.8	139.8
II	269.0	703.2	63.7	12.7	3.3	284.8	281.4	57.3	434.2	5.8	270.1	17.7	140.6

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

NOTE.—Based on Securities and Exchange Commission estimates.

BUSINESS EXPENDITURES ON NEW PLANT AND EQUIPMENT

(In billions of dollars)

Period	Total	Manufacturing		Mining	Transportation			Public utilities		Communications	Other[1]	Total (S.A. A.R.)
		Durable	Nondurable		Railroad	Air	Other	Electric	Gas and other			
1971	81.21	14.15	15.84	2.16	1.67	1.88	1.38	12.86	2.44	10.77	18.05	....
1972	88.44	15.64	15.72	2.45	1.80	2.46	1.46	14.48	2.52	11.89	20.07	....
1973	99.74	19.25	18.76	2.74	1.96	2.41	1.66	15.94	2.76	12.85	21.40	....
1974	112.40	22.62	23.39	3.18	2.54	2.00	2.12	17.63	2.92	13.96	22.05	....
1973—II	24.73	4.65	4.51	.71	.46	.72	.43	3.91	.68	3.27	5.40	97.76
III	25.04	4.84	4.78	.69	.48	.57	.44	4.04	.77	3.19	5.24	100.90
IV	28.48	5.84	5.59	.71	.56	.60	.47	4.54	.82	3.53	5.83	103.74
1974—I	24.10	4.74	4.75	.68	.50	.47	.34	3.85	.52	3.19	5.05	107.27
II	28.16	5.59	5.69	.78	.64	.61	.49	4.56	.75	3.60	5.46	111.40
III	28.23	5.65	5.96	.80	.64	.43	.58	4.42	.78	3.39	5.57	113.99
IV	31.92	6.64	6.99	.91	.78	.48	.71	4.80	.87	3.78	5.97	116.22
1975—I	25.82	5.10	5.74	.91	.59	.44	.62	3.84	.58	3.11	4.88	114.57
II	28.43	5.59	6.55	.97	.71	.47	.77	4.15	.79	3.22	5.19	112.46
III[2]	28.08	5.36	6.49	.91	.60	.51	.72	4.34	.90	8.24		113.48

[1] Includes trade, service, construction, finance, and insurance.
[2] Anticipated by business.

NOTE.—Dept. of Commerce and Securities and Exchange Commission estimates for corporate and noncorporate business; excludes agriculture, real estate operators, medical, legal, educational, and cultural service, and nonprofit organizations.

MORTGAGE DEBT OUTSTANDING BY TYPE OF HOLDER

(In millions of dollars)

Type of holder, and type of property	End of year			End of quarter				
	1971	1972	1973	1974			1975	
				II	III	IV	I	II
ALL HOLDERS	**499,758**	**564,825**	**634,954**	**664,291**	**678,681**	**688,563**	**695,337**	**709,279**
1- to 4-family	307,200	345,384	386,240	402,131	410,175	414,950	418,663	428,710
Multifamily[1]	67,367	76,496	85,401	88,258	90,269	92,042	92,913	93,644
Commercial	92,333	107,508	123,965	132,121	135,046	137,280	138,278	140,127
Farm	32,858	35,437	39,348	41,781	43,191	44,291	45,483	46,798
PRIVATE FINANCIAL INSTITUTIONS	**394,239**	**450,000**	**505,400**	**528,166**	**537,512**	**542,576**	**546,894**	**558,402**
1- to 4-family	253,540	288,053	322,047	335,408	340,848	343,363	346,073	354,471
Multifamily[1]	52,498	59,204	64,730	66,583	67,843	68,520	69,019	69,964
Commercial	78,345	92,222	107,128	114,184	116,509	118,263	119,261	121,210
Farm	9,856	10,521	11,495	11,991	12,312	12,430	12,541	12,757
Commercial banks[2]	*82,515*	*99,314*	*119,068*	*127,320*	*130,582*	*132,105*	*132,105*	*133,305*
1- to 4-family	48,020	57,004	67,998	72,253	73,987	74,758	74,740	75,419
Multifamily[1]	3,984	5,778	6,932	7,313	7,496	7,619	7,614	7,684
Commercial	26,306	31,751	38,696	41,926	43,092	43,679	43,700	44,097
Farm	4,205	4,781	5,442	5,828	6,007	6,049	6,051	6,105
Mutual savings banks	*61,978*	*67,556*	*73,230*	*74,225*	*74,809*	*74,920*	*75,160*	*75,726*
1- to 4-family	38,641	41,650	44,246	44,398	44,604	44,670	44,796	45,133
Multifamily[1]	14,386	15,490	16,843	17,070	17,208	17,234	17,292	17,417
Commercial	8,901	10,354	12,084	12,698	12,938	12,956	12,997	13,100
Farm	50	62	57	59	59	60	75	76
Savings and loan associations	*174,250*	*206,182*	*231,733*	*243,393*	*247,612*	*249,293*	*252,442*	*261,336*
1- to 4-family	142,275	167,049	187,750	197,002	200,343	201,553	204,099	211,290
Multifamily[1]	17,355	20,783	22,524	23,342	23,573	23,683	23,831	24,409
Commercial	14,620	18,350	21,459	23,049	23,696	24,057	24,512	25,637
Life insurance companies	*75,496*	*76,948*	*81,369*	*83,228*	*84,509*	*86,258*	*87,187*	*88,035*
1- to 4-family	24,604	22,350	22,053	21,755	21,914	22,382	22,438	22,629
Multifamily[1]	16,773	17,153	18,431	18,858	19,566	19,984	20,282	20,454
Commercial	28,518	31,767	34,889	36,511	36,783	37,571	38,052	38,376
Farm	5,601	5,678	5,996	6,104	6,246	6,321	6,415	6,576
FEDERAL AND RELATED AGENCIES	**39,357**	**45,790**	**55,664**	**62,585**	**67,829**	**72,267**	**75,973**	**79,807**
1- to 4-family	26,453	30,147	35,454	39,784	43,188	45,748	47,751	50,500
Multifamily[1]	4,555	6,086	8,489	9,643	10,644	11,790	12,662	12,898
Commercial	11	....	....	....	....	....	....	....
Farm	8,338	9,557	11,721	13,158	13,997	14,729	15,560	16,409
Government National Mortgage Association	*5,323*	*5,113*	*4,029*	*3,618*	*4,052*	*4,848*	*5,584*	*5,612*
1- to 4-family	2,770	2,490	1,330	1,194	1,337	1,600	1,843	1,852
Multifamily[1]	2,542	2,623	2,699	2,424	2,715	3,248	3,741	3,760
Commercial	11	....	....	....	....	....	....	....
Farmers Home Administration	*819*	*837*	*1,200*	*1,400*	*1,500*	*1,600*	*1,700*	*1,800*
1- to 4-family	398	387	550	642	688	734	780	826
Farm	421	450	650	758	812	866	920	974
Federal Housing and Veterans Administrations	*3,389*	*3,338*	*3,476*	*3,619*	*3,765*	*3,900*	*4,025*	*4,150*
1- to 4-family	2,517	2,199	2,013	1,980	2,037	2,083	2,119	2,155
Multifamily[1]	872	1,139	1,463	1,639	1,728	1,817	1,906	1,995
Federal National Mortgage Association	*17,791*	*19,791*	*24,175*	*26,559*	*28,641*	*29,578*	*29,754*	*30,015*
1- to 4-family	16,681	17,697	20,370	21,691	23,258	23,778	23,743	23,988
Multifamily[1]	1,110	2,094	3,805	4,868	5,383	5,800	6,011	6,027
Federal land banks (farm only)	7,917	9,107	11,071	12,400	13,185	13,863	14,640	15,435
Federal Home Loan Mortgage Corporation	*964*	*1,789*	*2,604*	*3,191*	*3,713*	*4,586*	*4,608*	*4,944*
1- to 4-family	934	1,754	2,446	2,951	3,414	4,217	4,231	4,543
Multifamily[1]	30	35	158	240	299	369	377	401
GNMA Pools	*3,154*	*5,815*	*9,109*	*11,798*	*12,973*	*13,892*	*15,662*	*17,851*
1- to 4-family	3,153	5,620	8,745	11,326	12,454	13,336	15,035	17,136
Multifamily[1]	1	195	364	472	519	556	627	715
INDIVIDUALS AND OTHERS[3]	**66,162**	**69,035**	**73,890**	**73,540**	**73,340**	**73,720**	**72,470**	**71,070**
1- to 4-family	27,207	27,184	28,739	26,939	26,139	25,839	24,839	23,739
Multifamily[1]	10,314	11,206	12,182	12,032	11,782	11,732	11,232	10,782
Commercial	13,977	15,286	16,837	17,937	18,537	19,017	19,017	18,917
Farm	14,664	15,359	16,132	16,632	16,882	17,132	17,382	17,632

[1] Structure of 5 or more units.

[2] Includes loans held by nondeposit trust companies but not bank trust departments.

[3] Includes some U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, where not reported directly, and interpolations and extrapolations where required, estimated mainly by Federal Reserve.

FEDERAL NATIONAL MORTGAGE ASSOCIATION AND FEDERAL HOME LOAN MORTGAGE CORPORATION—SECONDARY MORTGAGE MARKET ACTIVITY

(In millions of dollars)

End of period	FNMA							FHLMC						
	Mortgage holdings			Mortgage transactions (during period)		Mortgage commitments		Mortgage holdings			Mortgage transactions (during period)		Mortgage commitments	
	Total[1]	FHA-insured	VA-guaranteed	Purchases	Sales	Made during period	Outstanding	Total	FHA-VA	Conventional	Purchases	Sales	Made during period	Outstanding
1971	17,791	12,681	5,110	3,574	336	9,828	6,497	968	821	147	778	64	....	182
1972	19,791	14,624	5,112	3,699	211	8,797	8,124	1,789	1,503	286	1,298	408	1,606	198
1973	24,175	16,852	6,352	6,127	71	8,914	7,889	2,604	1,743	861	1,334	409	1,629	186
1974	29,578	19,189	8,310	6,953	5	10,765	7,960	4,586	1,904	2,682	2,191	52	4,553	2,390
1974—Aug.	28,022	18,526	7,704	868	2	1,202	9,115	3,451	1,886	1,565	155	....	81	3,500
Sept.	28,641	18,758	7,994	760	....	997	9,043	3,713	1,896	1,817	273	....	69	3,278
Oct.	29,139	18,966	8,206	612	....	878	8,987	4,107	1,910	2,197	410	7	30	2,871
Nov.	29,407	19,083	8,291	379	....	201	8,532	4,352	1,908	2,445	270	12	28	2,621
Dec.	29,578	19,189	8,310	278	....	231	7,960	4,586	1,904	2,682	266	16	34	2,390
1975—Jan.	29,670	19,231	8,318	208	....	146	7,285	4,744	1,900	2,845	199	26	26	2,190
Feb.	29,718	19,256	8,313	169	....	137	6,672	4,533	1,893	2,640	113	309	21	2,070
Mar.	29,754	19,277	8,304	151	1	639	6,636	4,608	1,887	2,722	113	19	52	1,040
Apr.	29,815	19,282	8,337	211	....	913	6,890	4,634	1,890	2,744	121	71	297	1,161
May	29,858	19,251	8,395	247	....	621	6,615	4,773	1,920	2,854	203	38	42	969
June	30,015	19,282	8,498	326	....	557	6,549	4,944	1,936	3,008	210	5	28	700
July	30,351	19,385	8,693	538	....	575	6,119	5,015	1,943	3,072	161	63	139	530
Aug.	30,777	19,507	8,942	594	....	814	5,888	....	....	....	....	....	....	....

[1] Includes conventional loans not shown separately.

NOTE.—Data from FNMA and FHLMC, respectively.

For FNMA: Holdings include loans used to back bond issues guaranteed by GNMA. Commitments include 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 Plan (Program 18).

For FHLMC: Data for 1970 begin with Nov. 26, when the FHLMC became operational. Holdings and transactions cover participations as well as whole loans. Holdings include loans used to back bond issues guaranteed by GNMA. Commitments cover the conventional and Govt.-underwritten loan programs.

TERMS AND YIELDS ON NEW HOME MORTGAGES

Period	Conventional mortgages								FHA-insured loans—Yield in private secondary market[5]
	Terms[1]						Yields (per cent) in primary market		
	Contract rate (per cent)	Fees and charges (per cent)[2]	Maturity (years)	Loan/price ratio (per cent)	Purchase price (thous. of dollars)	Loan amount (thous. of dollars)	FHLBB series[3]	HUD series[4]	
1971	7.60	.87	26.2	74.3	36.3	26.5	7.74	7.75	7.70
1972	7.45	.88	27.2	76.8	37.3	28.1	7.60	7.64	7.53
1973	7.78	1.11	26.3	77.3	37.1	28.1	7.95	8.30	8.19
1974	8.71	1.30	26.3	75.8	40.1	29.8	8.92	9.22	9.55
1974—Aug.	8.87	1.32	26.4	75.3	40.2	29.5	9.09	9.60	10.30
Sept.	8.97	1.30	26.1	74.8	42.4	31.1	9.19	9.80	10.38
Oct.	8.95	1.37	26.7	74.7	42.3	30.7	9.17	9.70	10.13
Nov.	9.04	1.40	26.2	73.6	41.3	30.2	9.27	9.55	....
Dec.	9.13	1.44	27.5	75.5	42.4	31.3	9.37	9.45	9.51
1975—Jan.	9.09	1.51	26.7	73.8	43.2	31.6	9.33	9.15	8.99
Feb.	8.88	1.44	26.8	76.5	44.4	33.0	9.12	9.05	8.84
Mar.	8.79	1.61	26.5	75.1	45.9	33.7	9.06	8.90	8.69
Apr.	8.71	1.53	26.5	76.4	44.5	33.4	8.96	9.00	....
May	8.63	1.63	27.0	75.5	43.5	32.2	8.90	9.05	9.16
June	8.73	1.42	26.5	76.4	43.1	32.4	8.96	9.00	9.06
July	8.66	1.40	26.0	75.9	44.1	32.9	8.89	9.00	9.13
Aug.^{p}	8.65	1.61	26.7	77.3	45.2	34.3	8.91	9.15	9.33

[1] Weighted averages based on probability sample survey of characteristics of mortgages originated by major institutional lender groups (including mortgage companies) for purchase of single-family homes, as compiled by Federal Home Loan Bank Board in cooperation with Federal Deposit Insurance Corporation. *Data are not strictly comparable with earlier figures beginning Jan. 1973.*

[2] Fees and charges—related to principal mortgage amount—include loan commissions, fees, discounts, and other charges, but exclude closing costs related solely to transfer of property ownership.

[3] Effective rate, reflecting fees and charges as well as contract rates (as shown in first column of this table) and an assumed prepayment at end of 10 years.

[4] Rates on first mortgages, unweighted and rounded to the nearest 5 basis points.

[5] *Based on opinion reports submitted by field offices of prevailing* local conditions as of the first of the succeeding month. Yields are derived from weighted averages of private secondary market prices for Sec. 203, 30-year mortgages with minimum downpayment and an assumed prepayment at the end of 15 years. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract interest rates.

NOTE TO TABLE AT BOTTOM OF PAGE A-44:

American Life Insurance Association data for new commitments of $100,000 and over each on mortgages for multifamily and nonresidential nonfarm properties located largely in the United States. The 15 companies account for a little more than one-half of both the total assets and the nonfarm mortgages held by all U.S. life insurance companies. Averages, which are based on number of loans, vary in part with loan composition by type and location of property, type and purpose of loan, and loan amortization and prepayment terms. Data for the following are limited to cases where information was available or estimates could be made: capitalization rate (net stabilized property earnings divided by property value); debt coverage ratio (net stabilized earnings divided by debt service); and per cent constant (annual level payment, including principal and interest, per $100 of debt). All statistics exclude construction loans, increases in existing loans in a company's portfolio, reapprovals, and loans secured by land only.

FEDERAL NATIONAL MORTGAGE ASSOCIATION AUCTIONS OF COMMITMENTS TO BUY HOME MORTGAGES

Item	Date of auction											
	1975											
	Apr. 21	May 5	May 19	June 2	June 16	June 30	July 14	July 28	Aug. 11	Aug. 25	Sept. 8	Sept. 22
Amounts (millions of dollars):												
Govt.-underwritten loans												
Offered[1]	470.9	525.5	165.6	172.5	73.4	358.7	333.2	415.8	578.7	643.1	530.1	293.6
Accepted	247.3	280.4	115.0	80.4	38.6	246.9	174.9	247.7	365.5	223.0	197.7	142.0
Conventional loans												
Offered[1]	79.2	69.8	46.4	51.2	28.5	67.5	71.4	56.5	96.9	98.5	96.9	68.8
Accepted	51.3	43.9	38.4	27.1	15.7	47.3	35.8	34.5	48.9	31.0	43.9	35.2
Average yield (per cent) on short-term commitments[2]												
Govt.-underwritten loans	9.13	9.29	9.25	9.14	9.06	9.07	9.10	9.17	9.32	9.50	9.70	9.86
Conventional loans	9.26	9.43	9.41	9.26	9.21	9.18	9.20	9.26	9.38	9.55	9.75	9.92

[1] Mortgage amounts offered by bidders are total bids received.

[2] Average accepted bid yield (before deduction of 38 basis-point fee paid for mortgage servicing) for home mortgages assuming a prepayment period of 12 years for 30-year loans, without special adjustment for FNMA commitment fees and FNMA stock purchase and holding requirements. Commitments mature in 4 months.

MAJOR HOLDERS OF FHA-INSURED AND VA-GUARANTEED RESIDENTIAL MORTGAGE DEBT

(End of period, in billions of dollars)

Holder	Sept. 30, 1973	Dec. 31, 1973	Mar. 31, 1974	June 30, 1974	Sept. 30, 1974	Dec. 31, 1974	Mar. 31, 1975
All holders	133.8	135.0	136.7	137.8	138.6	140.3	142.0
FHA	85.6	85.0	85.0	84.9	84.1	84.1	84.3
VA	48.2	50.0	51.7	52.9	54.5	56.2	57.7
Commercial banks	11.7	11.5	11.1	11.0	10.7	10.4	10.5
FHA	8.4	8.2	7.8	7.6	7.4	7.2	7.2
VA	3.3	3.3	3.3	3.4	3.3	3.2	3.3
Mutual savings banks	28.6	28.4	28.2	27.9	27.8	27.5	27.6
FHA	15.7	15.5	15.3	15.1	15.0	14.8	14.8
VA	12.9	12.9	12.9	12.8	12.8	12.7	12.8
Savings and loan assns.	....	....	....	....	....	....	....
FHA } VA	30.1	29.7	29.8	29.7	29.8	29.8	29.8
Life insurance cos.	13.7	13.6	13.3	13.1	12.9	12.7	12.5
FHA	9.3	9.2	9.0	8.8	8.7	8.6	8.4
VA	4.5	4.4	4.3	4.3	4.2	4.2	4.1
Others	50.0	52.1	54.3	56.1	57.4	59.9	61.6
FHA	....	....	....	....	....	....	....
VA	....	....	....	....	....	....	....

NOTE.- VA-guaranteed residential mortgage debt is for 1- to 4-family properties while FHA-insured includes some debt in multifamily structures. Detail by type of holder partly estimated by Federal Reserve for first and third quarters, and for most recent quarter.

COMMITMENTS OF LIFE INSURANCE COMPANIES FOR INCOME PROPERTY MORTGAGES

Period	Number of loans	Total amount committed (millions of dollars)	Averages						
			Loan amount (thousands of dollars)	Contract interest rate (per cent)	Maturity (yrs./mos.)	Loan-to-value ratio (per cent)	Capitalization rate (per cent)	Debt coverage ratio	Per cent constant
1971	1,664	3,982.5	2,393	9.07	22/10	74.9	10.0	1.29	10.4
1972	2,132	4,986.5	2,339	8.57	23/3	75.2	9.6	1.29	9.8
1973	2,140	4,833.3	2,259	8.76	23/3	74.3	9.5	1.29	10.0
1974	1,166	2,603.0	2,232	9.47	21/3	74.3	10.1	1.29	10.6
1974 June	147	287.5	1,956	9.35	20/10	75.7	10.1	1.24	10.7
July	121	234.6	1,939	9.60	20/0	74.1	10.1	1.26	10.8
Aug.	105	312.4	2,975	9.80	22/10	74.3	10.2	1.31	10.7
Sept.	95	241.6	2,543	10.04	20/11	74.4	10.3	1.29	11.1
Oct.	57	108.3	1,899	10.29	19/7	74.6	10.6	1.25	11.5
Nov.	47	79.7	1,695	10.37	18/4	74.0	10.7	1.26	11.6
Dec.	37	140.0	3,784	10.28	19/10	74.8	11.0	1.33	11.3
1975 Jan.	31	43.8	1,414	10.44	18/4	71.9	11.0	1.33	11.9
Feb.	46	94.6	2,057	10.08	22/11	74.3	10.9	1.34	11.0
Mar.	46	109.6	2,382	10.37	23/1	74.1	11.3	1.34	11.3
Apr.	32	108.4	3,386	10.02	23/0	75.6	10.8	1.36	10.8
May	73	227.5	3,116	10.23	20/9	74.7	10.8	1.30	11.1
June	61	167.5	2,745	10.11	21/9	73.0	10.5	1.29	11.2

See NOTE on preceding page.

TOTAL CREDIT

(In millions of dollars)

End of period	Total	Instalment: Total	Instalment: Automobile paper	Instalment: Other consumer goods paper	Instalment: Home improvement loans[1]	Instalment: Personal loans	Noninstalment: Total	Noninstalment: Single-payment loans	Noninstalment: Charge accounts: Retail outlets	Noninstalment: Charge accounts: Credit cards[2]	Noninstalment: Service credit
1965	89,883	70,893	28,437	18,483	3,736	20,237	18,990	7,671	5,724	706	4,889
1966	96,239	76,245	30,010	20,732	3,841	21,662	19,994	7,972	5,812	874	5,336
1967	100,783	79,428	29,796	22,389	4,008	23,235	21,355	8,558	6,041	1,029	5,727
1968	110,770	87,745	32,948	24,626	4,239	25,932	23,025	9,532	5,966	1,227	6,300
1969	121,146	97,105	35,527	28,313	4,613	28,652	24,041	9,747	5,936	1,437	6,921
1970	127,163	102,064	35,184	31,465	5,070	30,345	25,099	9,675	6,163	1,805	7,456
1971	138,394	111,295	38,664	34,353	5,413	32,865	27,099	10,585	6,397	1,953	8,164
1972	157,564	127,332	44,129	40,080	6,201	36,922	30,232	12,256	7,055	1,947	8,974
1973	180,486	147,437	51,130	47,530	7,352	41,425	33,049	13,241	7,783	2,046	9,979
1974	190,121	156,124	51,689	52,009	8,162	44,264	33,997	12,979	8,012	2,122	10,884
1974– Aug.	187,369	154,472	52,772	49,322	8,214	44,164	32,897	13,202	6,983	2,282	10,430
Sept.	187,906	155,139	52,848	49,664	8,252	44,375	32,767	13,131	6,876	2,277	10,483
Oct.	188,023	155,328	52,736	49,986	8,287	44,319	32,695	13,003	7,027	2,156	10,509
Nov.	188,084	155,166	52,325	50,401	8,260	44,180	32,918	12,950	7,174	2,144	10,650
Dec.	190,121	156,124	51,689	52,009	8,162	44,264	33,997	12,979	8,012	2,122	10,884
1975– Jan.	187,080	153,952	50,947	51,142	8,048	43,815	33,128	12,675	7,162	2,153	11,138
Feb.	185,381	152,712	50,884	50,136	7,966	43,726	32,669	12,560	6,468	2,074	11,567
Mar.	184,253	151,477	50,452	49,391	7,925	43,709	32,776	12,542	6,452	2,033	11,749
Apr.	184,344	151,271	50,360	49,247	7,880	43,784	33,073	12,526	6,735	2,062	11,750
May	185,010	151,610	50,465	49,329	7,908	43,908	33,400	12,443	7,268	2,073	11,616
June	186,099	152,668	50,927	49,519	7,973	44,249	33,431	12,470	7,361	2,088	11,512
July	187,211	153,930	51,556	49,637	8,040	44,697	33,281	12,282	7,388	2,180	11,431
Aug.	188,821	155,263	52,011	50,061	8,094	45,097	33,558	12,362	7,392	2,247	11,557

[1] *Holdings of financial institutions; holdings of retail outlets are included in "Other consumer goods paper."*

[2] Service station and miscellaneous credit-card accounts and home-heating-oil accounts.

NOTE.—Consumer credit estimates cover loans to individuals for household, family, and other personal expenditures, except real estate mortgage loans. For back figures and description of the data, see "Consumer Credit," Section 16 (New) of *Supplement to Banking and Monetary Statistics*, 1965, and BULLETINS for Dec. 1968 and Oct. 1972.

CONSUMER CREDIT HELD BY COMMERCIAL BANKS

(In millions of dollars)

End of period	Total	Instalment: Total	Automobile paper: Purchased	Automobile paper: Direct	Other consumer goods paper: Mobile homes	Other consumer goods paper: Credit cards	Other consumer goods paper: Other	Home improvement loans	Personal loans: Check credit	Personal loans: Other	Noninstalment: Single-payment loans
1965	35,652	28,962	10,209	5,659		4,166		2,571	6,357		6,690
1966	38,265	31,319	11,024	5,956		4,681		2,647	7,011		6,946
1967	40,630	33,152	10,972	6,232		5,469		2,731	7,748		7,478
1968	46,310	37,936	12,324	7,102	....	1,307	5,387	2,858	798	8,160	8,374
1969	50,974	42,421	13,133	7,791	....	2,639	6,082	2,996	1,081	8,699	8,553
1970	53,867	45,398	12,918	7,888	....	3,792	7,113	3,071	1,336	9,280	8,469
1971	60,556	51,240	13,837	9,277	4,423	4,419	4,501	3,236	1,497	10,050	9,316
1972	70,640	59,783	16,320	10,776	5,786	5,288	5,122	3,544	1,789	11,158	10,857
1973	81,248	69,495	19,038	12,218	7,223	6,649	6,054	3,982	2,144	12,187	11,753
1974	84,010	72,510	18,582	11,787	7,645	8,242	6,414	4,458	2,424	12,958	11,500
1974– Aug.	84,982	73,302	19,511	12,344	7,681	7,491	6,541	4,409	2,312	13,013	11,680
Sept.	85,096	73,455	19,389	12,314	7,706	7,638	6,527	4,445	2,348	13,088	11,641
Oct.	84,887	73,372	19,246	12,195	7,709	7,749	6,530	4,480	2,376	13,087	11,515
Nov.	84,360	72,896	18,981	12,031	7,700	7,846	6,469	4,490	2,362	13,017	11,464
Dec.	84,010	72,510	18,582	11,787	7,645	8,242	6,414	4,458	2,424	12,958	11,500
1975– Jan.	82,986	71,776	18,230	11,581	7,587	8,325	6,323	4,399	2,448	12,883	11,210
Feb.	82,229	71,151	18,104	11,497	7,522	8,149	6,272	4,359	2,447	12,801	11,078
Mar.	81,201	70,183	17,754	11,377	7,459	7,890	6,272	4,318	2,403	12,710	11,018
Apr.	81,155	70,134	17,613	11,387	7,417	7,909	6,312	4,318	2,411	12,767	11,021
May	81,066	70,130	17,529	11,417	7,391	7,903	6,373	4,353	2,383	12,781	10,936
June	81,429	70,475	17,560	11,482	7,375	7,977	6,446	4,403	2,375	12,857	10,954
July	81,767	70,996	17,708	11,613	7,351	8,042ʳ	6,497	4,463	2,396	12,926	10,771
Aug.	82,305	71,445	17,676	11,712	7,335	8,210	6,524	4,522	2,420	13,046	10,860

See NOTE to table above.

INSTALMENT CREDIT HELD BY NONBANK LENDERS

(In millions of dollars)

End of period	Finance companies						Other financial lenders			Retail outlets		
	Total	Automobile paper	Other consumer goods paper: Mobile homes	Other consumer goods paper: Other	Home improvement loans	Personal loans	Total	Credit unions	Miscellaneous lenders[1]	Total	Automobile dealers	Other retail outlets
1965	23,851	9,218	4,343		232	10,058	8,289	7,324	965	9,791	315	9,476
1966	24,796	9,342	4,925		214	10,315	9,315	8,255	1,060	10,815	277	10,538
1967	24,576	8,627	5,069		192	10,688	10,216	9,003	1,213	11,484	287	11,197
1968	26,074	9,003	5,424		166	11,481	11,717	10,300	1,417	12,018	281	11,737
1969	27,846	9,412	5,775		174	12,485	13,722	12,028	1,694	13,116	250	12,866
1970	27,678	9,044	2,464	3,237	199	12,734	15,088	12,986	2,102	13,900	218	13,682
1971	28,883	9,577	2,561	3,052	247	13,446	17,021	14,770	2,251	14,151	226	13,925
1972	32,088	10,174	2,916	3,589	497	14,912	19,511	16,913	2,598	15,950	261	15,689
1973	37,243	11,927	3,378	4,434	917	16,587	22,567	19,609	2,958	18,132	299	17,833
1974	38,925	12,435	3,570	4,751	993	17,176	25,216	22,116	3,100	19,473	286	19,187
1974—Aug.	38,943	12,267	3,539	4,680	1,097	17,360	24,677	21,402	3,275	17,550	299	17,251
Sept.	38,921	12,345	3,573	4,662	1,073	17,268	25,085	21,792	3,293	17,678	298	17,380
Oct.	38,901	12,458	3,597	4,658	1,054	17,134	25,204	21,893	3,311	17,851	296	17,555
Nov.	38,803	12,462	3,603	4,611	1,021	17,106	25,195	21,975	3,220	18,272	292	17,980
Dec.	38,925	12,435	3,570	4,751	993	17,176	25,216	22,116	3,100	19,473	286	19,187
1975 Jan.	38,340	12,315	3,559	4,642	967	16,857	25,032	21,966	3,066	18,804	282	18,522
Feb.	38,194	12,406	3,539	4,580	923	16,746	25,213	22,089	3,124	18,154	280	17,874
Mar.	37,910	12,371	3,519	4,427	903	16,690	25,506	22,227	3,279	17,878	276	17,602
Apr.	37,746	12,349	3,513	4,366	867	16,651	25,623	22,415	3,208	17,768	275	17,493
May	37,711	12,406	3,507	4,315	833	16,650	25,917	22,674	3,243	17,852	275	17,577
June	37,828	12,571	3,508	4,288	807	16,654	26,478	23,186	3,292	17,887	276	17,611
July	38,177	12,793	3,503	4,258	778	16,845	26,837	23,507	3,330	17,920	280	17,640
Aug.	38,340	12,982	3,498	4,251	741	16,868	27,348	24,043	3,305	18,130	282	17,848

[1] Savings and loan associations and mutual savings banks.

See also NOTE to table at top of preceding page.

FINANCE RATES ON SELECTED TYPES OF INSTALMENT CREDIT

(Per cent per annum)

Month	Commercial banks					Finance companies				
	New automobiles (36 mos.)	Mobile homes (84 mos.)	Other consumer goods (24 mos.)	Personal loans (12 mos.)	Credit-card plans	Automobiles: New	Automobiles: Used	Mobile homes	Other consumer goods	Personal loans
1973—Aug.	10.25	10.95	12.66	12.84	17.22	12.13	16.86	...	...	...
Sept.	10.44	11.06	12.67	12.96	17.23	12.28	16.98	12.90	18.69	20.52
Oct.	10.53	10.98	12.80	13.02	17.23	12.34	17.11	...	...	...
Nov.	10.49	11.19	12.75	12.94	17.23	12.40	17.21	13.12	18.77	20.65
Dec.	10.49	11.07	12.86	13.12	17.24	12.42	17.31	...	...	...
1974—Jan.	10.55	11.09	12.78	12.96	17.25	12.39	16.56	13.24	18.90	20.68
Feb.	10.53	11.25	12.82	13.02	17.24	12.33	16.62	...	...	...
Mar.	10.50	10.92	12.82	13.04	17.23	12.29	16.69	13.15	18.69	20.57
Apr.	10.51	11.07	12.81	13.00	17.25	12.28	16.76	...	...	...
May	10.63	10.96	12.88	13.10	17.25	12.36	16.86	13.07	18.90	20.57
June	10.81	11.21	13.01	13.20	17.23	12.50	17.06	...	...	...
July	10.96	11.46	13.14	13.42	17.20	12.58	17.18	13.21	19.24	20.78
Aug.	11.15	11.71	13.10	13.45	17.21	12.67	17.32	...	...	...
Sept.	11.31	11.72	13.20	13.41	17.15	12.84	17.61	13.42	19.30	20.93
Oct.	11.53	11.94	13.28	13.60	17.17	12.97	17.78	...	...	...
Nov.	11.57	11.87	13.16	13.47	17.16	13.06	17.88	13.60	19.49	21.16
Dec.	11.62	11.71	13.27	13.60	17.21	13.10	17.89	...	...	...
1975—Jan.	11.61	11.66	13.28	13.60	17.12	13.08	17.27	13.60	19.80	21.09
Feb.	11.51	12.14	13.20	13.44	17.24	13.07	17.39	...	...	...
Mar.	11.46	11.66	13.07	13.40	17.15	13.07	17.52	13.59	20.00	20.86
Apr.	11.44	11.78	13.22	13.55	17.17	13.07	17.58	...	...	...
May	11.39	11.57	13.11	13.41	17.21	13.09	17.65	13.57	19.63	20.75
June	11.26	12.02	13.10	13.40	17.10	13.12	17.67	...	...	...
July	11.30	11.94	13.13	13.49	17.15	13.09	17.69	13.78	19.87	20.97
Aug.	11.31	11.80	13.05	13.37	17.14	13.10	17.70	...	...	...

NOTE.—Rates are reported on an annual percentage rate basis as specified in Regulation Z (Truth in Lending) of the Board of Governors. Commercial bank rates are "most common" rates for direct loans with specified maturities; finance company rates are weighted averages for purchased contracts (except personal loans). For back figures and description of the data, see BULLETIN for Sept. 1973.

INSTALMENT CREDIT EXTENDED AND REPAID

(In millions of dollars)

Period	Total	Type: Automobile paper	Type: Other consumer goods paper	Type: Home improvement loans	Type: Personal loans	Holder: Commercial banks	Holder: Finance companies	Holder: Other financial lenders	Holder: Retail outlets
					Extensions				
1967	87,171	26,320	29,504	2,369	28,978	31,382	26,461	11,238	18,090
1968	99,984	31,083	33,507	2,534	32,860	37,395	30,261	13,206	19,122
1969	109,146	32,553	38,332	2,831	35,430	40,955	32,753	15,198	20,240
1970	112,158	29,794	43,873	2,963	35,528	42,960	31,952	15,720	21,526
1971	124,281	34,873	47,821	3,244	38,343	51,237	32,935	17,966	22,143
1972	142,951	40,194	55,599	4,006	43,152	59,339	38,464	20,607	24,541
1973	165,083	46,453	66,859	4,728	47,043	69,726	43,221	23,414	28,722
1974	166,478	42,756	71,077	4,650	47,995	69,554	41,809	24,510	30,605
1974—Aug.	14,394	3,887	5,993	388	4,126	6,034	3,476	2,290	2,594
Sept.	14,089	3,835	5,935	302	4,017	6,050	3,408	2,079	2,552
Oct.	13,626	3,369	5,948	348	3,961	5,600	3,229	2,160	2,637
Nov.	12,609	3,062	5,700	321	3,526	5,390	2,823	1,863	2,533
Dec.	12,702	3,205	5,798	294	3,405	5,012	3,240	1,901	2,549
1975—Jan.	12,859	3,348	5,430	289	3,792	5,368	3,068	2,048	2,375
Feb.	13,465	3,856	5,561	302	3,746	5,649	3,195	2,104	2,517
Mar.	12,797	3,419	5,535	339	3,504	5,357	2,872	2,044	2,524
Apr.	13,181	3,454	5,584	313	3,830	5,457	3,145	2,142	2,437
May	13,149	3,467	5,757	334	3,591	5,473	2,985	2,032	2,659
June	13,959	3,752	5,976	373	3,858	5,772	3,316	2,141	2,730
July	14,378	4,073	5,927	378	4,000	5,959	3,424	2,361	2,634
Aug.	14,358	3,932	6,077	349	4,000	6,047	3,386	2,178	2,747
					Repayments				
1967	83,988	26,534	27,847	2,202	27,405	29,549	26,681	10,337	17,421
1968	91,667	27,931	31,270	2,303	30,163	32,611	28,763	11,705	18,588
1969	99,786	29,974	34,645	2,457	32,710	36,470	30,981	13,193	19,142
1970	107,199	30,137	40,721	2,506	33,835	40,398	31,705	14,354	20,742
1971	115,050	31,393	44,933	2,901	35,823	45,395	31,730	16,033	21,892
1972	126,914	34,729	49,872	3,218	39,095	50,796	35,259	18,117	22,742
1973	144,978	39,452	59,409	3,577	42,540	60,014	38,066	20,358	26,540
1974	157,791	42,197	66,598	3,840	45,156	66,539	40,127	21,861	29,264
1974—Aug.	12,882	3,443	5,444	309	3,686	5,463	3,166	1,851	2,402
Sept.	13,412	3,604	5,700	279	3,829	5,808	3,371	1,723	2,510
Oct.	13,224	3,470	5,499	321	3,934	5,542	3,250	1,962	2,470
Nov.	13,009	3,423	5,561	325	3,700	5,671	2,981	1,860	2,497
Dec.	13,516	3,668	6,037	341	3,470	5,803	3,308	1,822	2,583
1975—Jan.	13,260	3,534	5,549	336	3,841	5,669	3,331	1,827	2,433
Feb.	13,228	3,605	5,632	350	3,641	5,747	3,134	1,824	2,523
Mar.	13,234	3,772	5,708	357	3,397	5,924	2,971	1,782	2,557
Apr.	13,423	3,719	5,632	369	3,703	5,769	3,263	1,947	2,444
May	13,274	3,625	5,694	349	3,606	5,737	3,169	1,894	2,474
June	13,537	3,728	5,799	358	3,652	5,774	3,307	1,806	2,650
July	13,509	3,690	5,860	348	3,611	5,749	3,227	1,957	2,576
Aug.	13,858	3,820	5,826	358	3,854	5,941	3,366	1,952	2,599
					Net change				
1967	3,183	-214	1,657	167	1,573	1,833	-220	901	669
1968	8,317	3,152	2,237	231	2,697	4,784	1,498	1,501	534
1969	9,360	2,579	3,687	374	2,720	4,485	1,772	2,005	1,098
1970	4,959	343	3,152	457	1,693	2,977	-168	1,366	784
1971	9,231	3,480	2,888	343	2,520	5,842	1,205	1,933	251
1972	16,037	5,465	5,727	788	4,057	8,543	3,205	2,490	1,799
1973	20,105	7,001	7,450	1,151	4,503	9,712	5,155	3,056	2,182
1974	8,687	559	4,479	810	2,839	3,015	1,682	2,649	1,341
1974—Aug.	1,512	444	549	79	440	571	310	439	192
Sept.	677	231	235	23	188	242	37	356	42
Oct.	402	101	449	27	27	58	21	198	167
Nov.	-400	361	139	-4	174	-281	158	3	36
Dec.	-814	463	239	47	-65	-791	68	79	-34
1975—Jan.	401	186	119	47	49	301	263	221	58
Feb.	237	251	-71	-48	105	98	61	280	-6
Mar.	437	353	-173	18	107	567	99	262	33
Apr.	242	265	48	56	127	312	-118	195	-7
May	125	-158	63	-15	15	264	184	138	185
June	422	24	177	15	206	-2	9	335	80
July	869	383	67	30	389	210	197	404	58
Aug.	500	112	251	9	146	106	20	226	148

NOTE.—Monthly estimates are seasonally adjusted and include adjustments for differences in trading days. Annual totals are based on data not seasonally adjusted.

Estimates are based on accounting records and often include finance charges. Renewals and refinancing of loans, purchases and sales of instalment paper, and certain other transactions may increase the amount of extensions and repayments without affecting the amount outstanding.

For back figures and description of the data, see "Consumer Credit," Section 16 (New) of *Supplement to Banking and Monetary Statistics*, 1965 and BULLETINS for Dec. 1968 and Oct. 1972.

MARKET GROUPINGS

(1967 = 100)

Grouping	1967 proportion	1974 average	1974 Sept.	1974 Oct.	1974 Nov.	1974 Dec.	1975 Jan.	1975 Feb.	1975 Mar.	1975 Apr.	1975 May[r]	1975 June[r]	1975 July	1975 Aug.[p]	1975 Sept.[e]
Total index	100.0	124.8	125.6	124.8	121.7	117.4	113.7	111.2	110.0	109.9	110.1	111.1	112.2	114.0	116.2
Products, total	**62.21**	**123.1**	**123.6**	**122.9**	**121.4**	**118.7**	**115.4**	**113.7**	**112.4**	**112.9**	**113.4**	**114.2**	**115.4**	**116.3**	**117.6**
Final products	*48.95*	*121.7*	*122.6*	*122.3*	*120.9*	*118.2*	*114.9*	*113.1*	*112.2*	*112.6*	*113.7*	*114.5*	*115.7*	*116.5*	*117.7*
Consumer goods	28.53	128.8	128.8	128.2	126.3	123.4	120.1	118.8	118.2	119.6	121.2	123.3	125.4	126.3	127.4
Equipment	20.42	111.7	113.8	114.0	113.2	110.7	107.8	105.3	103.9	103.0	102.9	102.2	102.2	102.8	104.3
Intermediate products	13.26	128.3	127.6	125.3	123.0	120.5	117.6	115.2	112.7	113.4	112.4	112.8	114.3	115.6	117.1
Materials	**37.79**	**127.4**	**129.3**	**128.1**	**122.1**	**114.8**	**110.5**	**107.4**	**105.9**	**105.2**	**104.9**	**106.0**	**106.8**	**110.6**	**114.0**
Consumer goods															
Durable consumer goods	*7.86*	*127.9*	*129.1*	*126.5*	*119.7*	*110.1*	*104.0*	*101.0*	*103.1*	*107.8*	*110.5*	*113.2*	*115.4*	*116.9*	*119.0*
Automotive products	2.84	110.0	111.6	114.7	102.1	87.5	80.3	78.2	86.8	93.6	97.6	103.4	106.9	106.6	108.4
Autos	1.87	94.9	99.6	108.4	91.0	69.8	62.6	58.9	73.1	82.4	86.3	93.2	97.7	96.8	99.2
Auto parts and allied goods	.97	139.0	134.5	126.9	123.6	121.5	114.4	115.5	113.2	115.2	119.3	122.8	124.8	125.3	126.0
Home goods	5.02	138.0	139.0	133.2	129.7	123.0	117.5	114.0	112.3	115.9	117.8	118.8	120.1	122.8	125.0
Appliances, TV, and radios	1.41	132.0	133.2	120.9	115.3	102.5	94.4	89.0	85.0	96.7	102.4	103.5	104.3	107.6	......
Appliances and A/C	.92	148.8	150.2	139.5	131.9	119.8	108.0	104.8	99.1	114.2	118.4	118.3	118.2	123.9	......
TV and home audio	.49	......	......	......	......	......	......	......	......	......	......	76.0	78.0	77.1	79.1
Carpeting and furniture	1.08	153.5	155.4	151.8	144.7	143.8	135.1	132.3	127.9	127.8	128.6	131.1	133.5	140.6	......
Misc. home goods	2.53	134.7	135.3	132.2	131.4	125.5	123.0	120.1	121.0	121.4	121.7	122.1	123.3	123.8	125.1
Nondurable consumer goods	*20.67*	*129.2*	*128.7*	*128.9*	*128.8*	*128.4*	*126.3*	*125.5*	*124.1*	*124.0*	*125.3*	*127.2*	*129.1*	*129.9*	*130.6*
Clothing	4.32	109.0	106.0	104.5	103.1	102.0	95.0	94.5	90.9	89.2	94.4	97.7	101.6	......	......
Consumer staples	16.34	134.5	134.8	135.4	135.6	135.5	134.5	133.6	132.7	133.3	133.5	134.9	136.4	137.1	137.6
Consumer foods and tobacco	8.37	125.4	124.4	125.2	126.2	125.3	123.3	123.2	120.7	122.7	122.4	124.1	125.6	125.3	125.5
Nonfood staples	7.98	144.0	145.7	146.1	145.3	146.2	146.4	144.5	145.3	144.3	145.3	146.4	147.8	149.6	150.1
Consumer chemical products	2.64	158.4	157.7	159.8	155.2	159.1	160.6	157.1	158.2	157.6	158.4	159.2	161.2	166.6	......
Consumer paper products	1.91	125.2	130.9	128.5	127.4	126.7	122.0	121.9	120.9	118.4	122.8	123.3	124.1	125.4	......
Consumer fuel and lighting	3.43	143.8	144.6	145.4	147.9	147.3	149.2	147.2	149.0	148.6	147.8	149.4	150.6	149.9	......
Residential utilities	2.25	153.7	156.2	155.5	159.3	159.0	159.9	159.7	163.1	161.9	160.9	161.3	160.5	......	......
Equipment															
Business equipment	*12.74*	*129.4*	*132.3*	*132.0*	*131.0*	*127.1*	*122.3*	*119.3*	*117.0*	*115.4*	*115.0*	*113.9*	*114.0*	*115.1*	*116.6*
Industrial equipment	6.77	128.7	132.0	130.9	129.3	126.7	122.9	120.4	118.8	116.4	115.3	114.0	113.3	113.7	114.8
Building and mining equip.	1.45	136.0	139.8	141.2	140.1	137.4	138.4	137.0	137.7	132.3	131.7	127.7	126.9	128.3	131.0
Manufacturing equipment	3.85	121.7	124.4	122.5	119.4	116.5	111.8	109.4	106.6	105.6	105.0	104.3	105.5	104.9	105.0
Power equipment	1.47	139.9	144.2	142.8	144.5	142.6	136.6	132.1	131.8	128.9	126.2	125.8	120.3	122.3	124.0
Commercial, transit, farm equip.	5.97	130.3	132.8	133.2	132.9	127.6	121.6	118.0	115.1	114.2	114.7	113.9	114.8	116.5	118.7
Commercial equipment	3.30	141.1	143.3	144.1	143.1	139.3	135.2	130.4	127.8	123.2	121.5	120.7	123.0	123.1	124.6
Transit equipment	2.00	109.6	111.8	111.2	109.8	102.9	91.8	91.5	88.8	92.2	98.6	98.0	98.0	101.6	105.1
Farm equipment	.67	138.7	144.1	145.4	151.9	143.7	143.8	135.9	130.2	135.7	129.0	127.3	124.5	128.8	......
Defense and space equipment	*7.68*	*82.3*	*83.1*	*84.1*	*83.7*	*83.4*	*83.8*	*82.4*	*82.1*	*82.4*	*82.7*	*82.9*	*82.6*	*82.5*	*83.6*
Military products	5.15	81.2	82.3	82.5	81.8	81.3	81.5	80.7	80.3	80.7	82.0	82.0	82.1	82.2	83.5
Intermediate products															
Construction products	5.93	129.6	127.4	123.5	121.3	118.3	115.7	112.1	109.1	110.1	107.6	106.8	107.9	109.3	110.8
Misc. intermediate products	7.34	127.3	127.8	126.8	124.2	122.5	119.2	118.4	115.6	116.1	116.2	117.5	119.4	120.7	......
Materials															
Durable goods materials	*20.91*	*127.3*	*129.2*	*129.3*	*123.5*	*114.2*	*110.3*	*107.0*	*104.7*	*101.6*	*100.2*	*99.8*	*100.2*	*105.7*	*109.2*
Consumer durable parts	4.75	112.1	117.2	115.2	104.1	91.7	83.7	82.1	84.7	86.0	87.7	90.8	92.9	101.3	104.8
Equipment parts	5.41	123.8	125.0	124.0	122.2	118.3	116.9	112.0	108.7	104.6	102.1	97.3	96.7	100.0	101.8
Durable materials nec	10.75	135.9	136.6	138.3	132.7	122.9	118.8	115.4	111.4	106.9	104.7	105.1	105.2	110.7	114.8
Nondurable goods materials	*13.99*	*128.5*	*129.3*	*126.8*	*122.1*	*116.2*	*109.2*	*105.7*	*105.3*	*107.9*	*109.5*	*112.3*	*113.9*	*116.5*	*119.9*
Textile, paper, and chem. mat.	8.58	139.8	142.2	138.1	131.1	122.9	112.9	108.5	106.2	110.4	113.2	117.0	118.8	122.9	127.0
Nondurable materials n.e.c.	5.41	110.6	108.9	108.9	107.8	105.7	103.3	101.1	103.9	104.0	103.7	105.1	106.0	106.5	108.7
Fuel and power, industrial	2.89	122.6	129.0	126.4	112.7	113.0	117.8	118.2	118.0	117.5	118.0	119.5	121.0	117.3	121.1
Supplementary groups															
Home goods and clothing	9.34	124.6	123.8	120.0	117.4	113.2	107.1	105.0	102.3	103.6	106.9	109.1	111.5	113.4	115.3
Containers	1.82	139.4	136.7	131.5	127.6	120.3	126.1	119.9	122.3	124.2	124.3	128.4	132.8	133.5	......
Gross value of products in market structure															
(In billions of 1963 dollars)															
Products, total	*286.3*	......	*447.1*	*445.7*	*439.0*	*426.7*	*416.4*	*410.1*	*405.1*	*409.6*	*408.6*	*414.5*	*416.8*	*420.2*	*426.8*
Final products	221.4	......	346.1	346.5	341.3	331.0	322.3	317.7	315.3	319.0	319.4	325.0	325.5	327.9	333.5
Consumer goods	156.3	......	233.1	233.7	228.9	222.3	216.4	213.7	213.2	217.6	217.8	223.6	224.9	226.6	229.8
Equipment	65.3	......	112.8	112.7	112.4	108.8	105.9	103.9	102.2	101.4	101.5	101.3	100.6	101.3	103.5
Intermediate products	64.9	......	101.0	99.4	97.4	95.8	94.3	92.3	90.0	90.5	89.2	89.6	91.2	92.4	93.3

For NOTE see opposite page.

INDUSTRY GROUPINGS

(1967 = 100)

Grouping	1967 proportion	1974 average	1974 Sept.	1974 Oct.	1974 Nov.	1974 Dec.	1975 Jan.	1975 Feb.	1975 Mar.	1975 Apr.	1975 May r	1975 June r	1975 July	1975 Aug. p	1975 Sept. e
Manufacturing	*88.55*	*124.4*	*125.5*	*124.6*	*120.9*	*116.1*	*111.7*	*109.2*	*107.7*	*107.9*	*108.2*	*109.5*	*110.5*	*112.7*	*114.7*
Durable	52.33	120.7	122.1	121.6	117.9	112.2	108.2	104.8	103.5	103.3	102.5	103.2	103.5	105.4	108.0
Nondurable	36.22	129.7	130.5	128.9	125.4	121.9	117.0	115.6	113.7	114.8	116.1	118.6	120.8	123.1	124.6
Mining and utilities	11.45	127.3	128.7	128.5	125.9	125.7	127.0	127.3	128.8	128.1	126.5	126.8	127.4	126.9	127.8
Mining	6.37	109.3	109.2	110.5	105.0	104.4	107.0	108.6	108.9	108.5	105.9	106.3	106.5	105.3	106.7
Utilities	5.08	149.9	153.1	151.2	152.3	152.6	153.0	150.9	154.0	153.1	152.3	152.6	153.6	154.1	154.4
Durable manufactures															
Primary and fabricated metals	*12.55*	*127.5*	*127.2*	*127.6*	*124.4*	*116.0*	*112.4*	*107.7*	*105.1*	*103.2*	*99.8*	*100.8*	*100.8*	*104.2*	*107.7*
Primary metals	6.61	124.1	123.0	126.0	121.0	108.6	107.2	102.1	98.1	95.0	89.9	91.8	93.0	96.4	100.5
Iron and steel, subtotal	4.23	119.9	119.1	123.9	117.7	107.9	110.6	105.0	103.1	99.4	90.1	88.7	87.0	90.1	96.0
Fabricated metal products	5.94	131.4	132.0	129.6	128.2	124.1	118.2	113.7	112.9	112.4	100.9	110.9	109.7	113.0	115.9
Machinery and allied goods	*32.44*	*116.3*	*118.8*	*118.4*	*114.9*	*109.6*	*105.4*	*107.4*	*101.5*	*101.9*	*101.7*	*102.3*	*102.4*	*103.7*	*106.0*
Machinery	17.39	128.1	132.5	131.1	128.9	124.8	119.6	115.6	112.2	110.8	109.0	108.2	108.4	109.8	111.7
Nonelectrical machinery	9.17	133.8	137.8	137.4	135.1	132.5	126.7	123.6	119.3	116.9	113.7	112.3	112.9	114.7	116.7
Electrical machinery	8.22	125.2	126.4	124.0	121.7	116.3	111.5	106.6	104.3	104.0	103.8	103.8	103.4	104.2	106.1
Transportation equipment	9.29	96.9	100.4	102.1	93.7	83.6	78.9	77.1	81.0	84.7	87.6	90.5	91.0	93.0	96.3
Motor vehicles and parts	4.56	113.2	118.6	123.0	107.1	86.4	78.2	77.6	85.4	93.1	95.0	100.0	103.2	107.3	112.3
Aerospace and misc. trans. eq.	4.73	81.1	82.8	81.9	80.9	80.9	79.5	76.6	76.7	76.6	80.4	81.3	79.3	79.3	81.0
Instruments	2.07	143.9	144.9	142.0	142.3	139.5	139.1	134.2	130.6	131.1	129.7	130.9	132.0	131.5	133.7
Ordnance, private and Govt.	3.69	86.1	87.5	87.2	86.6	86.6	86.2	86.9	86.7	86.7	86.7	87.7	86.4	86.5	87.2
Lumber, clay, and glass	*4.44*	*123.6*	*120.6*	*117.8*	*113.7*	*111.0*	*109.6*	*104.6*	*102.6*	*104.8*	*105.9*	*107.0*	*108.0*	*109.3*	*110.5*
Lumber and products	1.65	120.1	116.6	109.3	105.2	101.3	99.9	99.6	99.8	104.1	108.0	110.3	112.0	112.6	......
Clay, glass, and stone products	2.79	125.7	123.0	122.9	118.8	116.9	115.3	107.8	104.2	105.4	104.7	105.1	105.7	107.2	......
Furniture and miscellaneous	*2.90*	*136.1*	*138.8*	*136.7*	*129.9*	*128.4*	*120.0*	*119.6*	*118.7*	*117.6*	*119.7*	*120.1*	*121.1*	*123.9*	*126.2*
Furniture and fixtures	1.38	126.9	129.4	125.5	120.5	120.4	110.6	110.6	106.7	105.6	109.6	107.9	110.1	112.9	......
Miscellaneous manufactures	1.52	144.4	147.5	146.9	136.9	135.7	128.9	128.0	129.7	128.5	129.0	131.1	131.2	133.9	......
Nondurable manufactures															
Textiles, apparel, and leather	*6.90*	*108.9*	*106.5*	*105.1*	*101.9*	*96.3*	*88.9*	*89.6*	*87.5*	*90.4*	*93.2*	*94.9*	*97.3*	*99.6*	*103.0*
Textile mill products	2.69	122.7	121.9	119.1	112.8	102.9	95.6	93.3	96.8	100.4	103.8	106.9	110.6	114.5	......
Apparel products	3.33	105.4	102.5	102.8	100.1	98.0	94.0	92.6	86.4	88.2	90.9	91.5	92.8	......	......
Leather and products	.88	77.3	74.2	70.6	74.7	69.7	66.1	66.7	63.5	68.0	70.0	71.2	73.6	75.2	......
Paper and printing	*7.92*	*121.0*	*122.7*	*120.8*	*115.7*	*112.3*	*108.2*	*106.6*	*104.2*	*102.4*	*103.9*	*107.3*	*107.3*	*110.8*	*112.5*
Paper and products	3.18	134.0	135.3	133.9	124.3	116.1	114.3	109.5	104.5	105.8	105.8	109.5	111.7	117.3	......
Printing and publishing	4.74	112.3	114.4	111.9	110.0	109.8	104.1	104.7	104.0	100.2	102.6	105.9	104.4	106.5	107.7
Chemicals, petroleum, and rubber	*11.92*	*151.7*	*154.7*	*152.4*	*146.5*	*141.6*	*136.5*	*132.4*	*130.2*	*131.0*	*132.5*	*136.2*	*140.6*	*143.7*	*144.5*
Chemicals and products	7.86	154.3	158.3	155.9	148.3	143.1	139.0	134.6	133.6	132.8	135.7	138.2	143.7	146.6	146.9
Petroleum products	1.80	124.0	121.9	125.4	127.0	125.8	126.8	123.7	120.1	120.2	118.5	122.4	125.6	127.4	127.7
Rubber and plastics products	2.26	164.4	168.6	161.8	155.7	148.9	135.4	132.0	126.8	133.5	132.7	140.1	141.6	146.6	......
Foods and tobacco	*9.48*	*124.8*	*124.3*	*123.7*	*123.8*	*123.5*	*120.0*	*121.3*	*120.0*	*122.4*	*122.4*	*123.5*	*124.7*	*124.7*	*125.5*
Foods	8.81	126.2	125.7	124.8	125.4	125.7	121.2	122.3	121.3	122.9	123.8	125.1	126.2	126.0	126.8
Tobacco products	.67	106.4	106.0	110.3	103.8	96.2	104.7	108.4	102.6	115.9	103.8	102.2	104.8	......	......
Mining															
Metal, stone, and earth minerals	*1.26*	*117.2*	*115.4*	*121.3*	*120.7*	*117.9*	*119.1*	*116.2*	*113.4*	*113.3*	*106.2*	*101.5*	*104.4*	*109.5*	*108.5*
Metal mining	.51	129.2	130.5	141.4	136.8	134.7	133.8	131.1	125.4	125.8	114.8	110.6	110.1	121.5	......
Stone and earth minerals	.76	109.1	105.0	107.5	109.8	106.4	109.0	106.1	105.1	104.7	100.4	95.3	100.5	101.2	......
Coal, oil, and gas	*5.11*	*107.3*	*107.7*	*107.8*	*101.2*	*101.1*	*103.9*	*106.8*	*107.7*	*107.4*	*105.8*	*107.6*	*107.0*	*104.3*	*106.2*
Coal	.69	105.1	112.1	110.3	67.6	85.3	111.3	117.5	117.4	112.2	113.6	120.4	120.6	102.1	116.3
Oil and gas extraction	4.42	107.7	107.1	107.4	106.4	103.6	102.9	105.0	106.1	106.6	104.5	105.5	104.9	104.6	105.0
Utilities															
Electric	3.90	159.5	162.4	161.2	162.9	163.0	162.5	161.1	165.4	164.1	163.0	163.3	164.5	......	......
Gas	1.17	117.9	......	......	......	......	......	......	......	......	......	......	......	......	......

NOTE.—Data for the complete year of 1972 are available in a pamphlet *Industrial Production Indexes 1972* from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Published groupings include series and subtotals not shown separately. Figures for individual series and subtotals are published in the monthly Industrial Production release.

SELECTED BUSINESS INDEXES

(1967=100, except as noted)

Period	Industrial production: Total	Market: Total	Products: Final: Total	Final: Consumer goods	Final: Equipment	Intermediate	Materials	Industry: Manufacturing	Capacity utilization in mfg. (1967 output = 100)	Construction contracts	Nonagricultural employment Total[1]	Manufacturing[2]: Employment	Manufacturing[2]: Payrolls	Total retail sales[3]	Prices[4]: Consumer	Prices[4]: Wholesale commodity
1955	58.5	56.6	54.9	59.5	48.9	62.6	61.5	58.2	90.0	....	76.9	92.9	61.1	59	80.2	87.8
1956	61.1	59.7	58.2	61.7	53.7	65.3	63.1	60.5	88.2	....	79.6	93.9	64.6	61	81.4	90.7
1957	61.9	61.1	59.9	63.2	55.9	65.3	63.1	61.2	84.5	....	80.3	92.2	65.4	64	84.3	93.3
1958	57.9	58.6	57.1	62.6	50.0	63.9	56.8	56.9	75.1	....	78.0	83.9	60.3	64	86.6	94.6
1959	64.8	64.4	62.7	68.7	54.9	70.5	65.5	64.1	81.4	....	81.0	88.1	67.8	69	87.3	94.8
1960	66.2	66.2	64.8	71.3	56.4	71.0	66.4	65.4	80.1	....	82.4	88.0	68.8	70	88.7	94.9
1961	66.7	66.9	65.3	72.8	55.6	72.4	66.4	65.6	77.6	....	82.1	84.5	68.0	70	89.6	94.5
1962	72.2	72.1	70.8	77.7	61.9	76.9	72.4	71.4	81.4	....	84.4	87.3	73.3	75	90.6	94.8
1963	76.5	76.2	74.9	82.0	65.6	81.1	77.0	75.8	83.0	86.1	86.1	87.8	76.0	79	91.7	94.5
1964	81.7	81.2	79.6	86.8	70.1	87.3	82.6	81.2	85.5	89.4	88.6	89.3	80.1	83	92.9	94.7
1965	89.2	88.1	86.8	93.0	78.7	93.0	91.0	89.1	89.0	93.2	92.3	93.9	88.1	91	94.5	96.6
1966	97.9	96.8	96.1	98.6	93.0	99.2	99.8	98.3	91.9	94.8	97.1	99.9	97.8	97	97.2	99.8
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	87.9	100.0	100.0	100.0	100.0	100	100.0	100.0
1968	105.7	105.8	105.8	106.6	104.7	105.7	105.7	105.7	87.7	113.2	103.2	101.4	108.3	109	104.2	102.5
1969	110.7	109.7	109.0	111.1	106.1	112.0	112.4	110.5	86.5	123.7	106.9	103.2	116.6	114	109.8	106.5
1970	106.6	106.0	104.5	110.3	96.3	111.7	107.7	105.2	78.3	123.1	107.7	98.1	114.1	120	116.3	110.4
1971	106.8	106.4	104.7	115.7	89.4	112.6	107.4	105.2	75.0	145.4	108.1	94.2	116.7	122	121.2	113.9
1972	115.2	113.8	111.9	123.6	95.5	121.1	117.4	114.0	78.6	165.3	111.9	97.6	131.5	142	125.3	119.8
1973	125.6	123.4	121.3	131.7	106.7	131.1	129.3	125.2	83.0	181.3	r116.8	r103.2	r149.2	....	133.1	134.7
1974	124.8	123.1	121.7	128.8	111.7	128.3	127.4	124.4	78.9	168.6	r119.1	102.1	r157.1	....	147.7	160.1
1974 Aug.	125.2	123.5	122.1	129.8	111.4	128.6	128.5	125.2	[5]79.4	170.0	r119.6	102.6	r161.9	180	149.9	167.4
Sept.	125.6	123.6	122.6	128.8	113.8	127.6	129.3	125.5		187.0	119.7	r102.4	r162.4	176	151.7	167.2
Oct.	124.8	122.9	122.3	128.2	114.0	125.3	128.1	124.6		148.0	r119.6	r101.4	r162.6	175	153.0	170.2
Nov.	121.7	121.4	120.9	126.3	113.2	123.0	122.1	120.9	75.7	154.0	r119.0	r99.3	r157.5	170	154.3	171.9
Dec.	117.3	118.7	118.2	123.4	110.7	120.5	114.8	116.1		176.0	118.0	r96.5	r153.2	171	155.4	171.5
1975 Jan.	113.7	115.4	114.9	120.1	107.8	117.6	110.5	111.7		135.0	r117.4	r93.9	r149.5	176	156.1	171.8
Feb.	111.2	113.7	113.3	118.8	105.3	115.2	107.4	109.2	68.2	r139.0	r116.6	r91.2	r143.5	179	157.2	171.3
Mar.	110.0	112.4	112.2	118.2	103.9	112.7	105.9	107.7		153.0	r116.1	r90.3	r143.3	176	157.8	170.4
Apr.	109.9	112.9	112.6	119.6	103.0	113.4	105.2	107.9		189.0	r116.1	r89.9	r144.7	179	158.6	172.1
May	110.1	113.4	113.7	121.2	102.9	112.4	104.9	108.2	r67.0	182.0	r116.2	r90.1	r144.7	184	159.3	173.2
June r	111.1	114.2	114.5	123.3	102.2	112.8	106.0	109.5		174.0	115.9	89.8	146.4	186	160.6	173.7
July r	112.2	115.4	115.7	125.4	102.2	114.3	106.8	110.6		165.0	116.4	89.7	148.7	191	162.3	175.7
Aug. r	114.0	116.3	116.5	126.3	102.8	115.6	110.6	112.7	69.0	208.0	117.0	90.9	153.7	189	162.8	176.7
Sept.	116.2	117.6	117.7	127.4	104.3	117.1	114.0	114.7		....	117.2	92.1	156.3	....	....	177.7

[1] Employees only: excludes personnel in the Armed Forces.
[2] Production workers only. Revised back to 1973.
[3] F.R. index based on Census Bureau figures.
[4] Prices are not seasonally adjusted. Latest figure is final.
[5] Figure is for 3rd quarter 1974.

NOTE. *All series:* Data are seasonally adjusted unless otherwise noted.

Capacity utilization: Based on data from Federal Reserve, McGraw-Hill Economics Department, and Dept. of Commerce.

Construction contracts: McGraw-Hill Informations Systems Company F.W. Dodge Division, monthly index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering.

Employment and payrolls: Based on Bureau of Labor Statistics data; includes data for Alaska and Hawaii beginning with 1959.

Prices: Bureau of Labor Statistics data.

CONSTRUCTION CONTRACTS AND PRIVATE HOUSING PERMITS

(In millions of dollars, except as noted)

Type of ownership and type of construction	1973	1974	1974 Aug.	Sept.	Oct.	Nov.	Dec.	1975 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
Total construction contracts [1]	**99,304**	**93,076**	**8,416**	**8,359**	**7,227**	**6,179**	**7,304**	**5,100**	**4,955**	**6,574**	**9,598**	**9,143**	**9,324**	**9,044**	**10,037**
By type of ownership:															
Public	26,563	32,209	3,311	3,273	2,720	2,391	2,496	2,254	2,031	2,182	2,768	2,875	3,891	3,784	3,040
Private [1]	72,741	60,867	5,105	5,689	4,508	3,788	4,809	2,846	2,924	4,393	6,830	6,268	5,432	5,260	6,997
By type of construction:															
Residential building [1]	45,696	34,174	3,060	2,503	2,457	1,931	1,715	1,562	1,583	2,316	3,029	3,073	3,116	3,093	2,784
Nonresidential building	31,534	33,859	3,246	3,320	2,710	2,618	2,451	2,233	2,199	2,402	2,987	2,877	3,169	3,165	2,666
Nonbuilding	22,074	25,042	2,110	2,536	2,061	1,630	3,139	1,305	1,172	1,856	3,582	3,193	3,040	2,786	4,587
Private housing units authorized (In thousands, S.A., A.R.)	1,820	1,074	928	853	811	770	837	689	701	677	837	912	r949	r1,042	985

[1] Because of improved procedures for collecting data for 1-family homes, some totals are not strictly comparable with those prior to 1968. To improve comparability, earlier levels may be raised by approximately 3 per cent for total and private construction, in each case, and by 8 per cent for residential building.

NOTE. Dollar value of construction contracts as reported by the McGraw-Hill Informations Systems Company, F.W. Dodge Division. Totals of monthly data may differ from annual totals because adjustments are made in accumulated monthly data after original figures have been published.

Private housing units authorized are Census Bureau series for 14,000 reporting areas with local building permit systems.

VALUE OF NEW CONSTRUCTION ACTIVITY

(In millions of dollars)

Period	Total	Private: Total	Private: Residential	Private: Nonresidential: Total	Nonresidential: Buildings: Industrial	Buildings: Commercial	Buildings: Other buildings [1]	Nonresidential: Other	Public [2]: Total	Public: Military	Public: Highway	Public: Conservation and development	Public: Other
1966	76,002	51,995	25,715	26,280	6,679	6,879	5,037	7,685	24,007	727	8,405	2,194	12,681
1967	77,503	51,967	25,568	26,399	6,131	6,982	4,993	8,293	25,536	695	8,591	2,124	14,126
1968	86,626	59,021	30,565	28,456	6,021	7,761	4,382	10,292	27,605	808	9,321	1,973	15,503
1969	93,728	65,404	33,200	32,204	6,783	9,401	4,971	11,049	27,964	879	9,250	1,783	16,052
1970	94,167	66,071	31,864	34,207	6,538	9,754	5,125	12,790	28,096	718	9,981	1,908	15,489
1971	109,950	80,079	43,267	36,812	5,423	11,619	5,437	14,333	29,871	901	10,658	2,095	16,217
1972	124,077	93,893	54,288	39,605	4,676	13,462	5,898	15,569	30,184	1,087	10,429	2,172	16,496
1973	135,456	102,894	57,623	45,271	6,243	15,453	5,888	17,687	32,562	1,170	10,559	2,313	18,520
1974[r]	135,481	97,079	47,044	50,053	7,902	15,945	5,797	20,409	38,402	1,185	12,083	2,782	22,352
1974 Aug.[r]	135,627	97,097	47,695	49,402	7,813	15,623	5,766	20,200	38,530	1,038	12,199	2,682	22,611
Sept.[r]	133,299	94,878	45,903	48,975	7,478	15,890	5,739	19,868	38,421	1,180	12,835	2,880	21,526
Oct.[r]	134,466	95,576	44,182	51,394	8,702	16,372	5,701	20,619	38,890	1,103	12,374	3,029	22,384
Nov.[r]	131,948	93,795	42,503	51,292	8,890	15,939	5,697	20,766	38,153	1,102	11,140	2,999	22,912
Dec.[r]	134,047	92,529	41,060	51,469	9,006	15,842	5,571	21,050	41,518	1,169	11,973	3,358	25,018
1975 Jan.[r]	132,274	91,169	39,556	51,613	8,412	15,646	5,903	21,652	41,105	1,223	12,356	2,842	24,684
Feb.[r]	128,862	89,023	38,523	50,500	8,724	14,971	5,883	20,922	39,839	1,319	11,993	3,329	23,198
Mar.[r]	125,501	85,687	37,999	47,688	7,869	13,032	5,363	21,424	39,814	1,337	11,377	3,024	24,076
Apr.[r]	120,892	84,607	37,894	46,713	7,500	12,765	5,636	20,812	36,285	1,473	10,963	2,769	21,080
May[r]	121,490	84,044	38,844	45,200	8,197	12,109	5,268	19,626	37,446	1,180	12,227	3,132	20,907
June[r]	125,928	84,026	39,834	44,192	7,677	11,756	5,415	19,344	41,902	1,120	12,251	3,529	25,002
July	124,752	86,052	41,009	45,043	7,714	11,978	5,319	20,032	38,700	1,263	....	....	....
Aug.[p]	126,157	86,950	42,006	44,944	7,504	11,735	5,405	20,300	39,207	1,328	....	....	....

[1] Includes religious, educational, hospital, institutional, and other buildings.

[2] By type of ownership, State and local accounted for 86 per cent of public construction expenditures in 1974.

NOTE.—Census Bureau data; monthly series at seasonally adjusted annual rates.

PRIVATE HOUSING ACTIVITY

(In thousands of units)

Period	Starts: Total	Starts: 1-family	Starts: 2-or-more family	Completions: Total	Completions: 1-family	Completions: 2-or-more family	Under construction (end of period): Total	Under construction: 1-family	Under construction: 2-or-more family	Mobile home shipments	New 1-family homes sold and for sale [1]: Units: Sold	Units: For sale (end of period)	Median prices (in thousands of dollars) of units: Sold	Median prices: For sale
1966	1,165	779	386	....	....	....	....	....	....	217	461	196	21.4	22.8
1967	1,292	844	448	....	....	....	....	....	....	240	487	190	22.7	23.6
1968	1,508	899	608	1,320	859	461	....	....	....	318	490	218	24.7	24.6
1969	1,467	811	656	1,399	807	591	885	350	[r]535	413	448	228	25.6	27.0
1970	1,434	813	621	1,418	802	617	922	381	541	401	485	227	23.4	26.2
1971	2,052	1,151	901	1,706	1,014	692	1,254	505	749	497	656	294	25.2	25.9
1972	2,357	1,309	1,047	1,971	1,143	828	1,586	640	947	576	718	416	27.6	28.3
1973	2,045	1,132	913	2,014	1,174	840	1,599	583	1,016	567	620	456	32.5	32.9
1974	1,337	888	450	1,692	931	760	1,189	516	673	371	501	407	35.9	36.2
1974—Aug.	1,156	826	329	1,592	919	674	1,406	570	836	316	466	425	35.7	35.5
Sept.	1,157	845	313	1,562	899	663	1,372	565	807	258	495	414	36.2	35.7
Oct.	1,106	792	314	1,627	908	719	1,322	553	769	227	433	409	37.2	35.9
Nov.	1,017	802	215	1,657	893	763	1,255	541	714	204	435	404	37.3	36.0
Dec.	880	682	198	1,606	852	754	1,229	545	684	195	382	400	37.4	36.2
1975 Jan.	999	739	260	1,535	964	571	1,176	522	654	185	404	404	37.2	36.4
Feb.	1,000	733	267	1,320	770	550	1,156	522	634	219	411	409	37.9	36.6
Mar.	985	775	210	1,305	734	571	1,113	520	593	199	463	396	38.8	36.5
Apr.	980	762	218	1,211	756	455	1,085	515	570	194	[r]570	388	[r]39.2	36.7
May	1,130	887	243	[r]1,276	[r]832	[r]444	1,066	[r]518	[r]548	224	[r]593	382	39.6	36.9
June[r]	1,094	884	210	1,148	771	377	1,045	515	530	210	565	377	38.1	37.2
July	1,239	932	307	1,206	865	341	1,045	521	524	225	521	381	39.2	37.4
Aug.[p]	1,260	977	283	....	....	....	....	....	....	....	....	....	....	....

[1] Merchant builders only.

NOTE.—All series except prices, seasonally adjusted. Annual rates for starts, completions, mobile home shipments and sales. Census data except for mobile homes, which are private, domestic shipments as reported by the Mobile Home Manufacturers' Assn. and seasonally adjusted by Census Bureau. Data for units under construction seasonally adjusted by Federal Reserve.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

(In thousands of persons, except as noted)

Period	Total noninstitutional population (N.S.A.)	Not in labor force (N.S.A.)	Total labor force (S.A.)	Civilian labor force (S.A.): Total	Employed[1]: Total	Employed[1]: In nonagricultural industries	Employed[1]: In agriculture	Unemployed	Unemployment rate[2] (per cent; S.A.)
1969	137,841	53,602	84,240	80,734	77,902	74,296	3,606	2,832	3.5
1970	140,182	54,280	85,903	82,715	78,627	75,165	3,462	4,088	4.9
1971	142,596	55,666	86,929	84,113	79,120	75,732	3,387	4,993	5.9
1972	145,775	56,785	88,991	86,542	81,702	78,230	3,472	4,840	5.6
1973	148,263	57,222	91,040	88,714	84,409	80,957	3,452	4,304	4.9
1974	150,827	57,587	93,240	91,011	85,936	82,443	3,492	5,076	5.6
1974—Sept.	151,367	57,706	93,922	91,705	86,402	82,913	3,489	5,303	5.8
Oct.	151,593	57,489	94,057	91,844	86,304	82,864	3,440	5,540	6.0
Nov.	151,812	57,991	93,920	91,708	85,689	82,314	3,375	6,019	6.6
Dec.	152,020	58,482	94,015	91,803	85,202	81,863	3,339	6,601	7.2
1975—Jan.	152,230	58,888	94,284	92,091	84,562	81,179	3,383	7,529	8.2
Feb.	152,445	59,333	93,709	91,511	84,027	80,701	3,326	7,484	8.2
Mar.	152,646	59,053	94,027	91,829	83,849	80,584	3,265	7,980	8.7
Apr.	152,840	59,276	94,457	92,262	84,086	80,848	3,238	8,176	8.9
May	153,051	59,101	95,121	92,940	84,402	80,890	3,512	8,538	9.2
June	153,278	57,087	94,518	92,340	84,444	81,140	3,304	7,896	8.6
July	153,585	56,540	95,102	92,916	85,078	81,628	3,450	7,838	8.4
Aug.	153,824	57,331	95,331	93,146	85,352	81,884	3,468	7,794	8.4
Sept.	154,052	59,087	95,361	93,191	85,418	81,872	3,546	7,773	8.3

[1] Includes self-employed, unpaid family, and domestic service workers.
[2] Per cent of civilian labor force.
NOTE. Bureau of Labor Statistics. Information relating to persons 16 years of age and over is obtained on a sample basis. Monthly data relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. Description of changes in series beginning 1967 is available from Bureau of Labor Statistics.

EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS, BY INDUSTRY DIVISION

(In thousands of persons)

Period	Total	Manufacturing	Mining	Contract construction	Transportation and public utilities	Trade	Finance	Service	Government
1969	70,442	20,167	619	3,525	4,435	14,704	3,562	11,228	12,202
1970	70,920	19,349	623	3,536	4,504	15,040	3,687	11,621	12,561
1971	71,216	18,572	603	3,639	4,457	15,352	3,802	11,903	12,887
1972	73,711	19,090	622	3,831	4,517	15,975	3,943	12,392	13,340
1973	76,896	20,068	644	4,015	4,644	16,674	4,091	13,021	13,739
1974	78,413	20,046	694	3,957	4,696	17,017	4,208	13,617	14,177
SEASONALLY ADJUSTED									
1974—Sept.	78,830	20,104	708	3,902	4,683	17,143	4,224	13,767	14,299
Oct.	78,790	19,972	728	3,872	4,686	17,154	4,228	13,797	14,353
Nov.	78,374	19,638	722	3,826	4,683	17,058	4,226	13,822	14,399
Dec.	77,723	19,190	686	3,770	4,659	16,935	4,229	13,833	14,421
1975—Jan.	77,319	18,798	723	3,749	4,603	16,903	4,219	13,857	14,467
Feb.	76,804	18,375	724	3,592	4,565	16,879	4,210	13,865	14,594
Mar.	76,468	18,226	729	3,467	4,506	16,851	4,207	13,864	14,618
Apr.	76,462	18,155	732	3,441	4,508	16,847	4,209	13,878	14,692
May	76,510	18,162	738	3,439	4,491	16,857	4,208	13,889	14,726
June	76,343	18,100	741	3,392	4,469	16,877	4,202	13,871	14,691
July	76,679	18,084	743	3,395	4,464	16,984	4,203	13,990	14,816
Aug.p	77,029	18,246	751	3,404	4,464	17,016	4,215	14,044	14,889
Sept.p	77,211	18,429	749	3,401	4,452	17,026	4,228	14,085	14,841
NOT SEASONALLY ADJUSTED									
1974—Sept.	79,171	20,374	713	4,160	4,720	17,182	4,228	13,767	14,027
Oct.	79,465	20,174	718	4,120	4,714	17,249	4,220	13,825	14,445
Nov.	79,151	19,799	719	3,952	4,697	17,361	4,213	13,808	14,602
Dec.	78,462	19,209	681	3,695	4,659	17,608	4,208	13,764	14,638
1975—Jan.	76,207	18,573	715	3,348	4,548	16,700	4,177	13,608	14,538
Feb.	75,772	18,165	714	3,208	4,492	16,493	4,172	13,699	14,829
Mar.	75,778	18,037	719	3,197	4,470	16,530	4,178	13,753	14,894
Apr.	76,177	18,000	726	3,310	4,472	16,691	4,192	13,878	14,908
May	76,689	18,071	740	3,439	4,487	16,819	4,208	13,986	14,939
June	77,183	18,255	756	3,555	4,523	16,971	4,248	14,079	14,796
July	76,439	18,007	758	3,605	4,504	16,936	4,266	14,144	14,219
Aug.p	76,903	18,442	765	3,676	4,491	16,959	4,270	14,156	14,144
Sept.p	77,502	18,696	755	3,625	4,488	17,065	4,232	14,085	14,556

NOTE.—Bureau of Labor Statistics; data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th of the month. Proprietors, self-employed persons, domestic servants, unpaid family workers, and members of Armed Forces are excluded.
Beginning with 1973, series has been adjusted to Mar. 1974 benchmark.

CONSUMER PRICES

(1967 = 100)

Period	All items	Food	Housing: Total	Housing: Rent	Housing: Home-ownership	Housing: Fuel oil and coal	Housing: Gas and electricity	Housing: Furnishings and operation	Apparel and upkeep	Transportation	Health and recreation: Total	Health and recreation: Medical care	Health and recreation: Personal care	Health and recreation: Reading and recreation	Health and recreation: Other goods and services
1929	51.3	48.3	......	76.0	......	......	......	......	48.5	......	......	......	......	......	......
1933	38.8	30.6	......	54.1	......	......	......	......	36.9	......	......	......	......	......	......
1941	44.1	38.4	53.7	57.2	......	40.5	81.4	......	44.8	44.2	......	37.0	41.2	47.7	49.2
1945	53.9	50.7	59.1	58.8	......	48.0	79.6	......	61.5	47.8	......	42.1	55.1	62.4	56.9
1960	88.7	88.0	90.2	91.7	86.3	89.2	98.6	93.8	89.6	89.6	85.1	79.1	90.1	87.3	87.8
1965	94.5	94.4	94.9	96.9	92.7	94.6	99.4	95.3	93.7	95.9	93.4	89.5	95.2	95.9	94.2
1966	97.2	99.1	97.2	98.2	96.3	97.0	99.6	97.0	96.1	97.2	96.1	93.4	97.1	97.5	97.2
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	103.6	104.2	102.4	105.7	103.1	100.9	104.4	105.4	103.2	105.0	106.1	104.2	104.7	104.6
1969	109.8	108.9	110.8	105.7	116.0	105.6	102.8	109.0	111.5	107.2	110.3	113.4	109.3	108.7	109.1
1970	116.3	114.9	118.9	110.1	128.5	110.1	107.3	113.4	116.1	112.7	116.2	120.6	113.2	113.4	116.0
1971	121.3	118.4	124.3	115.2	133.7	117.5	114.7	118.1	119.8	118.6	122.2	128.4	116.8	119.3	120.9
1972	125.3	123.5	129.2	119.2	140.1	118.5	120.5	121.0	122.3	119.9	126.1	132.5	119.8	122.8	125.5
1973	133.1	141.4	135.0	124.3	146.7	136.0	126.4	124.9	126.8	123.8	130.2	137.7	125.2	125.9	129.0
1974	147.7	161.7	150.6	130.2	163.2	214.6	145.8	140.5	136.2	137.7	140.3	150.5	137.3	133.8	137.2
1974—Aug.	149.9	162.8	152.8	130.9	165.4	220.9	148.5	143.9	138.1	141.3	142.6	153.7	139.3	135.2	139.4
Sept.	151.7	165.0	154.9	131.4	167.9	222.7	150.2	146.6	139.9	142.2	144.0	155.2	141.2	137.0	140.4
Oct.	153.0	166.1	156.7	132.2	170.1	225.5	151.5	149.0	141.1	142.9	145.2	156.3	143.0	137.8	141.4
Nov.	154.3	167.8	158.3	132.8	171.7	229.2	154.0	151.0	142.4	143.4	146.3	157.5	144.2	138.8	142.7
Dec.	155.4	169.7	159.9	133.5	174.0	228.8	156.7	152.3	141.9	143.5	147.5	159.0	145.3	139.8	143.9
1975—Jan.	156.1	170.9	161.2	134.0	175.6	228.9	160.2	153.2	139.4	143.2	148.9	161.0	146.5	141.0	144.8
Feb.	157.2	171.6	162.7	135.1	177.3	229.5	162.7	154.7	140.2	143.5	150.2	163.0	147.8	141.8	145.9
Mar.	157.8	171.3	163.6	135.5	178.2	228.3	164.0	155.6	140.9	144.8	151.1	164.6	148.9	142.0	146.5
Apr.	158.6	171.2	164.7	135.9	179.4	229.0	166.3	156.8	141.3	146.2	152.1	165.8	149.5	143.5	146.8
May	159.3	171.8	165.3	136.4	180.1	230.2	167.3	157.4	141.8	147.4	152.6	166.8	149.9	143.8	147.1
June	160.6	174.4	166.4	136.9	181.4	230.6	169.4	158.1	141.4	149.8	153.2	168.1	150.3	144.1	147.3
July	162.3	178.6	167.1	137.3	182.3	234.1	170.4	158.3	141.1	152.6	154.0	169.8	151.2	144.4	147.6
Aug.	162.8	178.1	167.7	138.0	182.8	235.7	171.2	158.8	142.3	153.6	154.6	170.9	151.4	144.7	148.1

NOTE.—Bureau of Labor Statistics index for city wage earners and clerical workers.

WHOLESALE PRICES: SUMMARY

(1967 = 100, except as noted)

Period	All commodities	Farm products	Processed foods and feeds	Industrial commodities: Total	Textiles, etc.	Hides, etc.	Fuel, etc.	Chemicals, etc.	Rubber, etc.	Lumber, etc.	Paper, etc.	Metals, etc.	Machinery and equipment	Furniture, etc.	Nonmetallic minerals	Transportation equipment[1]	Miscellaneous
1960	94.9	97.2	89.5	95.3	99.5	90.8	96.1	101.8	103.1	95.3	98.1	92.4	92.0	99.0	97.2	......	93.0
1965	96.6	98.7	95.5	96.4	99.8	94.3	95.5	99.0	95.9	95.9	96.2	96.4	93.9	96.9	97.5	......	95.9
1966	99.8	105.9	101.2	98.5	100.1	103.4	97.8	99.4	97.8	100.2	98.8	98.8	96.8	98.0	98.4	......	97.7
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	......	100.0
1968	102.5	102.5	102.2	102.5	103.7	103.2	98.9	99.8	103.4	113.3	101.1	102.6	103.2	102.8	103.7	......	102.2
1969	106.5	109.1	107.3	106.0	106.0	108.9	100.9	99.9	105.3	125.3	104.0	108.5	106.5	104.9	107.7	100.8	105.2
1970	110.4	111.0	112.0	110.0	107.2	110.1	105.9	102.2	108.6	113.7	108.2	116.7	111.4	107.5	113.3	104.5	109.9
1971	113.9	112.9	114.3	114.0	108.6	114.0	114.2	104.2	109.2	127.0	110.1	119.0	115.5	109.9	122.4	110.3	112.8
1972	119.1	125.0	120.8	117.9	113.6	131.3	118.6	104.2	109.3	144.3	113.4	123.5	117.9	111.4	126.1	113.8	114.6
1973	134.7	176.3	148.1	125.9	123.8	143.1	134.3	110.0	112.4	177.2	122.1	132.8	121.7	115.2	130.2	115.1	119.7
1974	160.1	187.7	170.9	153.8	139.1	145.1	208.3	146.8	136.2	183.6	151.7	171.9	139.4	127.9	153.2	125.5	133.1
1974—Sept.	167.2	182.7	176.8	162.9	142.1	148.1	225.0	161.7	145.6	180.4	164.2	187.1	146.8	132.8	159.8	127.7	136.3
Oct.	170.2	187.5	183.5	164.8	140.5	145.2	228.5	168.5	147.5	169.4	166.0	186.9	150.0	135.5	162.2	134.2	137.1
Nov.	171.9	187.8	189.7	165.8	139.8	144.5	227.4	172.9	148.5	165.8	166.9	186.7	152.7	136.9	163.4	135.1	140.7
Dec.	171.5	183.7	188.2	166.1	138.4	143.2	229.0	174.0	149.4	165.4	167.2	184.6	154.0	137.7	164.3	137.0	142.4
1975—Jan.	171.8	179.7	186.4	167.5	137.5	142.1	232.2	176.0	149.6	164.7	169.8	185.5	156.6	138.8	168.5	137.1	145.5
Feb.	171.3	174.6	182.6	168.4	136.5	141.7	232.3	178.1	150.0	169.3	169.8	186.3	157.7	139.1	170.3	138.2	146.4
Mar.	170.4	171.1	177.3	168.9	134.3	143.2	233.0	181.8	149.7	169.6	170.0	186.1	158.8	138.5	170.8	139.5	146.8
Apr.	172.1	177.7	179.4	169.7	134.4	147.5	236.5	182.4	149.4	174.9	169.7	185.7	159.7	138.5	173.0	139.9	147.3
May	173.2	184.5	179.0	170.3	135.2	147.7	238.8	182.1	148.9	183.0	169.8	185.1	160.4	138.6	173.1	139.9	147.5
June	173.7	186.2	179.7	170.7	135.9	148.7	243.0	181.2	148.6	181.0	169.8	184.5	161.0	139.0	173.3	140.1	147.5
July	175.7	193.7	184.6	171.2	136.8	149.3	246.6	181.4	150.1	179.6	170.0	183.4	161.7	139.2	174.7	140.1	147.7
Aug.	176.7	193.2	186.3	172.2	137.6	149.3	252.4	182.1	150.0	179.7	170.0	184.3	162.2	139.8	175.8	140.5	147.8
Sept.	177.7	197.1	186.1	173.1	138.4	151.3	254.9	182.2	150.8	179.9	170.3	185.5	163.1	140.1	176.1	141.1	148.2

1 [illegible]

GROSS NATIONAL PRODUCT

(In billions of dollars)

Item	1929	1933	1941	1950	1970	1971	1972	1973	1974	1974 II	1974 III	1974 IV	1975 I	1975 IIp
Gross national product	**103.1**	**55.6**	**124.5**	**284.8**	**977.1**	**1,054.9**	**1,158.0**	**1,294.9**	**1,397.4**	**1,383.8**	**1,416.3**	**1,430.9**	**1,416.6**	**1,440.9**
Final purchases	*101.4*	*57.2*	*120.1*	*278.0*	*972.6*	*1,048.6*	*1,149.5*	*1,279.6*	*1,388.2*	*1,370.3*	*1,407.6*	*1,413.1*	*1,435.8*	*1,471.9*
Personal consumption expenditures	**77.2**	**45.8**	**80.6**	**191.0**	**617.6**	**667.1**	**729.0**	**805.2**	**876.7**	**869.1**	**901.3**	**895.8**	**913.2**	**938.6**
Durable goods	9.2	3.5	9.6	30.5	91.3	103.9	118.4	130.3	127.5	129.5	136.1	120.7	124.9	130.6
Nondurable goods	37.7	22.3	42.9	98.1	263.8	278.4	299.7	338.0	380.2	375.8	389.0	391.7	398.8	410.1
Services	30.3	20.1	28.1	62.4	262.6	284.8	310.9	336.9	369.0	363.8	376.2	383.5	389.5	397.9
Gross private domestic investment	**16.2**	**1.4**	**17.9**	**54.1**	**136.3**	**153.7**	**179.3**	**209.4**	**209.4**	**211.8**	**205.8**	**209.4**	**163.1**	**148.1**
Fixed investment	*14.5*	*3.0*	*13.4*	*47.3*	*131.7*	*147.4*	*170.8*	*194.0*	*195.2*	*198.3*	*197.1*	*191.6*	*182.2*	*179.1*
Nonresidential	*10.6*	*2.4*	*9.5*	*27.9*	*100.6*	*104.6*	*116.8*	*136.8*	*149.2*	*149.4*	*150.9*	*151.2*	*146.2*	*142.7*
Structures	5.0	.9	2.9	9.2	36.1	37.9	41.1	47.0	52.0	52.2	51.0	53.7	52.8	49.1
Producers' durable equipment	5.6	1.5	6.6	18.7	64.4	66.6	75.7	89.8	97.1	97.2	99.9	97.5	94.2	93.6
Residential structures	4.0	.6	3.9	19.4	31.2	42.8	54.0	57.2	46.0	48.8	46.2	40.4	35.3	36.4
Nonfarm	3.8	.5	3.7	18.6	30.7	42.3	53.4	56.7	45.2	48.0	45.4	39.7	34.8	35.6
Change in business inventories	1.7	1.6	4.5	6.8	4.5	6.3	8.5	15.4	14.2	13.5	8.7	17.8	-19.2	-31.0
Nonfarm	1.8	-1.4	4.0	6.0	4.3	4.9	7.8	11.4	11.9	10.4	6.6	17.5	17.8	-30.6
Net exports of goods and services	**1.1**	**.4**	**1.3**	**1.8**	**3.6**	**.2**	**-6.0**	**3.9**	**2.1**	**1.5**	**3.1**	**1.9**	**8.8**	**16.2**
Exports	7.0	2.4	4.9	13.8	62.9	65.4	72.4	100.4	140.2	138.5	143.6	147.5	142.2	136.0
Imports	5.9	2.0	4.6	12.0	59.3	65.6	78.4	96.4	138.1	140.0	146.7	145.7	133.4	119.8
Government purchases of goods and services	**8.5**	**8.0**	**24.8**	**37.9**	**219.5**	**234.2**	**255.7**	**276.4**	**309.2**	**304.4**	**312.3**	**323.8**	**331.6**	**338.1**
Federal	*1.3*	*2.0*	*16.9*	*18.4*	*96.2*	*97.6*	*104.9*	*106.6*	*116.9*	*114.3*	*117.2*	*124.5*	*126.5*	*128.4*
National defense	....	....	13.8	14.1	74.6	71.2	74.8	74.4	78.7	76.6	78.4	84.0	84.7	84.8
Other	....	....	3.1	4.3	21.6	26.5	30.1	32.2	38.2	37.7	38.8	40.6	41.8	43.6
State local	7.2	6.0	7.9	19.5	123.3	136.6	150.8	169.8	192.3	190.1	195.1	199.3	205.1	209.7
Gross national product in constant (1958) dollars	**203.6**	**141.5**	**263.7**	**355.3**	**722.5**	**746.3**	**792.5**	**839.2**	**821.2**	**827.1**	**823.1**	**804.0**	**780.0**	**785.6**

NOTE. Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. For back data and explanation of series, see the *Survey of Current Business* (generally the July issue) and the Aug. 1966 Supplement to the *Survey*.

NATIONAL INCOME

(In billions of dollars)

Item	1929	1933	1941	1950	1970	1971	1972	1973	1974	1974 II	1974 III	1974 IV	1975 I	1975 IIr
National income	**86.8**	**40.3**	**104.2**	**241.1**	**800.5**	**857.7**	**946.5**	**1,065.6**	**1,142.5**	**1,130.2**	**1,155.5**	**1,165.4**	**1,150.7**	**1,175.4**
Compensation of employees	**51.1**	**29.5**	**64.8**	**154.6**	**603.9**	**643.1**	**707.1**	**786.0**	**855.8**	**848.3**	**868.2**	**877.7**	**875.6**	**885.4**
Wages and salaries	*50.4*	*29.0*	*62.1*	*146.8*	*542.0*	*573.6*	*626.8*	*691.6*	*750.7*	*744.6*	*761.5*	*769.2*	*765.1*	*773.0*
Private	45.5	23.9	51.9	124.4	426.9	449.5	491.4	545.1	592.4	588.3	602.5	605.1	597.4	601.9
Military	.3	.3	1.9	5.0	19.6	19.4	20.5	20.6	21.2	20.9	20.8	22.0	22.0	21.9
Government civilian	4.6	4.9	8.3	17.4	95.5	104.7	114.8	126.0	137.1	135.4	138.2	142.1	145.7	149.2
Supplements to wages and salaries	*.7*	*.5*	*2.7*	*7.8*	*61.9*	*69.5*	*80.3*	*94.4*	*105.1*	*103.7*	*106.7*	*108.6*	*110.5*	*112.4*
Employer contributions for social insurance	.1	.1	2.0	4.0	29.7	33.1	38.6	48.4	53.6	53.2	54.5	54.6	55.2	55.7
Other labor income	.6	.4	.7	3.8	32.2	36.4	41.7	46.0	51.4	50.5	52.3	54.0	55.3	56.7
Proprietors' income	**15.1**	**5.9**	**17.5**	**37.5**	**66.9**	**69.2**	**75.9**	**96.1**	**93.0**	**89.9**	**92.1**	**91.6**	**84.9**	**86.1**
Business and professional	9.0	3.3	11.1	24.0	50.0	52.0	54.9	57.6	61.2	60.7	62.3	62.5	62.7	63.4
Farm	6.2	2.6	6.4	13.5	16.9	17.2	21.0	38.5	31.8	29.1	29.8	29.1	22.2	22.7
Rental income of persons	**5.4**	**2.0**	**3.5**	**9.4**	**23.9**	**25.2**	**25.9**	**26.1**	**26.5**	**26.3**	**26.6**	**26.8**	**27.0**	**27.1**
Corporate profits and inventory valuation adjustment	**10.5**	**-1.2**	**15.2**	**37.7**	**69.2**	**78.7**	**92.2**	**105.1**	**105.6**	**105.6**	**105.8**	**103.4**	**94.3**	**104.9**
Profits before tax	*10.0*	*1.0*	*17.7*	*42.6*	*74.0*	*83.6*	*99.2*	*122.7*	*140.7*	*139.0*	*157.0*	*131.5*	*101.2*	*113.3*
Profits tax liability	1.4	.5	7.6	17.8	34.8	37.5	41.5	49.8	55.7	55.9	62.7	52.0	39.0	43.0
Profits after tax	*8.6*	*.4*	*10.1*	*24.9*	*39.3*	*46.1*	*57.7*	*72.9*	*85.0*	*83.1*	*94.3*	*79.5*	*62.3*	*70.3*
Dividends	5.8	2.0	4.4	8.8	24.7	25.0	27.3	29.6	32.7	32.5	33.2	33.3	33.8	34.0
Undistributed profits	2.8	-1.6	5.7	16.0	14.6	21.1	30.3	43.3	52.4	50.5	61.1	46.2	28.5	36.3
Inventory valuation adjustment	.5	-2.1	-2.5	-5.0	-4.8	-4.9	7.0	-17.6	-35.1	-33.4	51.2	28.1	-7.0	-8.4
Net interest	**4.7**	**4.1**	**3.2**	**2.0**	**36.5**	**41.6**	**45.6**	**52.3**	**61.6**	**60.1**	**62.8**	**65.9**	**68.9**	**71.9**

NOTE.—Dept. of Commerce estimates. Quarterly data are seasonally *adjusted totals at annual rates. See also* NOTE *to table above.*

RELATION OF GROSS NATIONAL PRODUCT, NATIONAL INCOME, AND PERSONAL INCOME AND SAVING

(In billions of dollars)

Item	1929	1933	1941	1950	1970	1971	1972	1973	1974	1974			1975	
										II	III	IV	I	II^p
Gross national product	103.1	55.6	124.5	284.8	977.1	1,051.9	1,158.0	1,291.9	1,397.4	1,383.8	1,416.3	1,430.9	1,416.6	1,440.9
Less: Capital consumption allowances	7.9	7.0	8.2	18.3	87.3	93.7	102.9	110.8	119.5	118.6	120.7	122.9	125.2	127.4
Indirect business tax and nontax liability	7.0	7.1	11.3	23.3	93.5	102.7	110.0	119.2	126.9	125.9	129.5	129.8	132.2	135.4
Business transfer payments	.6	.7	.5	.8	4.0	4.3	4.6	4.9	5.2	5.2	5.3	5.3	5.4	5.5
Statistical discrepancy	.7	.6	.4	1.5	6.4	2.3	3.8	5.0	.4	.3	3.0	4.8	1.6	4.4
Plus: Subsidies less current surplus of government enterprises	.1	.....	.1	.2	1.7	1.1	2.3	.6	2.9	3.7	2.4	2.7	1.6	1.6
Equals: National income	86.8	40.3	104.2	241.1	800.5	857.7	946.5	1,065.6	1,142.5	1,130.2	1,155.5	1,165.4	1,150.7	1,175.4
Less: Corporate profits and inventory valuation adjustment	10.5	1.2	15.2	37.7	69.2	78.7	92.2	108.1	105.6	105.6	105.8	103.4	94.3	104.9
Contributions for social insurance	.2	.3	2.8	6.9	57.7	63.8	73.0	91.2	101.5	100.8	103.0	103.2	104.6	105.4
Excess of wage accruals over disbursements	.....	.....	.....	.....	.0	.6	.0	.1	.5	.6	1.5	.0	.0	.0
Plus: Government transfer payments	.9	1.5	2.6	14.3	75.1	89.0	98.6	113.0	134.6	130.6	138.7	145.8	158.7	170.9
Net interest paid by government and consumers	2.5	1.6	2.2	7.2	31.0	31.2	33.0	38.3	42.3	41.9	42.7	43.6	43.7	45.0
Dividends	5.8	2.0	4.4	8.8	24.7	25.0	27.3	29.6	32.7	32.5	33.2	33.3	33.8	34.0
Business transfer payments	.6	.7	.5	.8	4.0	4.3	4.6	4.9	5.2	5.2	5.3	5.3	5.4	5.5
Equals: Personal income	85.9	47.0	96.0	227.6	808.3	864.0	944.9	1,055.0	1,150.5	1,134.6	1,168.2	1,186.9	1,193.4	1,220.5
Less: Personal tax and nontax payments	2.6	1.5	3.3	20.7	116.6	117.6	142.4	151.3	170.8	168.2	175.1	178.1	178.0	142.0
Equals: Disposable personal income	83.3	45.5	92.7	206.9	691.7	746.4	802.5	903.7	979.7	966.5	993.1	1,008.8	1,015.5	1,078.5
Less: Personal outlays	79.1	46.5	81.7	193.9	635.5	685.9	749.9	829.4	902.7	894.9	927.6	922.3	939.5	964.7
Personal consumption expenditures	77.2	45.8	80.6	191.0	617.6	667.1	729.0	805.2	876.7	869.1	901.3	895.8	913.2	938.6
Consumer interest payments	1.5	.5	.9	2.4	16.8	17.7	19.8	22.9	25.0	24.8	25.3	25.5	25.4	25.2
Personal transfer payments to foreigners	.3	.2	.2	.5	1.0	1.1	1.1	1.3	1.0	1.0	.9	.9	.9	.9
Equals: Personal saving	4.2	.9	11.0	13.1	56.2	60.5	52.6	74.4	77.0	71.5	65.5	86.5	75.9	113.8
Disposable personal income in constant (1958) dollars	150.6	112.2	190.3	249.6	534.8	555.4	580.5	619.6	602.8	603.5	602.9	594.8	591.0	620.2

NOTE. Dept. of Commerce estimates. Quarterly data are seasonally adjusted totals at annual rates. See also NOTE to table at top of opposite page.

PERSONAL INCOME

(In billions of dollars)

Item	1973	1974	1974					1975							
			Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.^p
Total personal income	1,055.0	1,150.5	1,167.2	1,178.0	1,185.0	1,184.5	1,191.0	1,191.1	1,193.4	1,195.7	1,203.1	1,211.3	1,244.1	1238.9	1256.9
Wage and salary disbursements	691.7	751.2	761.6	767.7	773.0	767.8	766.6	765.7	763.6	766.0	768.0	772.9	778.1	782.2	793.8
Commodity-producing industries	251.9	270.9	276.5	278.3	279.5	272.3	269.3	266.4	260.7	260.5	261.2	262.2	264.6	266.4	272.5
Manufacturing only	*196.6*	*211.3*	*215.5*	*217.8*	*219.4*	*214.2*	*209.7*	*206.4*	*202.9*	*203.1*	*203.8*	*204.5*	*206.7*	*208.4*	*213.8*
Distributive industries	165.1	178.9	180.7	183.1	183.8	183.9	183.8	183.2	184.0	183.8	184.3	186.1	187.0	187.8	190.5
Service industries	128.2	142.6	144.9	146.4	146.9	147.4	148.3	149.8	151.2	152.6	152.4	153.5	154.6	155.0	157.0
Government	146.6	158.8	159.5	159.9	162.8	164.2	165.2	166.2	167.6	169.2	170.3	171.1	171.9	173.0	173.8
Other labor income	46.0	51.4	52.3	52.9	53.5	54.0	54.5	54.9	55.3	55.7	56.2	56.7	57.2	57.7	58.2
Proprietors' income	96.1	93.0	93.1	93.2	91.7	91.6	91.5	88.7	85.0	80.9	83.6	86.4	88.4	91.6	95.0
Business and professional	57.6	61.2	62.5	62.5	62.5	62.5	62.5	62.7	62.8	62.5	63.0	63.4	63.9	64.1	64.5
Farm	38.5	31.8	30.6	30.7	29.2	29.1	29.0	26.0	22.2	18.4	20.6	23.0	24.5	27.5	30.5
Rental income	26.1	26.5	26.6	26.6	26.7	26.8	26.9	27.0	27.0	27.0	27.1	27.1	27.2	27.2	27.2
Dividends	29.6	32.7	33.2	33.4	33.5	33.6	32.7	33.9	33.8	33.7	33.9	34.0	34.0	34.2	34.5
Personal interest income	90.6	103.8	105.3	106.9	108.0	109.5	111.1	111.9	112.5	113.3	114.8	116.9	119.0	119.8	120.7
Transfer payments	117.8	139.8	143.6	146.0	147.6	149.8	156.1	158.6	165.5	168.3	168.9	169.9	190.2	176.3	178.3
Less: Personal contributions for social insurance	42.8	47.9	48.4	48.6	48.9	48.5	48.4	49.5	49.2	49.3	49.4	49.7	50.0	50.2	50.8
Nonagricultural income	1,008.0	1,109.0	1,126.8	1,137.4	1,145.7	1,145.2	1,151.4	1,154.3	1,160.1	1,166.2	1,171.1	1,179.7	1,207.9	1199.5	1214.4
Agricultural income	47.0	41.5	40.4	40.6	39.3	39.3	39.5	36.8	33.3	29.6	32.1	34.6	36.2	39.4	42.6

NOTE.—Dept. of Commerce estimates. Monthly data are seasonally adjusted totals at annual rates. See also NOTE to table at top of opposite page.

SUMMARY OF FUNDS RAISED IN U.S. CREDIT MARKETS

(Seasonally adjusted annual rates; in billions of dollars)

	Transaction category, or sector	1966	1967	1968	1969	1970	1971	1972	1973	1974	1974 H1	1974 H2	1975 H1	
	Credit market funds raised by nonfinancial sectors													
1	**Total funds raised by nonfinancial sectors**	**67.9**	**82.4**	**96.0**	**91.8**	**98.2**	**147.4**	**169.4**	**187.4**	**180.1**	**187.3**	**172.4**	**188.4**	1
2	***Excluding equities***	**66.9**	**80.0**	**96.0**	**87.9**	**92.4**	**135.9**	**158.9**	**180.1**	**176.2**	**181.9**	**170.0**	**179.6**	2
3	U.S. Government	3.6	13.0	13.4	3.7	12.8	25.5	17.3	9.7	12.0	5.1	18.9	81.4	3
4	Public debt securities	2.3	8.9	10.4	1.3	12.9	26.0	13.9	7.7	12.0	3.9	20.2	82.6	4
5	Agency issues and mortgages	1.3	4.1	3.1	2.4	.1	.5	3.4	2.0	*	1.2	1.3	1.2	5
6	**All other nonfinancial sectors**	**64.3**	**69.4**	**82.6**	**95.5**	**85.4**	**121.9**	**152.1**	**177.7**	**168.1**	**182.2**	**153.4**	**107.0**	6
7	Corporate equities	1.0	2.4	*	3.9	5.8	11.5	10.5	7.2	3.8	5.4	2.3	8.8	7
8	*Debt instruments*	*63.3*	*67.0*	*82.6*	*91.6*	*79.7*	*110.4*	*141.6*	*170.4*	*164.2*	*176.8*	*151.1*	*98.2*	8
	Private domestic													
9	***Nonfinancial sectors***	**62.7**	**65.4**	**79.7**	**91.8**	**82.7**	**117.3**	**147.8**	**170.1**	**152.7**	**162.2**	**142.6**	**100.1**	9
10	Corporate equities	1.3	2.4	.2	3.4	5.7	11.4	10.9	7.4	4.1	5.6	2.6	8.7	10
11	*Debt instruments*	*61.5*	*63.0*	*79.9*	*88.4*	*77.0*	*105.8*	*136.9*	*162.7*	*148.6*	*156.6*	*140.0*	*91.4*	11
12	Debt capital instruments	38.2	44.5	49.5	49.6	56.7	83.2	93.8	96.1	92.9	99.6	86.2	106.9	12
13	State and local obligations	5.6	7.8	9.5	9.9	11.2	17.6	14.4	13.7	17.4	18.3	16.5	17.4	13
14	Corporate bonds	10.2	14.7	12.9	12.0	19.8	18.8	12.2	9.2	19.7	18.1	21.3	38.2	14
15	*Home mortgages*	*11.7*	*11.5*	*15.1*	*15.7*	*12.8*	*26.1*	*39.6*	*43.3*	*31.2*	*35.8*	*27.6*	*34.3*	15
16	*Multifamily residential mortgages*	*3.1*	*3.6*	*3.4*	*4.7*	*5.8*	*8.8*	*10.3*	*8.4*	*7.8*	*7.3*	*8.2*	*6.2*	16
17	*Commercial mortgages*	*5.7*	*4.7*	*6.4*	*5.3*	*5.3*	*10.0*	*14.8*	*17.0*	*11.5*	*15.7*	*7.2*	*5.7*	17
18	*Farm mortgages*	*1.8*	*2.3*	*2.2*	*1.9*	*1.8*	*2.0*	*2.6*	*4.4*	*4.9*	*4.5*	*5.4*	*5.1*	18
19	Other debt instruments	23.3	18.5	30.4	38.8	20.3	22.6	43.0	66.6	55.6	57.0	53.8	15.4	19
20	Consumer credit	6.4	4.5	10.0	10.4	6.0	11.2	19.2	22.9	9.6	12.7	6.1	.6	20
21	Bank loans n.e.c.	10.9	9.8	13.6	15.5	6.7	7.8	18.9	35.8	27.3	32.6	21.9	16.1	21
22	Open-market paper	1.1	1.7	1.8	3.0	3.0	1.2	.5	.4	6.6	5.1	8.2	1.5	22
23	Other	5.0	2.6	5.0	9.9	4.6	4.8	5.5	8.3	12.1	6.6	17.5	2.8	23
24	By borrowing sector:	62.7	65.4	79.7	91.8	82.7	117.3	147.8	170.1	152.7	162.2	142.6	100.1	24
25	State and local governments	6.3	7.9	9.8	10.7	11.3	17.8	14.2	12.3	16.6	16.4	16.7	14.0	25
26	Households	22.7	19.3	30.0	31.7	23.4	39.8	63.1	72.8	44.0	47.5	40.0	37.5	26
27	Farm	3.1	3.6	2.8	3.2	3.2	4.1	4.9	8.6	7.8	7.7	7.9	6.9	27
28	Nonfarm noncorporate	5.4	5.0	5.6	7.4	5.3	8.7	10.4	9.3	7.2	7.1	7.3	3.2	28
29	Corporate	25.3	29.6	31.6	38.9	39.5	46.8	55.3	67.2	77.1	83.5	70.7	38.6	29
30	***Foreign***	**1.5**	**4.0**	**2.8**	**3.7**	**2.7**	**4.6**	**4.3**	**7.5**	**15.4**	**20.0**	**10.9**	**6.9**	30
31	Corporate equities	.3	.1	.2	.5	.1	*	.4	.2	.3	.2	.3	.1	31
32	*Debt instruments*	*1.8*	*4.0*	*2.7*	*3.2*	*2.7*	*4.6*	*4.7*	*7.7*	*15.7*	*20.2*	*11.1*	*6.8*	32
33	Bonds	.7	1.2	1.1	1.0	.9	.9	1.0	1.0	2.2	2.1	2.3	5.0	33
34	Bank loans n.e.c.	.2	.3	.5	.2	.3	1.6	2.9	2.8	4.7	9.6	.2	.5	34
35	Open-market paper	.1	.5	.2	.3	.8	.3	1.0	2.2	7.1	7.0	7.1	.4	35
36	*U.S. Government loans*	1.3	2.6	2.2	2.1	1.3	1.8	1.8	1.7	1.7	1.5	1.8	2.7	36
37	Memo: U.S. Govt. cash balance	.4	1.2	-1.1	.4	2.8	3.2	.3	1.7	4.6	2.0	7.1	3.1	37
	Totals net of changes in U.S. Govt. cash balances													
38	Total funds raised	68.3	81.3	97.1	91.4	95.5	144.2	169.7	189.0	184.7	189.3	179.5	185.3	38
39	By U.S. Government	4.0	11.8	14.6	4.1	10.0	22.3	17.6	11.4	16.6	7.1	26.0	78.2	39
	Credit market funds raised by financial sectors													
1	**Total funds raised by financial sectors**	**11.7**	**2.0**	**18.3**	**33.7**	**12.6**	**16.5**	**28.9**	**52.0**	**38.0**	**40.8**	**35.2**	**4.2**	1
2	Sponsored credit agencies	4.8	.6	3.5	8.8	8.2	3.8	6.2	19.6	22.1	16.8	27.4	8.0	2
3	U.S. Government securities	5.1	.6	3.2	9.1	8.2	3.8	6.2	19.6	21.4	16.8	26.0	6.9	3
4	Loans from U.S. Government	.2	.1	.2	.3	......	......	......	......	.7	......	1.4	1.1	4
5	*Private financial sectors*	6.9	2.6	14.9	24.9	4.3	12.7	22.8	32.4	15.9	24.1	7.8	3.8	5
6	Corporate equities	3.7	3.0	6.4	6.1	4.6	3.3	2.4	.8	1.7	.5	3.0	3.8	6
7	*Debt instruments*	*3.2*	*.4*	*8.5*	*18.8*	*-.3*	*9.3*	*20.3*	*31.6*	*14.2*	*23.6*	*4.8*	*7.6*	7
8	Corporate bonds	.9	1.3	1.1	1.5	3.1	5.1	7.0	2.3	1.4	2.0	.9	2.3	8
9	Mortgages	-.9	1.0	.4	.2	.7	2.1	1.7	1.2	1.3	.1	2.7	1.7	9
10	Bank loans n.e.c.	-1.0	2.0	2.5	2.3	.5	3.0	6.8	13.5	7.5	8.9	6.2	8.8	10
11	Open-market paper and RP's	3.3	1.9	3.6	10.7	5.0	1.8	4.9	9.8	.1	5.8	-6.0	5.3	11
12	Loans from FHLB's	.9	2.5	.9	4.0	1.3	2.7	*	7.2	6.7	6.8	6.5	-8.1	12
13	**Total funds raised, by sector**	**11.7**	**2.0**	**18.3**	**33.7**	**12.6**	**16.5**	**28.9**	**52.0**	**38.0**	**40.8**	**35.2**	**4.2**	13
14	Sponsored credit agencies	4.8	.6	3.5	8.8	8.2	3.8	6.2	19.6	22.1	16.8	27.4	8.0	14
15	Private financial sectors	6.9	2.6	14.9	24.9	4.3	12.7	22.8	32.4	15.9	24.1	7.8	3.8	15
16	Commercial banks	.1	.1	1.2	1.4	3.1	2.5	4.0	4.5	1.9	2.6	6.4	5.8	16
17	Bank affiliates	......	......	......	4.2	1.9	.4	.7	2.2	2.4	4.1	.7	.9	17
18	Foreign banking agencies	.1	*	.1	.2	.1	1.6	.8	5.1	2.9	2.7	3.1	.9	18
19	Savings and loan associations	.1	1.7	1.1	4.1	1.8	.1	2.0	6.0	6.3	8.6	4.0	8.0	19
20	Other insurance companies	.1	.1	.2	.5	.4	.6	.5	.5	.4	.4	.3	.3	20
21	Finance companies	3.1	1.2	5.7	8.3	1.6	4.2	9.3	9.4	3.9	3.6	4.2	3.4	21
22	REITS	......	......	.7	1.3	2.7	3.0	6.1	6.3	1.0	2.8	.9	1.3	22
23	Open-end investment companies	3.7	3.0	5.8	4.8	2.6	1.1	.7	1.6	1.0	.8	2.8	2.9	23
	Total credit market funds raised, all sectors, by type													
1	**Total funds raised**	**79.6**	**84.4**	**114.3**	**125.5**	**110.8**	**163.9**	**198.3**	**239.4**	**218.1**	**228.1**	**207.6**	**192.6**	1
2	Investment company shares	3.7	3.0	5.8	4.8	2.6	1.1	.7	1.6	1.0	.8	2.8	2.9	2
3	Other corporate equities	1.1	2.5	.6	5.2	7.7	13.6	13.6	9.6	4.6	6.7	2.5	9.7	3
4	*Debt instruments*	*74.9*	*79.0*	*107.9*	*115.5*	*100.4*	*149.1*	*185.4*	*231.3*	*212.5*	*222.2*	*202.3*	*179.9*	4
5	U.S. Government securities	8.8	12.5	16.7	5.5	21.1	29.4	23.6	29.4	33.5	21.9	45.1	88.2	5
6	State and local obligations	5.6	7.8	9.5	9.9	11.2	17.6	14.4	13.7	17.4	18.3	16.5	17.4	6
7	Corporate and foreign bonds	11.8	17.2	15.0	14.5	23.8	24.8	20.2	12.5	23.3	22.2	24.5	45.5	7
8	Mortgages	21.3	23.0	27.4	27.8	26.4	48.9	68.8	71.9	54.5	63.4	45.6	52.9	8
9	Consumer credit	6.4	4.5	10.0	10.4	6.0	11.2	19.2	22.9	9.6	12.7	6.1	.6	9
10	Bank loans n.e.c.	9.7	7.5	15.7	17.6	5.8	12.4	28.5	52.1	39.5	51.1	27.9	25.4	10
11	Open-market paper and RP's	4.4	4.0	5.2	14.1	1.2	.9	3.3	11.6	13.6	17.8	9.4	3.3	11
12	Other loans	6.9	2.5	8.3	15.8	7.3	4.0	7.4	17.2	21.1	14.9	27.2	1.5	12

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.

DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

(Seasonally adjusted annual rates; in billions of dollars)

	Transaction category, or sector	1966	1967	1968	1969	1970	1971	1972	1973	1974	1974 H1	1974 H2	1975 H1	
1	**Total funds advanced in credit markets to nonfinancial sectors**	**66.9**	**80.0**	**95.9**	**88.0**	**92.5**	**135.9**	**158.9**	**180.1**	**176.2**	**181.9**	**170.0**	**179.6**	1
	By public agencies and foreign													
2	**Total net advances**	**11.9**	**11.3**	**12.2**	**15.7**	**28.1**	**41.7**	**18.3**	**33.2**	**49.2**	**39.5**	**58.9**	**36.1**	2
3	U.S. Government securities	3.4	6.8	3.4	.7	15.9	33.8	8.4	11.0	8.6	6.9	10.4	27.6	3
4	Residential mortgages	2.8	2.1	2.8	4.6	5.7	5.7	5.2	7.6	13.8	11.7	15.9	16.8	4
5	FHLB advances to S&L's	.9	-2.5	.9	4.0	1.3	2.7	*	7.2	6.7	6.8	6.5	8.1	5
6	Other loans and securities	4.8	4.9	5.1	6.3	5.2	4.9	4.6	7.5	20.1	14.1	26.1	.3	6
	By agency—													
7	U.S. Government	4.9	4.6	4.9	2.9	2.8	3.2	2.6	3.0	7.4	2.4	12.4	12.3	7
8	Sponsored credit agencies	5.1	-.1	3.2	8.9	10.0	3.2	7.0	20.3	24.1	20.5	27.6	10.1	8
9	Monetary authorities	3.5	4.8	3.7	4.2	5.0	8.9	.3	9.2	6.2	6.1	6.2	6.9	9
10	Foreign	-1.6	2.0	.3	-.3	10.3	26.4	8.4	.7	11.6	10.5	12.6	6.8	10
11	Agency borrowing not included in line 1	4.8	-.6	3.5	8.8	8.2	3.8	6.2	19.6	22.1	16.8	27.4	8.0	11
	Private domestic funds advanced													
12	**Total net advances**	**59.8**	**68.1**	**87.2**	**81.1**	**72.6**	**98.1**	**146.7**	**166.5**	**149.1**	**159.2**	**138.5**	**151.5**	12
13	U.S. Government securities	5.4	5.7	13.3	4.8	5.2	-4.4	15.2	18.4	24.9	15.0	34.7	60.6	13
14	State and local obligations	5.6	7.8	9.5	9.9	11.2	17.6	14.4	13.7	17.4	18.3	16.5	17.4	14
15	Corporate and foreign bonds	10.3	16.0	13.8	12.5	20.0	19.5	13.2	10.1	20.6	19.2	21.9	43.1	15
16	Residential mortgages	12.0	13.0	15.5	15.7	12.8	29.1	44.6	44.1	25.6	31.4	19.8	23.6	16
17	Other mortgages and loans	27.4	23.1	35.9	42.2	24.6	33.7	59.5	87.4	67.4	82.1	52.2	1.3	17
18	Less: FHLB advances	.9	-2.5	.9	4.0	1.3	-2.7	*	7.2	6.7	6.8	6.5	8.1	18
	Private financial intermediation													
19	*Credit market funds advanced by private financial institutions*	*45.4*	*63.5*	*75.3*	*55.3*	*74.9*	*110.7*	*153.4*	*158.8*	*131.5*	*155.7*	*106.9*	*115.0*	19
20	Commercial banking	17.5	35.9	38.7	18.2	35.1	50.6	70.5	86.6	64.6	87.5	41.3	17.4	20
21	Savings institutions	7.9	15.0	15.6	14.5	16.9	41.4	49.3	35.1	26.9	35.4	18.3	61.6	21
22	Insurance and pension funds	15.5	12.9	14.0	12.7	17.3	13.3	17.7	22.1	34.3	29.1	39.4	34.8	22
23	Other finance	4.5	-.3	7.0	9.9	5.7	5.3	15.8	15.0	5.7	3.7	7.9	1.1	23
24	*Sources of funds*	*45.4*	*63.5*	*75.3*	*55.3*	*74.9*	*110.7*	*153.4*	*158.8*	*131.5*	*155.7*	*106.9*	*115.0*	24
25	Private domestic deposits	22.5	50.0	45.9	2.6	63.2	90.3	97.5	84.9	72.5	93.7	51.1	98.6	25
26	Credit market borrowing	3.2	.4	8.5	18.8	.3	9.3	20.3	31.6	14.2	23.6	4.8	7.6	26
27	Other sources	19.8	13.9	21.0	34.0	12.0	11.0	35.5	42.4	44.8	38.4	50.9	24.0	27
28	Foreign funds	3.7	2.3	2.6	9.3	-8.5	-3.2	5.2	6.5	13.6	10.7	16.4	5.4	28
29	Treasury balances	-.5	.2	-.2	*	2.9	2.2	.7	1.0	5.1	2.1	8.1	1.9	29
30	Insurance and pension reserves	13.6	12.0	11.4	10.8	13.1	9.1	13.1	16.7	27.9	22.7	33.2	26.5	30
31	Other, net	3.0	.6	7.2	13.8	4.4	2.9	16.5	20.2	8.4	7.1	9.4	4.7	31
	Private domestic nonfinancial investors													
32	Direct lending in credit markets	17.6	4.2	20.4	44.5	-2.6	-3.2	13.7	39.3	31.8	27.0	36.4	28.9	32
33	U.S. Government securities	8.4	-1.4	8.1	17.0	9.0	-14.0	1.6	18.8	18.1	13.7	22.6	5.0	33
34	State and local obligations	2.6	-2.5	.2	8.7	1.2	.6	2.1	4.4	10.8	8.3	13.3	13.5	34
35	Corporate and foreign bonds	2.0	4.6	4.7	6.6	10.7	9.3	5.2	1.1	1.7	1.4	1.9	14.9	35
36	Commercial paper	2.3	1.9	5.8	10.2	-4.4	.6	4.0	11.3	1.6	4.3	1.0	2.7	36
37	Other	2.3	1.7	2.1	2.0	1.4	1.5	.8	3.8	2.9	2.2	3.5	2.8	37
38	Deposits and currency	24.4	52.1	48.3	5.4	66.6	93.7	101.9	88.8	78.8	102.3	55.2	105.9	38
39	Time and savings accounts	20.3	39.3	33.9	-2.3	56.1	81.0	85.2	76.3	71.9	89.0	54.8	87.7	39
40	Large negotiable CD's	-.2	4.3	3.5	-13.7	15.0	7.7	8.7	18.5	23.6	30.0	17.2	22.0	40
41	Other at commercial banks	13.3	18.3	17.5	3.4	24.2	32.9	30.6	29.5	26.6	32.4	20.7	39.3	41
42	*At savings institutions*	7.3	16.7	12.9	8.0	16.9	40.4	45.9	28.2	21.8	26.6	16.9	70.4	42
43	Money	4.1	12.8	14.5	7.7	10.5	12.7	16.7	12.6	6.8	13.3	.4	18.1	43
44	Demand deposits	2.1	10.6	12.1	4.8	7.1	9.3	12.3	8.6	.5	4.8	3.7	10.9	44
45	Currency	2.0	2.1	2.4	2.8	3.5	3.4	4.4	3.9	6.3	8.5	4.1	7.3	45
46	**Total of credit market instr., deposits, and currency**	**42.0**	**56.3**	**68.7**	**49.9**	**64.1**	**90.5**	**115.7**	**128.1**	**110.5**	**129.3**	**91.6**	**134.8**	46
47	Public support rate (in per cent)	17.9	14.1	12.7	17.8	30.4	30.7	11.5	18.4	27.9	21.7	34.6	20.1	47
48	Private financial intermediation (in per cent)	75.9	93.2	86.4	68.3	103.1	112.8	104.5	95.4	88.2	97.8	77.2	75.9	48
49	Total foreign funds	2.1	4.3	2.9	9.1	1.8	23.2	13.6	7.2	25.1	21.2	29.0	1.4	49

Corporate equities not included above

	Transaction category, or sector	1966	1967	1968	1969	1970	1971	1972	1973	1974	1974 H1	1974 H2	1975 H1	
1	**Total net issues**	**4.8**	5.5	6.4	**10.0**	**10.4**	**14.8**	**12.9**	**8.0**	5.6	5.9	5.3	**12.7**	1
2	Mutual fund shares	3.7	3.0	5.8	4.8	2.6	1.1	-.7	-1.6	1.0	.8	2.8	2.9	2
3	Other equities	1.1	2.5	.6	5.2	7.7	13.6	13.6	9.6	4.6	6.7	2.5	9.7	3
4	Acquisitions by financial institutions	6.0	9.1	10.8	12.2	11.4	19.3	16.0	13.4	6.1	8.5	3.6	11.1	4
5	Other net purchases	-1.2	-3.6	4.4	2.2	1.0	4.5	3.1	-5.4	-.5	2.7	1.7	1.6	5

Notes

Line

1. Line 2 of p. A-56.
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. Included below in lines 13 and 33. Includes all GNMA-guaranteed security issues backed by mortgage pools.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Lines 39 + 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.
29. Demand deposits at commercial banks.
30. Excludes net investment of these reserves in corporate equities.
31. Mainly retained earnings and net miscellaneous liabilities.
32. *Line 12 less line 19 plus line 26.*
33-37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.
39+44. See line 25.
45. Mainly an offset to line 9.
46. Lines 32 plus 38 or line 12 less line 27 plus line 45.
47. Line 2/line 1.
48. Line 19/line 12.
49. Lines 10 plus 28.

Corporate equities

Line 1 and 3. Includes issues by financial institutions.

1. U.S. BALANCE OF PAYMENTS SUMMARY

(In millions of dollars. Quarterly figures are seasonally adjusted *unless shown in italics*.)

Line	Credits (+), debits (−)	1972	1973	1974 r	1974 II r	1974 III r	1974 IV r	1975 I	1975 II p
1	Merchandise trade balance [1]	6,409	955	5,277	1,459	2,315	1,380	1,830	3,345
2	Exports	49,388	71,379	98,309	24,218	25,034	26,593	27,188	25,694
3	Imports	- 55,797	70,424	103,568	25,677	27,349	27,973	25,358	22,349
4	*Military transactions, net*	- 3,621	- 2,317	2,158	646	513	- 498	349	412
5	Travel and transportation, net	3,024	2,862	2,692	717	721	741	572	419
6	Investment income, net [2]	4,321	5,179	10,121	1,964	2,354	2,559	1,176	1,629
7	*U.S. direct investments abroad* [2]	6,416	8,841	17,679	4,399	4,700	4,080	2,156	2,375
8	Other U.S. investments abroad	3,746	5,157	8,389	2,048	2,354	2,358	2,148	2,070
9	Foreign investments in the United States [2]	- 5,841	- 8,819	15,946	4,483	4,700	3,879	3,128	2,816
10	Other services, net [2]	2,803	3,222	3,830	936	960	1,049	1,093	1,116
11	**Balance on goods and services** [3]	**− 5,930**	**4,177**	**3,825**	**78**	**235**	**989**	**3,178**	**5,259**
	Not seasonally adjusted	....	....	....	*73*	*2,871*	*2,345*	*4,239*	*5,467*
12	Remittances, pensions, and other transfers	1,606	1,903	1,721	457	457	439	448	475
13	***Balance on goods, services, and remittances***	**- 7,537**	**2,274**	**2,104**	**379**	**692**	**550**	**2,730**	**4,784**
	Not seasonally adjusted	....	....	....	*394*	*3,340*	*1,904*	*3,812*	*4,982*
14	U.S. Government grants (excluding military)	− 2,173	1,938	[4] 5,461	1,408	808	649	727	723
15	**Balance on current account**	**9,710**	**335**	[4] **3,357**	**1,787**	**1,500**	**99**	**2,003**	**4,061**
	Not seasonally adjusted	....	....	....	*1,868*	*4,104*	*1,289*	*3,075*	*4,191*
16	U.S. Government capital flows excluding nonscheduled repayments, net [5]	1,706	2,933	4408	273	195	985	1,015	838
17	Nonscheduled repayments of U.S. Government assets	137	289	1	*	*	*	....	....
18	U.S. Government nonliquid liabilities to other than foreign official reserve agencies	234	1,154	710	211	278	125	541	473
19	Long-term private capital flows, net	69	177	8,447	999	2,157	5,554	2,202	2,085
20	U.S. direct investments abroad	- 3,530	4,968	7,455	1,572	1,828	3,310	1,041	- 2,001
21	*Foreign direct investments in the United States*	380	2,656	2,224	1,700	1	653	340	623
22	Foreign securities	618	759	1,990	313	304	726	2,021	1,001
23	U.S. securities other than Treasury issues	4,507	4,055	672	440	204	663	650	678
24	Other, reported by U.S. banks	- 1,158	706	1,150	906	48	269	437	488
27	Other, reported by U.S. nonbanking concerns	351	- 101	748	348	276	67	307	104
26	**Balance on current account and long-term capital** [5]	**11,113**	**977**	**10,686**	**2,302**	**3,574**	**6,513**	**673**	**1,611**
	Not seasonally adjusted	....	....	....	*2,441*	*- 6,097*	*4,600*	*137*	*1,670*
27	Nonliquid short-term private capital flows, net	1,542	- 4,238	12,949	5,248	1,462	2,331	1,911	1,036
28	Claims reported by U.S. banks	- 1,457	3,886	12,186	5,319	- 1,618	2,432	1,715	958
29	Claims reported by U.S. nonbanking concerns	- 306	1,183	2,603	682	276	- 137	250	188
30	Liabilities reported by U.S. nonbanking concerns	221	831	1,840	753	432	238	54	110
31	Allocations of Special Drawing Rights (SDR's)	710	....	....	....	....	....	....	....
32	Errors and omissions, net	- 1,884	- 2,436	4,593	1,332	1,126	1,127	1,870	451
33	**Net liquidity balance**	**− 13,829**	**7,651**	**19,043**	**- 6,218**	**- 3,910**	**7,717**	**3,108**	**1,026**
	Not seasonally adjusted	....	....	....	*6,654*	*5,551*	*6,594*	*4,253*	*869*
34	Liquid private capital flows, net	3,475	2,343	10,669	2,020	4,028	2,870	- 6,375	2,642
35	Liquid claims	1,247	1,951	6,113	- 1,297	228	1,968	- 4,755	2,364
36	Reported by U.S. banks	742	- 1,161	5,980	1,306	732	1,599	- 5,073	- 2,466
37	Reported by U.S. nonbanking concerns	- 505	- 790	133	9	504	369	318	102
38	Liquid liabilities	4,722	4,294	16,782	3,317	4,256	4,838	- 1,620	278
39	Foreign commercial banks	3,717	3,028	12,636	2,413	3,150	2,773	2,684	286
40	International and regional organizations	103	377	1,295	298	219	1,308	862	668
41	Other foreigners	902	889	2,851	606	887	757	202	104
42	**Official reserve transactions balance, financed by changes in**	**- 10,354**	**- 5,308**	**8,374**	**4,198**	**118**	**4,847**	**- 3,267**	**1,616**
	Not seasonally adjusted	....	....	....	*4,048*	*1,683*	*4,049*	*2,220*	*1,203*
43	Liquid liabilities to foreign official agencies	9,734	4,456	8,481	3,930	751	3,864	2,758	1,347
44	Other readily marketable liabilities to foreign official agencies [6]	399	1,118	672	183	135	631	841	321
45	Nonliquid liabilities to foreign official reserve agencies reported by U.S. Govt.	189	475	655	443	- 1	215	6	1
46	U.S. official reserve assets, net	32	209	- 1,434	- 358	1,003	137	326	51
47	Gold	547	....	....	....	....	....	....	....
48	SDR's	703	9	- 172	29	123	20	5	38
49	Convertible currencies	35	233	3	85	152	241	14	6
50	Gold tranche position in IMF	153	- 33	1,265	244	728	84	- 307	7
	Memoranda:								
51	Transfers under military grant programs (excluded from lines 2, 4, and 14)	4,492	2,809	1,811	564	352	490	787	1,243
52	Reinvested earnings of foreign incorporated affiliates of U.S. firms (excluded from lines 7 and 20)	4,521	8,124	....	....	....	....	....	....
53	Reinvested earnings of U.S. incorporated affiliates of foreign firms (excluded from lines 9 and 21)	548	945	....	....	....	....	....	....
	Balances excluding allocations of SDR's:								
54	*Net liquidity, not seasonally adjusted*	*- 14,539*	*7,651*	*19,043*	*6,654*	*5,551*	*6,594*	*4,253*	*869*
55	*Official reserve transactions, N.S.A.*	*11,064*	*5,308*	*8,374*	*4,048*	*1,683*	*4,049*	*- 2,220*	*- 1,203*

For notes see opposite page.

2. MERCHANDISE EXPORTS AND IMPORTS

(Seasonally adjusted; in millions of dollars)

	Exports [1]				Imports [2]				Trade balance			
	1972	1973	1974	1975	1972	1973	1974[3]	1975	1972	1973	1974[3]	1975
Month:												
Jan.	4,074	4,955	7,150	9,412	4,436	5,244	6,498	9,622	361	289	+652	211
Feb.	3,824	5,070	7,549	8,789	4,473	5,483	7,318	7,872	649	413	+231	+917
Mar.	3,869	5,311	7,625	8,716	4,515	5,414	7,742	7,336	647	103	117	+1,380
Apr.	3,820	5,494	8,108	8,570	4,417	5,360	8,025	8,013	596	+133	+83	+557
May	3,882	5,561	7,652	8,145	4,486	5,703	8,265	7,093	604	142	612	+1,052
June	3,971	5,728	8,317	8,692	4,468	5,775	8,577	6,954	497	47	260	+1,737
July	4,074	5,865	8,307	8,885	4,565	5,829	8,922	7,908	491	+37	615	+977
Aug.	4,191	6,042	8,379	8,996	4,726	6,011	9,267	7,961	535	+32	888	+1,035
Sept.	4,176	6,420	8,399	....	4,612	5,644	8,696	....	436	+776	297	....
Oct.	4,312	6,585	8,673	....	4,738	5,996	8,773	....	426	+589	100	....
Nov.	4,468	6,879	8,973	....	5,148	6,684	8,973	....	−680	+195	....	....
Dec.	4,553	6,949	8,862	....	5,002	6,291	9,257	....	449	+658	395	....
Quarter:												
I	11,767	15,336	22,325	26,917	13,424	16,140	21,558	24,830	1,657	804	+767	+2,087
II	11,673	16,783	24,077	25,406	13,370	16,839	24,867	22,060	1,697	56	790	+3,346
III	12,442	18,327	25,085	....	13,903	17,483	26,885	....	1,461	+844	1,800	....
IV	13,333	20,413	26,508	....	14,888	18,972	27,003	....	1,555	+1,441	−495	....
Year[4]	49,199	70,823	97,908	....	55,583	69,476	100,251	....	6,384	+1,347	2,343	....

1 Exports of domestic and foreign merchandise (f.a.s. value basis); excludes Department of Defense shipments under military grant-aid programs.
2 General imports, which includes imports for immediate consumption plus entries into bonded warehouses. See also note 3.
3 Beginning with 1974 data, imports are reported on an f.a.s. transactions value basis; prior data are reported on a Customs import value basis. For calender year 1974, the f.a.s. import transactions value was $100.3 billion, about 0.7 per cent less than the corresponding Customs import value of $101.0 billion.
4 Sum of unadjusted figures.

NOTE. Bureau of the Census data. Details may not add to totals because of rounding.

3. U.S. RESERVE ASSETS

(In millions of dollars)

End of year	Total	Gold stock[1] Total[2]	Gold stock Treasury	Convertible foreign currencies	Reserve position in IMF	SDR's[3]
1961	18,753	16,947	16,889	116	1,690	....
1962	17,220	16,057	15,978	99	1,064	....
1963	16,843	15,596	15,513	212	1,035	....
1964	16,672	15,471	15,388	432	769	....
1965	15,450	13,806	13,733	781	863	....
1966	14,882	13,235	13,159	1,321	326	....
1967	14,830	12,065	11,982	2,345	420	....
1968	15,710	10,892	10,367	3,528	1,290	....
1969	[4]16,964	11,859	10,367	[4]2,781	2,324	....
1970	14,487	11,072	10,732	629	1,935	851
1971	[5]12,167	10,206	10,132	[5]276	585	1,100
1972[6]	13,151	10,487	10,410	241	465	1,958
1973[7]	14,378	11,652	11,567	8	552	2,166
1974	15,883	11,652	11,652	5	1,852	2,374

End of month	Total	Gold stock Total[2]	Gold stock Treasury	Convertible foreign currencies	Reserve position in IMF	SDR's[3]
1974						
Sept.	15,893	11,652	11,567	246	1,713	2,282
Oct.	15,890	11,652	11,567	193	1,739	2,306
Nov.	15,840	11,652	11,567	43	1,816	2,329
Dec.	15,883	11,652	11,652	5	1,852	2,374
1975						
Jan.	15,948	11,635	11,635	2	1,908	2,403
Feb.	16,132	11,621	11,621	2	2,065	2,444
Mar.	16,256	11,620	11,620	19	2,194	2,423
Apr.	16,183	11,620	11,620	2	2,168	2,393
May	16,280	11,620	11,620	4	2,218	2,438
June	16,242	11,620	11,620	25	2,179	2,418
July	16,084	11,618	11,618	2	2,135	2,329
Aug.	16,115	11,599	11,599	26	2,169	2,321
Sept.	[8]16,291	11,599	11,599	247	[8]2,144	[8]2,301

1 Includes (a) gold sold to the United States by the IMF with the right of repurchase, and (b) gold deposited by the IMF to mitigate the impact on the U.S. gold stock of foreign purchases for the purpose of making gold subscriptions to the IMF under quota increases. For corresponding liabilities, see Table 5.
2 Includes gold in Exchange Stabilization Fund.
3 Includes allocations by the IMF of Special Drawing Rights as follows: $867 million on Jan. 1, 1970; $717 million on Jan. 1, 1971; and $710 million on Jan. 1, 1972; plus net transactions in SDR's.
4 Includes gain of $67 million resulting from revaluation of the German mark in Oct. 1969, of which $13 million represents gain on mark holdings at time of revaluation.
5 *Includes $28 million increase in dollar value of foreign currencies revalued to reflect market exchange rates as of Dec. 31, 1971.*
6 Total reserve assets include an increase of $1,016 million resulting from change in par value of the U.S. dollar on May 8, 1972; of which, total gold stock is $828 million (Treasury gold stock $822 million), reserve position in IMF $33 million, and SDR's $155 million.
7 Total reserve assets include an increase of $1,436 million resulting from change in par value of the U.S. dollar on Oct. 18, 1973; of which, total gold stock is $1,165 million (Treas. gold stock $1,157 million) reserve position in IMF $54 million, and SDR's $217 million.
8 Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF are also valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR 1 = $1.20635) SDR holdings at end of Sept. amounted to $2,406 million reserve position in IMF, $2,226 *million, and total U.S. reserve assets, $16,478.*

NOTE.—See Table 20 for gold held under earmark at F.R. Banks for foreign and international accounts. Gold under earmark is not included in the gold stock of the United States.

NOTES TO TABLE 1 ON OPPOSITE PAGE:

1 Adjusted to balance of payments basis; excludes exports under U.S. military agency sales contracts, and imports of U.S. military agencies.
2 Fees and royalities from U.S. direct investments abroad or from foreign direct investments in the United States are excluded from investment income and included in "Other services."
3 Includes special military shipments to Israel that are excluded from the "net exports of goods and services" in the national income and products (GNP) accounts of the United States.
4 Includes under U.S. Government grants $2 billion equivalent, representing the refinancing of economic assistance loans to India; a corresponding reduction of credits is shown in line 16.
5 Includes some short-term U.S. Govt. assets.
6 Includes changes in long-term liabilities reported by banks in the United States and in investments by foreign official agencies in debt securities of U.S. Federally-sponsored agencies and U.S. corporations.

NOTE.—Data are from U.S. Department of Commerce, Bureau of Economic Analysis. Details may not add to totals because of rounding.

4. GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS

(In millions of dollars; valued at $35 per fine ounce through Apr. 1972, at $38 from May 1972–Sept. 1973, and at $42.22 thereafter)

End of period	Estimated total world[1]	Intl. Monetary Fund	United States	Estimated rest of world	Algeria	Argentina	Australia	Austria	Belgium	Canada	China, Rep. of (Taiwan)	Denmark	Egypt
1970	41,275	4,339	11,072	25,865	191	140	239	714	1,470	791	82	64	85
1971	41,160	4,732	10,206	26,220	192	90	259	729	1,544	792	80	64	85
1972	44,890	5,830	10,487	28,575	208	152	281	792	1,638	834	87	69	92
1973	49,850	6,478	11,652	31,720	231	169	311	881	1,781	927	97	77	103
1974—Aug.	....	6,478	11,652	....	231	169	312	882	1,781	927	97	76	103
Sept.	49,830	6,478	11,652	31,700	231	169	312	882	1,781	927	97	76	103
Oct.	....	6,478	11,652	....	231	169	312	882	1,781	927	97	76	103
Nov.	....	6,478	11,652	....	231	169	312	882	1,781	927	97	76	103
Dec.	49,790	6,478	11,652	31,660	231	169	312	882	1,781	927	97	76	103
1975—Jan.	....	6,478	11,635	....	231	169	312	882	1,781	927	97	76	103
Feb.	....	6,478	11,621	....	231	169	312	882	1,781	927	97	76	103
Mar.	49,760	6,478	11,620	31,660	231	169	312	882	1,781	927	97	76	103
Apr.	....	6,478	11,620	....	231	169	312	882	1,781	927	97	76	103
May	....	6,478	11,620	....	231	169	312	882	1,781	927	97	76	....
June	p49,760	6,478	11,620	p31,660	231	169	312	882	1,781	927	97	76	....
July	....	6,478	11,618	....	231	....	312	882	1,781	927	97	76	....
Aug.p	....	6,478	11,599	....	231	....	312	882	1,781	927	97	76	....

End of period	France	Germany, Fed. Rep. of	Greece	India	Iran	Iraq	Italy	Japan	Kuwait	Lebanon	Libya	Mexico	Netherlands
1970	3,532	3,980	117	243	131	144	2,887	532	86	288	85	176	1,787
1971	3,523	4,077	98	243	131	144	2,884	679	87	322	85	184	1,909
1972	3,826	4,459	133	264	142	156	3,130	801	94	350	93	188	2,059
1973	4,261	4,966	148	293	159	173	3,483	891	120	388	103	196	2,294
1974—Aug.	4,262	4,966	150	293	158	173	3,483	891	130	389	107	154	2,294
Sept.	4,262	4,966	150	293	158	173	3,483	891	130	389	103	154	2,294
Oct.	4,262	4,966	150	293	158	173	3,483	891	138	389	103	154	2,294
Nov.	4,262	4,966	150	293	158	173	3,483	891	138	389	103	154	2,294
Dec.	4,262	4,966	150	293	158	173	3,483	891	148	389	103	154	2,294
1975—Jan.	4,262	4,966	150	293	158	173	3,483	891	140	389	103	154	2,294
Feb.	4,262	4,966	150	293	158	173	3,483	891	140	389	103	154	2,294
Mar.	4,262	4,966	150	293	158	173	3,483	891	154	389	103	154	2,294
Apr.	4,262	4,966	150	293	158	173	3,483	891	154	389	103	154	2,294
May	4,262	4,966	150	293	158	173	3,483	891	175	389	103	154	2,294
June	4,262	4,966	150	293	158	173	3,483	891	154	389	103	....	2,294
July	4,262	4,966	150	293	158	173	3,483	891	154	389	103	....	2,294
Aug.p	4,262	4,966	150	....	158	....	3,483	891	154	389	103	....	2,294

End of period	Pakistan	Portugal	Saudi Arabia	South Africa	Spain	Sweden	Switzerland	Thailand	Turkey	United Kingdom	Uruguay	Venezuela	Bank for Intl. Settlements[2]
1970	54	902	119	666	498	200	2,732	92	126	1,349	162	384	−282
1971	55	921	108	410	498	200	2,909	82	130	775	148	391	310
1972	60	1,021	117	681	541	217	3,158	89	136	800	133	425	218
1973	67	1,163	129	802	602	244	3,513	99	151	886	148	472	235
1974—Aug.	67	1,180	129	778	602	244	3,513	99	151	886	148	472	255
Sept.	67	1,180	129	778	602	244	3,513	99	151	886	148	472	259
Oct.	67	1,180	129	786	602	244	3,513	99	151	886	148	472	271
Nov.	67	1,180	129	774	602	244	3,513	99	151	886	148	472	251
Dec.	67	1,180	129	771	602	244	3,513	99	151	886	148	472	250
1975—Jan.	67	1,175	129	764	602	244	3,513	99	151	886	148	472	265
Feb.	67	1,175	129	759	602	244	3,513	99	151	886	148	472	272
Mar.	67	1,175	129	755	602	244	3,513	99	151	886	148	472	259
Apr.	67	1,175	129	747	602	244	3,513	99	151	....	148	472	260
May	67	1,175	129	742	602	244	3,513	99	151	....	148	472	239
June	67	1,175	129	734	602	244	3,513	99	151	....	148	472	262
July	67	1,175	129	742	602	244	3,513	99	151	....	....	472	264
Aug.p	67	1,175	129	744	....	244	3,513	99	....	....	....	472	264

[1] *Includes reported or estimated gold holdings of international and* regional organizations, central banks and govts. of countries listed in this table, and also of a number not shown separately here, and gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold; excludes holdings of the U.S.S.R., other Eastern European countries, and People's Republic of China.

The figures included for the Bank for International Settlements are the Bank's gold assets net of gold deposit liabilities. This procedure avoids the overstatement of total world gold reserves since most of the gold deposited with the BIS is included in the gold reserves of individual countries.

[2] Net gold assets of BIS, i.e., gold in bars and coins and other gold assets minus gold deposit liabilities.

5. U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS, AND LIQUID LIABILITIES TO ALL OTHER FOREIGNERS

(In millions of dollars)

End of period	Total	Liquid liabilities to IMF arising from gold transactions[1]	Liabilities to foreign countries: Official institutions[2]: Total	Official institutions: Short-term liabilities reported by banks in U.S.	Official institutions: Marketable U.S. Treas. bonds and notes[3]	Official institutions: Nonmarketable U.S. Treas. bonds and notes[4]	Official institutions: Other readily marketable liabilities[5]	Liquid liabilities to commercial banks abroad[6]	Liquid liabilities to other foreigners: Total	Liquid liabilities to other foreigners: Short-term liabilities reported by banks in U.S.	Liquid liabilities to other foreigners: Marketable U.S. Treas. bonds and notes[3,7]	Liquid liabilities to nonmonetary intl. and regional organizations[8]
1963	26,394	800	14,425	12,467	1,183	766	9	5,817	3,387	3,046	341	1,965
1964[9]	29,313	800	15,790	13,224	1,125	1,283	158	7,271	3,730	3,354	376	1,722
	29,364	800	15,786	13,220	1,125	1,283	158	7,303	3,753	3,377	376	1,722
1965 r	29,568	834	15,825	13,066	1,105	1,534	120	7,419	4,059	3,587	472	1,431
1966[9] r	31,144	1,011	14,840	12,484	860	583	913	10,116	4,271	3,743	528	906
	31,019	1,011	14,895	12,539	860	583	913	9,936	4,272	3,744	528	905
1967[9]	35,819	1,033	18,201	14,034	908	1,452	1,807	11,209	4,685	4,127	558	691
	35,667	1,033	18,194	14,027	908	1,452	1,807	11,085	4,678	4,120	558	677
1968[9]	38,687	1,030	17,407	11,318	529	3,219	2,341	14,472	5,053	4,444	609	725
	38,473	1,030	17,340	11,318	462	3,219	2,341	14,472	4,909	4,444	465	722
1969[9]	[10]45,755	1,109	[10]15,975	11,054	346	[10]3,070	1,505	23,638	4,464	3,939	525	659
	45,914	1,019	15,998	11,077	346	3,070	1,505	23,645	4,589	4,064	525	663
1970 Dec.	47,009	566	23,786	19,333	306	3,452	695	17,137	4,676	4,029	647	844
	46,960	566	23,775	19,333	295	3,452	695	17,169	4,604	4,039	565	846
1971 Dec.[11]	67,681	544	51,209	39,679	1,955	9,431	144	10,262	4,138	3,691	447	1,528
	67,808	544	50,651	39,018	1,955	9,534	144	10,949	4,141	3,694	447	1,523
1972 Dec.	82,862	....	61,526	40,000	5,236	15,747	543	14,666	5,043	4,618	425	1,627
1973 Dec.	92,456	....	66,827	43,923	5,701	15,530	1,673	17,694	5,932	5,502	430	2,003
1974 - Aug.	110,080	....	71,083	48,481	4,940	15,985	1,677	29,384	7,495	7,129	366	2,178
Sept.	110,810	....	72,730	50,149	4,880	15,985	1,716	28,056	8,010	7,617	393	2,014
Oct.	112,137	....	73,836	50,921	4,880	16,196	1,839	28,095	8,058	7,627	439	2,148
Nov.	115,698	....	75,200	51,860	4,906	16,196	2,238	29,782	8,336	7,855	481	2,503
Dec.	119,097	....	76,658	53,057	5,059	16,196	2,346	30,314	8,803	8,305	498	3,322
1975 - Jan.	118,189	....	75,960	51,832	5,177	16,324	2,627	29,414	8,629	8,121	508	4,186
Feb.	119,584	....	78,689	54,310	5,279	16,324	2,776	27,629	9,015	8,405	610	4,251
Mar.	120,170	....	79,210	53,696	6,003	16,324	3,187	27,773	9,004	8,368	636	4,183
Apr.	121,163	....	79,081	53,521	5,941	16,365	3,254	29,194	8,809	8,154	655	4,079
May	121,627	....	79,751	52,351	6,064	17,925	3,411	28,588	9,049	8,426	623	4,239
June	121,705	....	80,468	51,814	6,119	19,027	3,508	28,615	9,109	8,455	654	3,513
July p	122,592	....	79,705	50,308	6,160	19,474	3,763	29,577	9,032	8,322	710	4,278
Aug. p	123,896	....	79,254	49,912	6,276	19,324	3,742	30,732	9,555	8,884	671	4,355

1 Includes (a) liability on gold deposited by the IMF to mitigate the impact on the U.S. gold stock of foreign purchases for gold subscriptions to the IMF under quota increases, and (b) U.S. Treasury obligations at cost value and funds awaiting investment obtained from proceeds of sales of gold by the IMF to the United States to acquire income-earning assets.

2 Includes BIS and European Fund.

3 Derived by applying reported transactions to benchmark data; breakdown of transactions by type of holder estimated for 1963.

4 Excludes notes issued to foreign official nonreserve agencies.

5 Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally-sponsored agencies and U.S. corporations.

6 Includes short-term liabilities payable in dollars to commercial banks abroad and short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.

7 Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad.

8 Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

9 Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on first line are comparable with those shown for the preceding date; figures on second line are comparable with those shown for the following date.

10 Includes $101 million increase in dollar value of foreign currency liabilities resulting from revaluation of the German mark in Oct. 1969.

11 Data on the second line differ from those on first line because certain accounts previously classified as official institutions are included with banks; a number of reporting banks are included in the series for the first time; and U.S. Treasury securities payable in foreign currencies issued to official institutions of foreign countries have been increased in value to reflect market exchange rates as of Dec. 31, 1971.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks and brokers in the United States. Data correspond generally to statistics following in this section, except for the exclusion of nonmarketable, nonconvertible U.S. Treasury notes issued to foreign official nonreserve agencies, the inclusion of investments by foreign official reserve agencies in debt securities of U.S. Federally-sponsored agencies and U.S. corporations, and minor rounding differences. Table excludes IMF holdings of dollars, and holdings of U.S. Treasury letters of credit and nonnegotiable, non-interest-bearing special U.S. notes held by other international and regional organizations.

6. U.S. LIABILITIES TO OFFICIAL INSTITUTIONS OF FOREIGN COUNTRIES, BY AREA

(Amounts outstanding; in millions of dollars)

End of period	Total foreign countries	Western Europe[1]	Canada	Latin American republics	Asia	Africa	Other countries[2]
1971	50,651	30,134	3,980	1,429	13,823	415	870
1972	61,526	34,197	4,279	1,733	17,577	777	2,963
1973	66,827	45,730	3,853	2,544	10,887	788	3,025
1974—Aug.	71,083	42,347	3,953	4,157	15,554	2,272	2,800
Sept.	72,730	42,662	3,819	4,445	16,299	2,850	2,655
Oct.	73,836	43,019	3,805	4,046	17,329	2,947	2,690
Nov.	75,200	43,193	3,705	3,768	18,673	3,204	2,657
Dec.	76,658	44,185	3,662	4,419	18,604	3,161	2,627
1975—Jan.	75,960	43,331	3,621	3,659	19,555	3,232	2,562
Feb.	78,689	44,770	3,616	4,223	20,274	3,356	2,450
Mar.	79,210	45,776	3,546	4,390	19,441	3,433	2,624
Apr.	79,081	45,059	3,251	4,506	20,062	3,493	2,710
May	79,751	45,262	3,101	4,600	20,423	3,448	2,917
June	80,468	45,211	3,008	4,723	20,457	3,800	3,269
July[p]	79,705	44,241	2,966	4,748	21,299	3,319	3,132
Aug.[p]	79,254	44,063	2,929	4,924	29,972	3,392	2,974

[1] Includes Bank for International Settlements and European Fund.
[2] Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

NOTE.—Data represent short- and long-term liabilities to the official institutions of foreign countries, as reported by banks in the United States; foreign official holdings of marketable and nonmarketable U.S. Treasury securities with an original maturity of more than 1 year, except for nonmarketable notes issued to foreign official nonreserve agencies; and investments by foreign official reserve agencies in debt securities of U.S. Federally-sponsored agencies and U.S. corporations.

7. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE

(Amounts outstanding; in millions of dollars)

End of period	To all foreigners							IMF gold investment[5]	To nonmonetary international and regional organizations[6]				
	Total[1]	Payable in dollars					Payable in foreign currencies		Total	Deposits		U.S. Treasury bills and certificates	Other short-term liab.[7]
		Total	Deposits: Demand	Deposits: Time[2]	U.S. Treasury bills and certificates[3]	Other short-term liab.[4]				Demand	Time[2]		
1971	55,428	55,036	6,459	4,217	33,025	11,335	392	400	1,367	73	192	210	892
1972	60,696	60,200	8,290	5,603	31,850	14,457	496	....	1,412	86	202	326	799
1973	69,074	68,477	11,310	6,882	31,886	18,399	597	....	1,955	101	83	296	1,474
1974—Aug.	86,916	86,170	11,841	9,103	33,179	32,047	746	....	1,921	81	68	146	1,627
Sept.	87,722	87,026	12,769	9,252	33,467	31,539	696	....	1,900	128	69	75	1,629
Oct.	88,642	87,924	11,228	9,822	34,187	32,686	719	....	2,000	125	92	93	1,690
Nov.	91,835	91,091	12,860	9,567	35,212	33,452	744	....	2,339	128	95	285	1,830
Dec.	94,847	94,081	14,068	10,106	35,662	34,246	766	....	3,171	139	111	497	2,424
1975—Jan.	93,285	92,564	12,288	10,155	38,108	32,013	721	....	3,918	123	111	1,234	2,450
Feb.	94,317	93,584	12,139	10,308	40,428	30,708	733	....	3,973	118	102	1,260	2,492
Mar.	93,322	92,640	12,324	10,143	40,094	30,080	682	....	3,485	189	116	777	2,402
Apr.	94,460	93,719	11,699	10,390	40,424	31,206	742	....	3,592	99	126	781	2,585
May	93,204	92,539	11,925	10,374	40,628	29,612	665	....	3,839	115	133	1,994	1,598
June	92,323	91,739	12,595	10,471	38,265	30,408	584	....	3,439	106	133	996	2,205
July[p]	92,316	91,755	12,215	10,376	38,553	30,611	560	....	4,109	146	134	2,518	1,311
Aug.[p]	93,782	93,219	12,215	10,810	38,518	31,677	562	....	4,254	110	148	3,156	839

For notes see opposite page.

7. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE—Continued

(Amounts outstanding; in millions of dollars)

End of period	Total to official, banks and other foreigners: Total	Payable in dollars: Deposits: Demand	Payable in dollars: Deposits: Time[2]	Payable in dollars: U.S. Treasury bills and certificates[3]	Payable in dollars: Other short-term liab.[4]	Payable in foreign currencies	To official institutions[8]: Total	Payable in dollars: Deposits: Demand	Payable in dollars: Deposits: Time[2]	Payable in dollars: U.S. Treasury bills and certificates[3]	Payable in dollars: Other short-term liab.[7]	Payable in foreign currencies
1972	59,284	8,204	5,401	31,523	13,659	496	40,000	1,591	2,880	31,453	3,905	171
1973	67,119	11,209	6,799	31,590	16,925	597	43,923	2,125	3,911	31,511	6,248	127
1974 Aug.	84,994	11,760	9,035	33,033	30,421	746	48,481	2,474	4,429	32,687	8,764	127
Sept.	85,822	12,641	9,183	33,392	29,910	696	50,149	2,825	4,282	32,955	9,960	127
Oct.	86,643	11,104	9,730	34,094	30,996	719	50,921	2,168	4,400	33,634	10,591	127
Nov.	89,497	12,732	9,472	34,927	31,622	744	51,860	2,472	4,058	34,467	10,736	127
Dec.	91,676	13,928	9,995	35,165	31,822	766	53,057	2,951	4,257	34,656	11,066	127
1975 Jan.	89,367	12,165	10,044	36,874	29,563	721	51,832	2,185	4,296	36,531	8,821	....
Feb.	90,344	12,021	10,206	39,169	28,216	733	54,310	2,058	4,306	38,840	9,106	....
Mar.	89,837	12,135	10,027	39,316	27,677	682	53,696	2,323	4,303	39,015	8,054	....
Apr.	90,869	11,600	10,264	39,643	28,620	742	53,521	2,147	4,193	39,316	7,864	....
May	89,365	11,811	10,241	38,634	28,015	665	52,351	2,175	4,331	38,372	7,473	....
June	88,884	12,490	10,338	37,269	28,203	584	51,814	2,564	4,256	36,994	8,000	....
July p	88,207	12,070	10,242	36,035	29,300	560	50,308	2,492	4,098	35,803	7,915	....
Aug. p	89,528	12,104	10,662	35,362	30,837	562	49,912	2,493	4,239	35,055	8,125	....

End of period	Total	To banks[9]: Payable in dollars: Total	Deposits: Demand	Deposits: Time[2]	U.S. Treasury bills and certificates	Other short-term liab.[4]	To other foreigners: Payable in dollars: Total	Deposits: Demand	Deposits: Time[2]	U.S. Treasury bills and certificates	Other short-term liab.[7]	To banks and other foreigners: Payable in foreign currencies
1972	19,284	14,340	4,658	405	5	9,272	4,618	1,955	2,116	65	481	325
1973	23,196	17,224	6,941	529	11	9,743	5,502	2,143	2,359	68	933	469
1974 Aug.	36,513	28,766	6,890	1,456	200	20,220	7,129	2,396	3,150	145	1,437	618
Sept.	35,673	27,488	7,096	1,637	258	18,497	7,617	2,721	3,264	179	1,454	568
Oct.	35,722	27,504	6,361	1,908	268	18,967	7,626	2,574	3,422	193	1,438	591
Nov.	37,637	29,166	7,622	1,807	253	19,484	7,855	2,638	3,608	207	1,402	617
Dec.	38,619	29,676	8,248	1,942	232	19,254	8,304	2,729	3,796	277	1,502	639
1975 Jan.	37,534	28,693	7,355	1,989	158	19,192	8,121	2,625	3,760	186	1,550	721
Feb.	36,035	26,896	7,142	2,039	129	17,586	8,405	2,820	3,861	200	1,524	733
Mar.	36,142	27,092	7,072	1,808	101	18,111	8,368	2,740	3,916	200	1,512	682
Apr.	37,348	28,453	6,897	2,102	107	19,347	8,154	2,556	3,969	220	1,409	742
May	37,014	27,923	6,852	1,821	105	19,144	8,426	2,784	4,089	156	1,398	665
June	37,070	28,032	7,067	1,949	99	18,917	8,454	2,859	4,133	176	1,286	584
July p	37,899	29,016	6,882	2,037	80	20,017	8,322	2,696	4,107	152	1,367	560
Aug. p	39,616	30,170	6,907	1,830	77	21,356	8,884	2,705	4,592	230	1,357	562

[1] Data exclude "holdings of dollars" of the IMF.

[2] Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."

[3] Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

[4] Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches, bankers' acceptances, commercial paper, and negotiable time certificates of deposit.

[5] U.S. Treasury bills and certificates obtained from proceeds of sales of gold by the IMF to the United States to acquire income-earning assets. Upon termination of investment, the same quantity of gold was reacquired by the IMF.

[6] Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

Includes difference between cost value and face value of securities in IMF gold investment account.

[7] Principally bankers' acceptances, commercial paper, and negotiable time certificates of deposit.

[8] Foreign central banks and foreign central govts. and their agencies, and Bank for International Settlements and European Fund.

[9] Excludes central banks, which are included in "Official institutions."

NOTE.—"Short term" refers to obligations payable on demand or having an original maturity of 1 year or less. For data on long-term liabilities reported by banks, see Table 9. Data exclude the holdings of dollars of the International Monetary Fund; these obligations to the IMF constitute contingent liabilities, since they represent essentially the amount of dollars available for drawings from the IMF by other member countries. Data exclude also U.S. Treasury letters of credit and nonnegotiable, noninterest-bearing special U.S. notes held by the Inter-American Development Bank and the International Development Association.

8. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY

(End of period. Amounts outstanding; in millions of dollars)

Area and country	1973 Dec.	1974 Nov.	1974 Dec.	1975 Jan.	1975 Feb.	1975 Mar.	1975 Apr.	1975 May	1975 June	1975 July p	1975 Aug. p
Europe:											
Austria	161	557	607	597	624	599	629	627	627	661	667
Belgium-Luxembourg	1,483	2,295	2,506	2,391	2,647	2,539	2,810	2,875	3,070	2,982	2,890
Denmark	659	338	369	369	324	370	340	323	355	325	308
Finland	165	262	266	204	204	202	212	181	365	361	406
France	3,483	3,835	4,287	4,206	4,035	4,226	4,600	4,982	5,397	5,515	5,493
Germany	13,227	9,102	9,420	9,948	10,801	11,235	10,229	8,203	6,460	5,440	5,277
Greece	389	213	248	253	242	192	202	273	254	299	307
Italy	1,404	2,192	2,617	2,101	2,260	2,449	2,498	2,157	2,298	1,427	1,056
Netherlands	2,886	3,177	3,234	3,208	3,197	3,414	3,302	3,351	3,535	3,539	3,300
Norway	965	1,181	1,040	874	826	843	827	846	945	1,118	1,052
Portugal	534	338	310	310	303	288	247	267	264	280	268
Spain	305	332	382	379	320	358	361	341	362	392	288
Sweden	1,885	1,103	1,138	1,132	1,215	1,209	1,477	1,697	1,847	2,010	2,203
Switzerland	3,377	9,378	9,986	9,517	9,407	8,802	8,747	8,553	8,458	7,892	8,298
Turkey	98	102	152	169	131	243	103	87	124	106	134
United Kingdom	6,148	8,198	7,559	6,671	6,205	7,025	7,039	6,980	6,403	6,447	8,276
Yugoslavia	86	105	183	187	168	158	122	126	83	106	107
Other Western Europe[1]	3,352	3,434	4,073	3,136	2,934	2,641	2,516	2,467	2,462	2,535	2,261
U.S.S.R.	22	33	82	65	59	35	34	61	62	29	50
Other Eastern Europe	110	140	206	172	120	218	123	148	370	181	160
Total	40,742	46,313	48,667	45,888	46,020	47,045	46,419	44,546	43,743	41,642	42,802
Canada	3,627	3,725	3,517	3,398	3,781	3,448	3,946	3,951	3,617	3,921	3,637
Latin America:											
Argentina	924	938	886	900	894	822	886	964	989	1,061	1,054
Bahamas	852	1,747	1,448	2,155	2,046	1,746	2,446	2,045	2,181	2,471	2,670
Brazil	860	952	1,034	859	927	1,065	1,077	984	1,081	853	921
Chile	158	297	276	284	281	258	278	260	289	301	281
Colombia	247	305	305	319	317	326	313	307	400	375	367
Mexico	1,296	1,746	1,770	1,747	1,814	1,668	1,727	1,876	1,819	1,794	1,811
Panama	282	474	488	500	476	519	656	514	473	584	575
Peru	135	183	272	256	238	225	217	206	219	228	208
Uruguay	120	140	147	152	164	171	174	168	155	190	153
Venezuela	1,468	2,921	3,413	2,918	3,351	3,501	3,559	3,866	3,726	3,964	4,243
Other Latin American republics	884	1,176	1,316	1,211	1,263	1,348	1,401	1,351	1,506	1,410	1,366
Netherlands Antilles and Surinam	71	135	158	155	133	143	113	123	134	107	108
Other Latin America	366	846	526	905	478	507	761	903	991	1,479	1,494
Total	7,664	11,862	12,038	12,361	12,382	12,300	13,610	13,571	13,964	14,819	15,250
Asia:											
China, People's Rep. of (China Mainland)	38	45	50	50	73	62	63	56	65	50	55
China, Republic of (Taiwan)	757	808	818	977	1,015	1,037	1,038	999	1,071	1,015	1,054
Hong Kong	372	551	530	558	546	528	543	596	598	540	577
India	85	156	261	179	177	183	127	168	145	133	214
Indonesia	133	1,363	1,221	1,327	1,083	497	582	279	365	527	289
Israel	327	279	386	417	473	508	490	536	470	369	340
Japan	6,967	10,891	10,897	10,442	10,909	11,390	10,993	11,109	11,223	11,669	11,218
Korea	195	309	384	315	327	311	345	341	361	366	374
Philippines	515	731	747	702	642	745	660	662	697	632	669
Thailand	247	333	333	337	327	455	446	342	370	284	256
Middle East oil-exporting countries[2]	....	....	4,633	4,960	5,213	3,673	3,922	4,315	3,850	4,437	4,819
Other[3]	1,202	5,681	813	1,043	923	978	905	861	906	767	919
Total[1]	10,839	21,147	21,073	21,307	21,708	20,368	20,112	20,262	20,119	20,790	20,783
Africa:											
Egypt	35	109	103	105	106	92	112	113	514	253	295
South Africa	114	155	130	150	188	191	159	179	141	132	147
Oil-exporting countries[4]	....	....	2,814	2,858	2,943	3,041	3,070	3,009	2,965	2,785	2,873
Other[5]	907	3,340	504	551	572	524	526	594	572	558	551
Total	1,056	3,604	3,551	3,664	3,809	3,848	3,867	3,895	4,192	3,727	3,866
Other countries:											
Australia	3,131	2,759	2,742	2,661	2,568	2,761	2,856	3,069	3,185	3,231	3,114
All other	59	86	89	88	76	66	60	71	64	77	75
Total	3,190	2,845	2,831	2,748	2,644	2,828	2,916	3,140	3,249	3,308	3,189
Total foreign countries	67,119	89,497	91,676	89,367	90,344	89,837	90,869	89,365	88,884	88,207	89,258
International and regional:											
International[5]	1,627	2,055	2,900	3,643	3,683	3,222	3,291	3,600	3,205	3,844	3,950
Latin American regional	272	213	202	226	233	218	211	155	141	175	215
Other regional[6]	57	70	69	50	57	44	90	84	94	90	88
Total	1,955	2,339	3,171	3,918	3,973	3,485	3,592	3,839	3,439	4,109	4,254
Grand total	69,074	91,835	94,847	93,285	94,317	93,322	94,460	93,204	92,323	92,316	93,782

For notes see opposite page.

8. SHORT-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY—Continued

(End of period. Amounts outstanding; in millions of dollars)

Supplementary data[7]

Area and country	1973 Apr.	1973 Dec.	1974 Apr.	1974 Dec.	1975 Apr.
Other Western Europe:					
Cyprus	9	19	10	7	17
Iceland	12	8	11	21	20
Ireland, Rep. of	22	62	53	29	29
Other Latin American republics:					
Bolivia	68	68	102	96	93
Costa Rica	75	86	88	117	120
Dominican Republic	104	118	137	127	214
Ecuador	109	92	90	122	157
El Salvador	86	90	129	129	144
Guatemala	127	156	245	214	255
Haiti	25	21	28	35	34
Honduras	64	56	71	88	92
Jamaica	32	39	52	69	62
Nicaragua	79	99	119	127	125
Paraguay	26	29	40	46	38
Trinidad and Tobago	17	17	21	107	......
Other Latin America:					
Bermuda	127	242	201	107	100
British West Indies	100	109	354	116	610
Other Asia:					
Afghanistan	19	22	11	18	19
Burma	17	12	42	65	......
Cambodia	3	2	4	4	......
Jordan	4	6	6	22	30
Other Asia—Cont.:					
Laos	3	3	3	3	5
Lebanon	55	62	68	119	180
Malaysia	59	58	40	63	92
Pakistan	93	105	108	91	118
Singapore	53	141	165	240	215
Sri Lanka (Ceylon)	6	13	13	14	13
Vietnam	98	88	98	126	70
Oil-exporting countries[8]	486	652	1,331	......	......
Other Africa:					
Algeria[8]	51	111	110	......	......
Ethiopia (incl. Eritrea)	75	79	118	95	76
Ghana	28	20	22	18	13
Kenya	19	23	20	33	32
Liberia	31	42	29	39	33
Libya[8]	312	331	257	......	......
Nigeria[8]	140	78	736	......	......
Southern Rhodesia	1	2	1	2	3
Sudan	3	3	2	4	14
Tanzania	16	12	12	11	21
Tunisia	11	7	17	19	23
Uganda	19	6	11	13	......
Zambia	37	22	66	22	18
All other:					
New Zealand	34	39	33	47	36

[1] Includes Bank for International Settlements.
[2] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
[3] Until Dec. 1974 includes oil-exporting countries
[4] Comprises Algeria, Gabon, Libya, and Nigeria.
[5] Data exclude holdings of dollars of the International Monetary Fund.
[6] Asian, African, and European regional organizations, except BIS, which is included in "Europe."
[7] Represent a partial breakdown of the amounts shown in the other categories (except "Other Eastern Europe").
[8] Beginning Dec. 1974 oil-exporting countries in Middle East and Africa as groups are shown in the table on the opposite page.

9. LONG-TERM LIABILITIES TO FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES

(Amounts outstanding; in millions of dollars)

End of period	Total	To intl. and regional	To foreign countries: Total	Official institutions	Banks[1]	Other foreigners	Country or area: Germany	United Kingdom	Total Europe	Total Latin America	Middle East[2]	Other Asia[3]	All other countries
1972	1,018	580	439	93	259	87	165	63	260	136	....	33	10
1973	1,462	761	700	310	291	100	159	66	470	132	....	83	16
1974—Aug.	1,498	1,005	493	136	281	76	153	55	240	141	....	98	13
Sept.	1,367	920	447	93	281	73	153	55	240	123	....	71	13
Oct.	1,293	849	445	111	263	71	153	43	228	116	....	88	13
Nov.	1,354	905	449	112	262	75	152	43	227	116	....	89	17
Dec.	1,285	822	464	124	261	79	152	43	227	115	95	7	20
1975—Jan.	1,406	846	560	223	266	71	150	42	218	118	189	12	21
Feb.	1,441	776	666	336	264	66	147	41	211	119	304	10	21
Mar.	1,548	800	748	426	255	67	137	41	202	120	394	10	21
Apr.	1,410	626	784	462	253	68	135	41	201	121	429	11	22
May	1,446	585	861	544	248	69	129	41	197	121	514	7	21
June	1,411	518	893	576	247	70	120	59	198	121	544	7	23
July[p]	1,409	438	970	651	242	77	121	61	201	121	619	7	24
Aug.[p]	1,352	378	974	651	243	81	120	61	202	123	619	7	23

[1] Excludes central banks, which are included with "Official institutions."
[2] Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
[3] Until Dec. 1974 includes Middle East oil-exporting countries.

10. ESTIMATED FOREIGN HOLDINGS OF MARKETABLE U.S. TREASURY BONDS AND NOTES

(End of period; in millions of dollars)

Area and country	1974 Aug.	Sept.	Oct.	Nov.	Dec.	1975 Jan.	Feb.	Mar.	Apr.	May	June	July[p]	Aug.[p]
Europe:													
Belgium-Luxembourg	9	10	10	10	10	11	12	14	14	14	14	14	14
Germany	9	9	9	9	9	9	9	208	209	209	209	209	210
Sweden	260	250	250	276	251	252	252	252	252	251	252	252	278
Switzerland	34	34	30	30	30	31	30	29	32	34	37	37	41
United Kingdom	439	459	485	498	493	529	578	599	611	564	522	536	520
Other Western Europe	92	87	93	89	88	80	74	79	95	97	97	98	102
Eastern Europe	5	5	5	5	5	5	5	5	5	5	5	5	5
Total	849	854	883	917	885	916	959	1,186	1,217	1,174	1,135	1,151	1,169
Canada	756	706	707	711	713	697	584	588	460	412	412	408	406
Latin America:													
Latin American republics	11	11	11	11	12	11	11	11	11	11	13	13	13
Netherlands Antilles and Surinam	5	15	23	60	83	82	142	130	125	118	134	178	149
Other Latin America	.....	2	2	2	5	6	6	5	4	4	5	5	5
Total	16	28	36	74	100	99	159	147	140	133	152	196	167
Asia:													
Japan	3,498	3,497	3,497	3,498	3,498	3,498	3,496	3,496	3,496	3,496	3,496	3,496	3,496
Other Asia	12	12	12	12	212	325	541	1,071	1,121	1,291	1,397	1,418	1,498
Total	3,510	3,509	3,509	3,509	3,709	3,822	4,037	4,567	4,617	4,787	4,893	4,914	4,994
Africa	151	151	151	151	151	151	151	151	161	181	181	201	211
All other	25	25	25	25	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total foreign countries	5,306	5,273	5,311	5,387	5,557	5,685	5,889	6,639	6,596	6,687	6,773	6,870	6,945
International and regional:													
International	124	46	97	98	89	207	219	620	411	334	21	121	58
Latin American regional	71	68	52	67	61	61	59	79	77	65	52	48	43
Total	195	114	149	165	150	268	277	699	488	399	74	169	101
Grand total	5,502	5,387	5,460	5,552	5,708	5,953	6,167	7,337	7,084	7,087	6,847	7,039	7,048

NOTE.—Data represent estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year, and are based on benchmark surveys of holdings and regular monthly reports of securities transactions (see Table 14).

11. SHORT-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY TYPE

(Amounts outstanding; in millions of dollars)

End of period	Total	Payable in dollars: Total	Loans to: Total	Official institutions	Banks[1]	Others[2]	Collections outstanding	Acceptances made for acct. of foreigners	Other	Payable in foreign currencies: Total	Deposits with foreigners	Foreign govt. securities, coml. and finance paper	Other
1971	13,272	12,377	3,969	231	2,080	1,658	2,475	4,254	1,679	895	548	173	174
1972[3]	15,471	14,625	5,674	163	2,975	2,535	3,269	3,204	2,478	846	441	223	182
	15,676	14,830	5,671	163	2,970	2,538	3,276	3,226	2,657	846	441	223	182
1973	20,723	20,061	7,660	284	4,538	2,838	4,307	4,160	3,935	662	428	119	115
1974 Aug.	35,377	34,572	11,543	453	7,744	3,346	5,295	9,502	8,232	805	461	180	164
Sept.	34,464	33,546	10,551	528	6,672	3,352	5,245	9,572	8,178	918	468	217	233
Oct.	34,647	33,617	10,033	378	6,317	3,338	5,356	10,072	8,155	1,030	547	243	240
Nov.	36,833	35,805	10,999	446	7,121	3,433	5,345	10,724	8,737	1,028	515	283	229
Dec.	38,913	37,703	11,301	381	7,342	3,579	5,637	11,237	9,527	1,210	668	289	253
1975 Jan.	38,977	37,688	10,195	361	6,281	3,553	5,565	11,062	10,866	1,289	719	351	219
Feb.	39,772	38,582	10,275	379	6,376	3,521	5,346	11,127	11,833	1,190	609	336	244
Mar.	42,186	41,023	9,626	310	5,682	3,633	5,415	11,341	14,641	1,162	626	290	246
Apr.	42,806	41,547	10,658	362	6,518	3,778	5,339	11,441	14,109	1,260	764	241	254
May	45,106	44,038	11,862	366	7,648	3,848	5,546	10,951	15,679	1,068	478	301	290
June	45,705	44,481	11,340	494	6,793	4,053	5,345	10,639	17,157	1,224	591	335	299
July[p]	45,542	44,354	11,700	572	6,833	4,295	5,383	10,204	17,068	1,188	608	296	284
Aug.[p]	45,098	43,938	13,086	626	7,963	4,497	5,314	9,990	15,548	1,160	610	240	310

[1] Excludes central banks, which are included with "Official institutions."
[2] Includes international and regional organizations.
[3] Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

12. SHORT-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES, BY COUNTRY

(End of period. Amounts outstanding; in millions of dollars)

Area and country	1973 Dec.	1974 Nov.	1974 Dec.	1975 Jan.	1975 Feb.	1975 Mar.	1975 Apr.	1975 May	1975 June	1975 July p	1975 Aug.
Europe:											
Austria	11	42	21	18	38	22	16	19	17	16	28
Belgium-Luxembourg	147	308	364	401	591	550	674	647	600	620	598
Denmark	48	45	46	54	53	41	53	49	64	62	60
Finland	108	107	122	132	136	137	147	137	133	142	143
France	621	802	673	892	893	896	859	723	581	666	740
Germany	311	438	589	390	435	387	399	389	428	482	448
Greece	35	57	64	52	42	46	54	37	37	46	50
Italy	316	340	345	351	277	287	334	329	339	363	336
Netherlands	133	183	348	195	210	187	157	221	219	288	338
Norway	72	97	119	115	106	104	114	126	98	91	106
Portugal	23	25	20	16	39	32	26	25	25	27	22
Spain	222	206	196	184	166	150	234	251	235	257	214
Sweden	153	160	180	128	99	72	101	132	115	155	185
Switzerland	176	339	335	252	262	230	227	277	252	254	290
Turkey	10	14	15	23	12	19	37	30	40	26	43
United Kingdom	1,459	2,332	2,441	2,700	2,770	2,896	3,174	3,712	3,476	3,458	3,868
Yugoslavia	10	28	22	38	18	16	28	39	32	36	40
Other Western Europe	25	38	22	22	27	24	31	25	22	22	62
U.S.S.R.	46	28	46	44	48	34	51	83	77	80	79
Other Eastern Europe	44	86	131	124	100	110	113	117	118	130	110
Total	3,970	5,675	6,117	6,130	6,331	6,239	6,831	7,370	6,907	7,222	7,760
Canada	1,955	2,517	2,791	2,904	2,643	2,934	2,911	3,096	2,852	2,666	2,354
Latin America:											
Argentina	499	708	720	783	808	869	958	1,007	1,111	1,105	1,116
Bahamas	883	2,978	3,398	3,737	4,699	5,926	5,715	6,997	8,658	7,811	6,465
Brazil	900	1,493	1,415	1,264	1,345	1,266	1,299	1,272	1,184	1,390	1,505
Chile	151	291	290	303	351	395	433	422	429	472	435
Colombia	497	675	713	706	679	695	710	702	687	666	668
Mexico	1,373	1,898	1,972	1,898	2,006	2,116	2,236	2,380	2,541	2,669	2,751
Panama	274	402	503	604	458	546	531	671	527	581	578
Peru	178	486	518	504	531	555	606	590	623	626	646
Uruguay	55	63	63	75	86	104	116	100	85	90	73
Venezuela	518	643	704	795	747	736	757	745	791	902	956
Other Latin American republics	505	823	866	899	920	915	967	973	966	1,056	1,009
Netherlands Antilles and Surinam	15	74	62	45	39	39	36	44	83	62	54
Other Latin America	154	970	1,138	1,438	1,535	1,583	1,722	2,219	1,830	1,679	2,091
Total	5,900	11,453	12,362	13,051	14,202	15,747	16,085	18,122	19,514	19,108	18,346
Asia:											
China, People's Rep. of (China Mainland)	31	5	4	18	65	19	11	12	9	13	13
China, Republic of (Taiwan)	140	483	500	526	473	500	448	434	479	463	503
Hong Kong	147	238	223	203	184	291	210	288	315	201	190
India	16	16	14	19	22	17	21	17	20	23	18
Indonesia	88	140	157	142	159	145	134	119	115	113	88
Israel	155	216	255	271	284	322	299	287	312	362	358
Japan	6,398	12,441	12,514	11,821	11,246	11,600	11,028	10,603	10,245	10,308	10,293
Korea	403	835	955	1,116	1,286	1,356	1,503	1,415	1,523	1,462	1,502
Philippines	181	325	372	302	342	353	398	455	478	480	410
Thailand	273	428	458	391	374	406	413	374	441	461	506
Middle East oil-exporting countries[1]	......	......	330	307	336	369	563	411	418	523	493
Other[2]	393	666	441	436	445	477	444	555	489	545	572
Total	8,224	15,795	16,222	15,549	15,216	15,855	15,472	14,969	14,844	14,955	14,967
Africa:											
Egypt	35	91	111	106	114	122	142	138	149	134	141
South Africa	129	299	329	364	396	413	458	475	498	489	492
Oil-exporting countries[3]	......	......	115	81	108	108	95	128	120	144	134
Other[2]	224	404	300	234	235	232	278	276	302	296	347
Total	388	795	855	785	853	875	973	1,018	1,068	1,064	1,114
Other countries:											
Australia	243	492	466	433	431	436	428	440	428	446	467
All other	43	104	99	125	95	99	107	89	81	80	88
Total	286	597	565	558	526	535	535	528	509	526	554
Total foreign countries	20,723	36,832	38,912	38,976	39,771	42,185	42,805	45,104	45,694	45,541	45,096
International and regional	1	1	0	1	1	1	1	2	11	1	3
Grand total	20,723	36,833	38,913	38,977	39,772	42,186	42,806	45,106	45,705	45,542	45,098

[1] Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
[2] Until Dec. 1974 includes oil-exporting countries.
[3] Comprises Algeria, Gabon, Libya, and Nigeria.

NOTE.—Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

13. LONG-TERM CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES

(Amounts outstanding; in millions of dollars)

End of period	Total	Type: Payable in dollars: Total	Loans to: Official institutions	Loans to: Banks[1]	Loans to: Other foreigners[2]	Other long-term claims	Payable in foreign currencies	Country or area: Total Europe	Canada	Total Latin America	Japan	Middle East[3]	Other Asia[4]	All other countries[2]
1972	5,063	4,588	844	430	3,314	435	40	853	406	2,020	353	....	9[illegible]	514
1973	5,996	5,446	1,160	591	3,694	478	72	1,272	490	2,116	251	....	1,331	536
1974 Aug.	7,055	6,448	1,456	913	4,080	539	68	1,830	503	2,527	269	....	1,416	511
Sept.	6,999	6,386	1,419	853	4,113	542	71	1,801	543	2,479	247	....	1,425	505
Oct.	7,259	6,580	1,451	914	4,215	608	71	2,058	523	2,495	267	....	1,399	517
Nov.	7,260	6,570	1,383	933	4,253	618	72	1,991	506	2,574	260	....	1,395	534
Dec.	7,156	6,482	1,333	931	4,219	609	65	1,907	486	2,602	258	384	977	542
1975 Jan.	7,262	6,624	1,368	968	4,289	583	54	1,992	475	2,603	248	373	1,015	557
Feb.	7,457	6,797	1,378	1,035	4,384	606	54	2,096	485	2,675	348	388	967	598
Mar.	7,554	6,900	1,399	1,063	4,438	598	55	2,126	485	2,695	247	385	1,024	592
Apr.	7,583	6,915	1,239	1,110	4,566	605	63	2,188	490	2,786	242	247	1,002	630
May	7,870	7,194	1,287	1,187	4,720	610	66	2,325	476	2,851	254	242	1,042	679
June	7,915	7,118	1,266	1,204	4,648	719	77	2,304	446	2,841	264	241	1,135	684
July[p]	8,187	7,320	1,280	1,290	4,749	792	75	2,323	456	2,985	270	241	1,204	710
Aug.[p]	8,250	7,392	1,270	1,336	4,787	787	71	2,390	423	3,004	259	237	1,205	732

[1] Excludes central banks, which are included with "Official institutions."
[2] Includes international and regional organizations.
[3] Comprises Middle East oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).
[4] Until Dec. 1974 includes Middle East oil-exporting countries.

14. PURCHASES AND SALES BY FOREIGNERS OF LONG-TERM SECURITIES, BY TYPE

(In millions of dollars)

Period	Marketable U.S. Treas. bonds and notes[1]: Net purchases or sales: Total	Intl. and regional	Foreign: Total[4]	Foreign: Official	Foreign: Other	U.S. corporate securities[2]: Purchases	Sales	Net purchases or sales	Foreign bonds[3]: Purchases	Sales	Net purchases or sales	Foreign stocks[3]: Pur- Sales	Sales	Net purchases or sales
1973	305	165	470	465	6	18,574	11,810	4,764	1,474	2,467	993	1,729	1,554	176
1974	472	101	573	642	69	16,183	14,677	1,506	1,045	3,284	-2,240	1,903	1,719	183
1975 Jan.-Aug.[p]	1,340	49	1,389	1,217	172	13,557	10,483	3,074	1,472	5,470	3,999	1,055	1,139	84
1974 Aug.	42	41	84	73	-11	1,487	1,167	320	59	214	-155	146	117	29
Sept.	-115	-81	33	60	27	1,478	1,188	291	72	152	80	146	100	47
Oct.	73	35	38	....	38	1,624	1,511	113	86	362	276	91	152	-62
Nov.	91	16	76	25	50	1,414	1,518	-104	92	170	-78	124	102	22
Dec.	156	15	171	153	17	1,101	1,246	145	101	524	423	117	87	30
1975 Jan.	245	118	127	118	9	1,229	900	330	131	1,207	1,076	147	156	9
Feb.	214	9	205	102	102	1,661	1,403	258	118	554	-436	134	173	39
Mar.	1,171	421	749	724	25	1,755	1,155	600	197	647	-450	148	159	-11
Apr.	-254	-210	43	62	20	1,640	1,397	243	167	341	174	155	141	14
May	3	-89	92	123	31	1,845	1,679	166	172	345	173	145	157	12
June	240	326	86	56	31	1,754	1,332	422	215	855	640	129	143	15
July[p]	192	95	96	41	56	2,251	1,278	973	315	1,011	696	109	115	6
Aug.[p]	9	67	77	48	125	1,421	1,338	82	158	511	353	89	95	6

[1] Excludes nonmarketable U.S. Treasury bonds and notes issued to official institutions of foreign countries.
[2] Includes State and local govt. securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.
[3] Includes transactions of international and regional organizatiosn.
[4] Includes transactions (in millions of dollars) of oil-exporting countries in Middle East and Africa as shown in the tabulation in the opposite column:

1975	Middle East	Africa
Jan.-Aug.[p]	1,246	60
Jan.	100	......
Feb.	209	......
Mar.	525	......
Apr.	50	10
May	175	20
June	106	......
July[p]	1	20
Aug.[p]	80	10

15. NET PURCHASES OR SALES BY FOREIGNERS OF U.S. CORPORATE STOCKS, BY COUNTRY

(In millions of dollars)

Period	Purchases	Sales	Net purchases or sales (−)	France	Germany	Netherlands	Switzerland	United Kingdom	Total Europe	Canada	Total Latin America	Middle East[1]	Other Asia[2]	Other[3]
1973	12,767	9,978	2,790	439	2	339	686	366	2,101	99	4	......	577	15
1974	7,634	7,095	540	203	39	330	36	477	281	6	33	......	288	10
1975 Jan.–Aug.p	10,250	7,365	2,884	185	162	261	633	438	1,763	140	16	879	66	20
1974 Aug.	590	502	88	19	18	16	15	10	46	14	9	......	18	*
Sept.	460	445	15	9	17	21	6	38	19	6	4	......	23	1
Oct.	673	695	22	17	30	9	39	82	115	3	2	......	95	8
Nov.	604	616	13	8	1	2	35	51	72	2	5	......	20	1
Dec.	450	429	22	13	13	20	10	76	40	14	10	......	27	*
1975 Jan.	731	541	190	34	15	8	42	8	107	12	15	86	2	*
Feb.	1,383	849	533	21	25	14	115	147	331	20	18	153	3	15
Mar.	1,148	913	236	12	11	40	39	38	146	15	5	85	5	1
Apr.	1,318	1,058	259	15	23	26	44	54	136	5	2	119	2	3
May	1,527	1,149	378	6	4	27	100	59	193	36	1	113	36	1
June	1,321	1,063	258	32	1	19	71	36	152	21	8	87	9	19
July p	1,669	1,080	589	55	31	80	139	74	396	20	13	153	2	5
Aug. p	1,153	712	441	52	52	47	83	38	302	21	6	82	22	16

1 Comprises Middle East oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Until 1975 includes Middle East oil-exporting countries.

3 Includes international and regional organizations.

16. NET PURCHASES OR SALES BY FOREIGNERS OF U.S. CORPORATE BONDS, BY COUNTRY

(In millions of dollars)

Period	Total	France	Germany	Netherlands	Switzerland	United Kingdom	Total Europe	Canada	Total Latin America	Middle East[1]	Other Asia[2]	Total Africa	Other countries	Intl. and regional
1973	1,948	201	33	19	307	275	1,201	49	44	......	588	*	10	52
1974	952	96	27	183	96	329	672	50	43	......	632	8	10	455
1975 Jan.–Aug.p	193	52	21	32	95	146	35	89	1	932	53	*	1	844
1974 Aug.	232	1	1	1	1	29	20	1	4	......	199	*	*	7
Sept.	276	1	1	1	2	64	65	4	2	......	60	......	*	145
Oct.	135	10	*	1	13	6	24	18	5	......	100	*	*	11
Nov.	92	4	3	3	1	9	13	6	1	......	109	*	*	483
Dec.	166	1	*	4	1	64	66	4	17	......	93	*	*	337
1975 Jan.	140	2	3	*	6	89	94	14	1	151	2	*	*	120
Feb.	275	4	3	*	3	91	87	16	*	35	1	*	1	241
Mar.	365	1	1	1	10	23	32	4	4	341	19	*	*	10
Apr.	16	1	*	26	35	99	100	5	3	80	1	*	*	6
May	212	3	1	1	7	81	72	2	1	81	11	*	*	6
June	164	9	*	8	5	32	58	4	*	65	1	*	*	218
July p	384	27	16	6	35	80	183	33	1	179	4	*	*	17
Aug. p	358	13	3	18	6	69	73	6	1	1	1	*	*	292

1 See note 1 to Table 15.

2 See note 2 to Table 15.

NOTE.—Statistics include State and local govt. securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

17. NET PURCHASES OR SALES BY FOREIGNERS OF LONG-TERM FOREIGN SECURITIES, BY AREA

(In millions of dollars)

Period	Total	Intl. and regional	Total foreign countries	Europe	Canada	Latin America	Asia	Africa	Other countries
1973	818	139	957	141	569	120	168	3	37
1974	2,056	60	1,997	546	1,529	93	142	7	22
1975 Jan.–Aug.p	4,083	1,347	2,742	125	1,709	300	511	21	116
1974 Aug.	125	2	127	35	126	9	42	1	1
Sept.	34	12	46	41	37	5	23	1	3
Oct.	338	2	340	81	244	*	16	1	2
Nov.	56	3	59	21	8	14	21	2	3
Dec.	393	95	298	27	190	25	67	12	*
1975 Jan.	1,085	572	−514	41	408	28	60	20	*
Feb.	475	147	328	19	159	−97	94	2	*
Mar.	−462	106	−356	66	175	3	112	2	1
Apr.	−160	57	103	57	6	17	59	*	2
May	185	31	216	39	168	*	88	2	2
June	655	*	655	22	478	*	30	2	127
July p	702	475	232	22	116	25	69	*	4
Aug. p	359	21	338	25	202	164	1	1	2

18. FOREIGN CREDIT AND DEBIT BALANCES IN BROKERAGE ACCOUNTS

(Amounts outstanding; in millions of dollars)

End of period	Credit balances (due to foreigners)	Debit balances (due from foreigners)
1972 Sept.	286	336
Dec.	372	405
1973 Mar.	310	364
June	316	243
Sept.	290	255
Dec.	333	231
1974 Mar.	383	225
June	354	241
Sept.	298	178
Dec. p	293	193
1975 Mar. p	349	209

NOTE.—Data represent the money credit balances and money debit balances appearing on the books of reporting brokers and dealers in the United States, in accounts of foreigners with them, and in their accounts carried by foreigners.

19a. ASSETS OF FOREIGN BRANCHES OF U.S. BANKS

(In millions of dollars)

Location and currency form	Month-end		Total	Claims on U.S.			Claims on foreigners					Other
				Total	Parent bank	Other	Total	Other branches of parent bank	Other banks	Official institutions	Nonbank foreigners	
IN ALL FOREIGN COUNTRIES												
Total, all currencies	1972	Dec.	78,202	4,678	2,113	2,565	71,304	11,504	35,773	1,594	22,432	2,220
	1973	Dec.	121,866	5,091	1,886	3,205	111,974	19,177	56,368	2,693	33,736	4,802
	1974	July	145,058	6,402	3,787	2,614	132,945	25,726	61,949	3,689	41,580	5,711
		Aug.	148,719	9,366	6,868	2,498	133,473	26,428	60,524	3,423	43,098	5,880
		Sept.	147,720	6,267	3,622	2,645	135,272	26,322	61,301	3,721	43,927	6,181
		Oct.	145,906	4,661	2,027	2,634	135,284	26,958	59,617	3,849	44,860	5,962
		Nov.	150,274	7,751	5,159	2,592	136,442	28,366	58,727	4,019	45,330	6,081
		Dec.	151,905	6,898	4,464	2,434	138,713	27,559	60,283	4,077	46,795	6,294
	1975	Jan.	151,140	7,029	4,360	2,669	138,143	27,894	58,863	4,152	47,234	5,968
		Feb.	151,662	5,486	2,882	2,604	140,345	28,969	58,794	4,246	48,335	5,832
		Mar.	155,204	5,326	2,638	2,688	143,750	28,330	61,611	4,407	49,402	6,127
		Apr.	155,616	5,831	3,052	2,779	143,949	29,195	60,292	4,353	50,109	5,836
		May	156,909	7,725	4,889	2,837	143,101	27,581	60,330	4,494	50,697	6,083
		June	162,207	5,538	2,341	3,196	150,385	30,830	63,709	4,824	51,021	6,284
		July[p]	160,587	5,915	2,785	3,129	148,114	30,122	62,438	4,795	50,759	6,558
Payable in U.S. dollars	1972	Dec.	52,636	4,419	2,091	2,327	47,444	7,869	26,251	1,059	12,264	773
	1973	Dec.	79,445	4,599	1,848	2,751	73,018	12,799	39,527	1,777	18,915	1,828
	1974	July	101,534	6,110	3,738	2,373	92,733	18,480	46,422	2,889	24,942	2,691
		Aug.	105,827	9,055	6,816	2,239	93,893	19,694	45,681	2,780	25,738	2,879
		Sept.	104,345	5,990	3,564	2,426	95,304	19,413	46,517	2,873	26,501	3,050
		Oct.	101,977	4,379	1,970	2,409	94,650	19,785	44,832	3,006	27,027	2,948
		Nov.	105,066	7,445	5,105	2,340	94,581	20,623	43,741	3,192	27,026	3,039
		Dec.	105,969	6,602	4,428	2,174	96,210	19,688	45,067	3,289	28,166	3,157
	1975	Jan.	105,776	6,706	4,318	2,387	95,989	20,448	43,151	3,370	29,020	3,082
		Feb.	104,360	5,141	2,839	2,302	96,327	20,827	42,672	3,431	29,397	2,891
		Mar.	107,519	5,012	2,607	2,405	99,637	19,836	46,118	3,604	30,079	2,870
		Apr.	108,399	5,466	3,009	2,456	100,231	20,993	45,172	3,599	30,467	2,702
		May	111,637	7,316	4,824	2,491	101,384	21,281	45,403	3,685	31,016	2,938
		June	117,295	5,111	2,280	2,832	109,181	24,529	49,132	3,949	31,571	3,003
		July[p]	117,265	5,508	2,734	2,774	108,281	24,180	48,572	3,929	31,600	3,476
IN UNITED KINGDOM												
Total, all currencies	1972	Dec.	43,467	2,234	1,138	1,096	40,214	5,659	23,842	606	10,106	1,018
	1973	Dec.	61,732	1,789	738	1,051	57,761	8,773	34,442	735	13,811	2,183
	1974	July	69,197	3,046	2,205	840	63,974	12,486	34,575	718	16,195	2,177
		Aug.	70,382	3,599	2,858	741	64,496	12,790	33,942	666	17,097	2,287
		Sept.	70,965	2,860	2,087	774	65,596	12,436	34,959	829	17,372	2,509
		Oct.	68,123	1,325	502	823	64,462	12,386	33,608	887	17,581	2,336
		Nov.	69,137	3,387	2,568	818	63,571	13,122	32,128	753	17,567	2,179
		Dec.	69,804	3,248	2,472	776	64,111	12,724	32,701	788	17,898	2,445
	1975	Jan.	68,451	2,633	1,902	731	63,527	12,873	32,057	854	17,743	2,291
		Feb.	67,038	1,818	1,023	796	63,250	13,246	31,641	848	17,515	1,970
		Mar.	69,654	1,798	982	817	65,693	12,806	34,260	929	17,699	2,163
		Apr.	69,248	2,017	1,126	891	65,330	13,314	33,079	919	18,018	1,902
		May	68,707	2,535	1,689	845	64,269	12,491	32,443	920	18,415	1,904
		June	70,751	1,834	641	1,192	66,868	13,765	34,634	948	17,522	2,049
		July[p]	70,382	1,904	807	1,097	66,277	14,414	33,431	923	17,509	2,202
Payable in U.S. dollars	1972	Dec.	30,257	2,146	1,131	1,015	27,664	4,326	17,331	543	5,464	446
	1973	Dec.	40,323	1,642	730	912	37,816	6,509	23,389	510	7,409	865
	1974	July	48,158	2,958	2,194	765	44,061	9,932	24,132	566	9,432	1,138
		Aug.	49,406	3,507	2,847	660	44,677	10,529	23,948	563	9,637	1,222
		Sept.	50,075	2,774	2,067	708	45,960	10,305	25,044	676	9,937	1,339
		Oct.	47,968	1,235	479	756	45,421	10,234	24,499	734	9,954	1,312
		Nov.	48,710	3,277	2,546	730	44,198	10,796	22,936	615	9,852	1,235
		Dec.	49,211	3,146	2,468	678	44,693	10,265	23,716	610	10,102	1,372
	1975	Jan.	47,769	2,542	1,892	650	43,959	10,421	22,610	661	10,268	1,267
		Feb.	46,019	1,697	1,017	680	43,244	10,615	21,918	657	10,055	1,077
		Mar.	48,939	1,687	974	713	46,039	10,373	24,874	736	10,057	1,212
		Apr.	48,797	1,885	1,109	776	45,923	10,995	23,990	721	10,217	989
		May	48,506	2,404	1,671	733	45,180	10,656	23,320	698	10,506	922
		June	51,365	1,669	623	1,045	48,713	12,054	25,761	721	10,178	983
		July[p]	51,665	1,742	793	949	48,787	12,664	25,143	713	10,267	1,136
IN BAHAMAS AND CAYMANS[1]												
Total, all currencies	1972	Dec.	12,642	1,486	214	1,272	10,986	725	5,507	431	4,322	170
	1973	Dec.	23,771	2,210	317	1,893	21,041	1,928	9,895	1,151	8,068	520
	1974	July	30,403	2,380	870	1,510	27,208	3,044	12,059	1,719	10,386	815
		Aug.	32,317	4,624	3,153	1,471	26,914	3,056	11,488	1,612	10,757	779
		Sept.	30,080	2,315	750	1,564	26,910	2,770	11,515	1,728	10,896	856
		Oct.	30,071	2,206	711	1,495	27,075	3,178	11,347	1,756	10,795	790
		Nov.	32,313	3,299	1,816	1,484	28,130	3,829	11,371	1,993	10,937	883
		Dec.	31,733	2,463	1,081	1,382	28,455	3,478	11,354	2,022	11,601	815
	1975	Jan.	33,131	3,223	1,594	1,629	29,070	3,644	11,194	2,027	12,206	838
		Feb.	33,534	2,563	1,072	1,491	30,137	3,855	11,474	2,060	12,748	834
		Mar.	33,793	2,405	839	1,567	30,671	3,568	11,634	2,393	13,077	716
		Apr.	35,666	2,587	1,006	1,581	32,359	4,320	12,229	2,419	13,392	720
		May	38,198	4,125	2,468	1,657	33,215	4,270	13,181	2,531	13,233	858
		June	39,645	2,632	987	1,645	36,182	5,831	13,747	2,772	13,832	831
		July[p]	[2]39,611	2,783	1,131	1,652	35,678	5,015	14,065	2,747	13,851	1,150

For notes see p. A-74.

19b. LIABILITIES OF FOREIGN BRANCHES OF U.S. BANKS

(In millions of dollars)

Total	To U.S.			To foreigners					Other	Month-end	Location and currency form
	Total	Parent bank	Other	Total	Other branches of parent bank	Other banks	Official institutions	Nonbank foreigners			
78,203	3,501	997	2,504	72,121	11,121	41,218	8,351	11,432	2,580	1972 Dec.	IN ALL FOREIGN COUNTRIES Total, all currencies
121,866	5,610	1,642	3,968	111,615	18,213	65,389	10,330	17,683	4,641	1973 Dec.	
145,057	10,129	4,373	5,757	128,616	25,313	66,855	15,030	21,418	6,312	1974 July	
148,719	9,419	4,123	5,296	132,774	26,007	68,772	16,304	21,690	6,527	Aug.	
147,720	9,981	5,058	4,923	131,016	26,337	66,071	17,488	21,121	6,723	Sept.	
145,906	10,449	5,853	4,596	128,910	26,619	62,606	18,171	21,514	6,548	Oct.	
150,275	11,901	6,249	5,652	131,619	27,717	63,596	19,979	20,327	6,755	Nov.	
151,905	11,982	5,809	6,173	132,990	26,941	65,675	20,185	20,189	6,933	Dec.	
151,140	11,831	6,356	5,476	132,775	27,019	64,147	21,683	19,926	6,533	1975 Jan.	
151,662	12,561	6,607	5,954	132,594	28,185	63,402	21,951	19,057	6,507	Feb.	
155,204	15,407	8,849	6,557	133,540	28,214	63,419	22,577	19,330	6,257	Mar.	
155,617	14,936	8,703	6,233	134,594	29,192	62,287	23,236	19,879	6,088	Apr.	
156,910	16,860	10,366	6,494	133,806	26,725	64,700	22,223	20,158	6,243	May	
162,207	18,611	12,197	6,414	137,097	30,347	64,933	21,104	20,713	6,499	June r	
160,587	17,695	11,533	6,162	136,728	30,185	65,928	20,371	20,244	6,163	July p	
54,878	3,050	847	2,202	50,406	7,955	29,229	6,781	6,441	1,422	1972 Dec.	Payable in U.S. dollars
80,374	5,027	1,477	3,550	73,189	12,554	43,641	7,491	9,502	2,158	1973 Dec.	
102,432	9,494	4,160	5,334	89,264	18,438	45,768	12,337	12,721	3,675	1974 July	
106,909	8,786	3,933	4,853	94,178	19,456	48,394	13,508	12,821	3,945	Aug.	
106,004	9,294	4,833	4,461	92,630	19,599	46,020	14,533	12,478	4,080	Sept.	
103,934	9,905	5,650	4,255	90,136	19,481	42,690	15,076	12,889	3,893	Oct.	
107,427	11,215	6,023	5,192	92,233	20,242	43,147	16,789	12,054	3,979	Nov.	
107,890	11,437	5,641	5,795	92,503	19,330	43,656	17,444	12,072	3,951	Dec.	
108,190	11,368	6,204	5,164	93,044	19,999	42,854	18,343	11,848	3,778	1975 Jan.	
106,125	12,063	6,460	5,603	90,426	20,109	40,701	18,708	10,907	3,636	Feb.	
109,501	14,795	8,660	6,135	91,338	19,880	41,216	19,303	10,939	3,368	Mar.	
110,405	14,280	8,520	5,760	92,712	20,683	40,996	19,909	11,123	3,414	Apr.	
114,105	16,259	10,192	6,067	94,449	20,521	43,860	18,928	11,139	3,397	May	
119,385	18,000	12,011	5,990	97,825	23,969	44,199	17,968	11,688	3,560	June r	
119,316	17,090	11,335	5,755	99,010	24,112	45,894	17,393	11,610	3,216	July p	
43,467	1,453	113	1,340	41,020	2,961	24,596	6,433	7,030	994	1972 Dec.	IN UNITED KINGDOM Total, all currencies
61,732	2,431	136	2,295	57,311	3,944	34,979	8,140	10,248	1,990	1973 Dec.	
69,197	3,439	611	2,828	63,557	5,099	34,393	11,543	12,521	2,201	1974 July	
70,382	3,701	713	2,988	64,309	4,794	33,920	12,737	12,858	2,373	Aug.	
70,965	3,503	635	2,867	64,919	5,428	33,766	13,544	12,181	2,543	Sept.	
68,123	3,227	683	2,544	62,621	5,237	30,621	14,051	12,712	2,275	Oct.	
69,137	4,376	889	3,487	62,397	5,071	30,352	15,454	11,521	2,363	Nov.	
69,804	3,978	510	3,468	63,409	4,762	32,040	15,258	11,349	2,418	Dec.	
68,451	3,804	873	2,931	62,360	4,567	30,266	16,419	11,108	2,287	1975 Jan.	
67,038	4,376	913	3,462	60,546	4,693	29,207	16,517	10,127	2,117	Feb.	
69,654	5,095	1,224	3,871	62,363	4,630	29,990	17,305	10,438	2,196	Mar.	
69,248	4,596	1,342	3,254	62,625	5,394	28,666	17,812	10,753	2,026	Apr.	
68,708	4,772	1,337	3,435	61,772	5,325	28,957	16,726	10,764	2,164	May	
70,751	4,668	1,451	3,217	63,857	7,030	30,030	15,524	11,274	2,226	June	
70,382	4,679	1,718	2,961	63,501	6,475	30,636	15,312	11,077	2,203	July p	
30,810	1,272	72	1,200	29,002	2,008	17,379	5,329	4,287	535	1972 Dec.	Payable in U.S. dollars
39,689	2,173	113	2,060	36,646	2,519	22,051	5,923	6,152	870	1973 Dec.	
48,018	3,176	568	2,608	43,528	3,364	22,388	9,450	8,326	1,314	1974 July	
49,481	3,448	692	2,756	44,654	3,278	22,558	10,437	8,382	1,380	Aug.	
50,212	3,177	605	2,572	45,550	3,667	22,818	11,035	8,030	1,486	Sept.	
48,314	2,988	651	2,337	44,033	3,690	20,203	11,444	8,696	1,294	Oct.	
49,668	4,037	865	3,172	44,256	3,557	20,200	12,808	7,691	1,375	Nov.	
49,666	3,744	484	3,261	44,594	3,256	20,526	13,225	7,587	1,328	Dec.	
48,490	3,599	854	2,744	43,578	3,172	19,061	13,736	7,609	1,313	1975 Jan.	
46,698	4,164	895	3,269	41,350	3,266	17,673	13,932	6,479	1,184	Feb.	
49,533	4,805	1,189	3,616	43,546	3,072	19,128	14,688	6,658	1,183	Mar.	
49,177	4,297	1,313	2,984	43,758	3,886	17,997	15,158	6,717	1,122	Apr.	
49,479	4,487	1,314	3,173	43,784	4,220	18,640	14,135	6,789	1,208	May	
51,848	4,369	1,412	2,957	46,312	5,962	20,039	13,083	7,228	1,167	June	
51,826	4,421	1,684	2,737	46,217	5,478	20,775	12,915	7,049	1,188	July p	
12,643	1,220	312	908	11,260	1,818	7,875	230	1,338	163	1972 Dec.	IN BAHAMAS AND CAYMANS[1] Total, all currencies
23,771	1,573	307	1,266	21,747	5,508	14,071	492	1,676	451	1973 Dec.	
30,403	3,684	1,238	2,446	26,039	7,663	14,595	1,627	2,153	681	1974 July	
32,317	2,909	1,123	1,786	28,670	8,079	16,688	1,715	2,188	738	Aug.	
30,080	3,721	2,151	1,571	25,626	7,072	14,419	1,840	2,295	733	Sept.	
30,071	4,311	2,706	1,605	24,995	7,211	13,669	1,980	2,135	765	Oct.	
32,313	4,426	2,699	1,727	27,107	8,538	14,132	2,296	2,141	779	Nov.	
31,733	4,815	2,636	2,180	26,140	7,702	14,050	2,377	2,011	778	Dec.	
33,131	5,036	2,926	2,111	27,343	8,269	14,259	2,595	2,220	752	1975 Jan.	
33,534	5,243	3,281	1,962	27,498	8,975	13,550	2,711	2,262	793	Feb.	
33,793	7,228	5,081	2,147	25,875	8,498	12,614	2,520	2,243	690	Mar.	
35,667	7,420	5,083	2,337	27,536	8,756	13,694	2,769	2,318	711	Apr.	
38,198	9,090	6,766	2,324	28,309	6,872	16,018	2,977	2,441	799	May	
39,645	10,866	8,322	2,544	27,987	8,075	14,482	3,036	2,393	793	June	
[2]39,611	9,988	7,404	2,584	28,933	8,401	15,539	2,500	2,492	690	July p	

For notes see p. A-74.

20. DEPOSITS, U.S. TREAS. SECURITIES, AND GOLD HELD AT F.R. BANKS FOR *FOREIGN OFFICIAL ACCOUNT*

(In millions of dollars)

End of period	Deposits	Assets in custody: U.S. Treas. securities[1]	Assets in custody: Earmarked gold
1972	325	50,934	[2]15,530
1973	251	52,070	[2]17,068
1974	418	55,600	16,838
1974—Sept.	411	53,849	16,892
Oct.	376	54,691	16,875
Nov.	626	55,908	16,865
Dec.	418	55,600	16,838
1975—Jan.	391	58,001	16,837
Feb.	409	60,864	16,818
Mar.	402	60,729	16,818
Apr.	270	60,618	16,818
May	310	61,539	16,818
June	373	61,406	16,803
July	369	60,999	16,803
Aug.	342	60,120	16,803
Sept.	324	58,420	16,795

[1] Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds and nonmarketable U.S. *Treasury securities payable in dollars and in foreign* currencies.

[2] The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972, and in Oct. 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.

21. SHORT-TERM LIQUID CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(Amounts outstanding; in millions of dollars)

End of period	Total	Payable in dollars: Deposits	Payable in dollars: Short-term invest-ments[1]	Payable in foreign currencies: Deposits	Payable in foreign currencies: Short-term invest-ments[1]	United Kingdom	Canada
1969	1,491	1,062	161	183	86	663	534
1970	1,141	697	150	173	121	372	443
1971[2]	1,648	1,092	203	234	120	577	587
	1,507	1,078	127	234	68	580	443
1972[2]	1,965	1,446	169	307	42	702	485
	2,374	1,910	55	340	68	911	536
1973	3,162	2,588	37	427	109	1,118	770
1974—July	3,771	3,223	74	341	133	1,441	828
Aug.	3,504	2,941	51	369	144	1,436	872
Sept.	3,073	2,491	30	362	189	1,194	864
Oct.	2,698	2,132	25	325	216	1,122	835
Nov.	2,998	2,380	15	326	277	1,285	941
Dec.	3,303	2,582	56	403	261	1,342	951
1975—Jan.	3,215	2,511	45	314	345	1,136	1,112
Feb.	3,326	2,512	46	356	412	1,079	1,136
Mar.	3,234	2,434	66	347	387	1,055	1,132
Apr.	3,359	2,449	39	313	559	1,065	1,277
May	3,182	2,216	47	391	527	905	1,238
June[p]	3,112	2,232	95	351	433	970	1,107
July[p]	3,221	2,278	118	420	405	904	1,106

[1] Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

[2] Data on the 2 lines for this date differ because of changes in reporting coverage. Figures on the first line are comparable in coverage with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

NOTE.—Data represent the liquid assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 22.

22. SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS, BY TYPE

(Amount outstanding; in millions of dollars)

End of period	Liabilities: Total	Liabilities: Payable in dollars	Liabilities: Payable in foreign currencies	Claims: Total	Claims: Payable in dollars	Claims: Payable in foreign currencies: Deposits with banks abroad in reporter's name	Claims: Payable in foreign currencies: Other
1971—Sept.	2,564	2,109	454	4,894	4,186	383	326
Dec.[1]	2,704	2,229	475	5,185	4,535	318	333
	2,763	2,301	463	5,000	4,467	289	244
1972—Mar.	2,844	2,407	437	5,173	4,557	317	300
June	2,925	2,452	472	5,326	4,685	374	268
Sept.	2,933	2,435	498	5,487	4,833	426	228
Dec.[1]	3,119	2,635	484	5,721	5,074	410	237
	3,399	2,921	478	6,312	5,645	393	274
1973—Mar.	3,307	2,828	478	7,028	6,150	456	422
June	3,286	2,754	532	7,304	6,453	493	358
Sept.	3,574	2,915	659	7,648	6,710	528	411
Dec.	3,962	3,249	713	8,438	7,522	485	431
1974—Mar.	4,382	3,563	819	10,407	9,465	400	542
June	5,133	4,168	965	10,965	10,030	420	516
Sept.	5,600	4,646	954	10,632	9,656	419	558
Dec.	5,766	4,851	915	11,170	10,125	455	590
1975—Mar.[p]	5,723	4,860	863	10,792	9,679	398	715

[1] Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

23. SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(End of period. Amounts outstanding; in millions of dollars)

Area and country	Liabilities to foreigners					Claims on foreigners				
	1974				1975	1974				1975
	Mar.	June	Sept.	Dec.	Mar.p	Mar.	June	Sept.	Dec.	Mar.p
Europe:										
Austria	5	12	18	20	26	16	17	15	26	15
Belgium-Luxembourg	226	417	500	515	467	152	139	114	128	103
Denmark	17	18	22	24	23	37	27	25	42	35
Finland	8	9	12	16	16	42	80	91	120	76
France	134	177	164	202	151	384	511	463	431	329
Germany, Fed. Rep. of	237	220	246	314	350	337	348	328	339	276
Greece	21	28	78	39	25	87	76	69	65	59
Italy	121	131	137	128	113	322	395	415	397	315
Netherlands	114	104	120	117	121	103	126	144	148	157
Norway	9	8	10	9	9	22	35	32	36	34
Portugal	34	17	20	19	13	112	101	69	81	42
Spain	60	45	48	56	54	406	409	414	369	359
Sweden	43	52	40	38	32	74	106	97	89	66
Switzerland	92	112	106	140	157	91	78	154	136	86
Turkey	9	11	20	8	12	23	28	24	26	33
United Kingdom	1,118	1,244	1,415	1,216	1,101	1,839	1,871	1,768	1,853	1,635
Yugoslavia	16	18	17	40	52	15	23	23	22	33
Other Western Europe	3	6	7	5	5	19	23	20	21	23
Eastern Europe	39	34	80	70	54	79	97	90	142	114
Total	2,284	2,662	3,010	2,976	2,781	4,159	4,491	4,355	4,471	3,790
Canada	338	312	298	298	260	1,534	1,577	1,570	1,615	1,868
Latin America:										
Argentina	19	19	28	36	31	52	53	59	69	75
Bahamas	211	307	325	281	299	746	977	518	594	616
Brazil	78	125	160	118	121	411	523	419	461	376
Chile	7	10	14	22	23	78	64	124	106	69
Colombia	18	22	13	14	11	44	51	49	51	51
Cuba	*	*	*	*	*	1	1	1	1	1
Mexico	77	76	64	63	72	260	263	287	297	325
Panama	14	19	21	28	18	94	84	114	132	110
Peru	17	11	15	14	18	65	60	40	44	46
Uruguay	3	2	2	2	3	6	5	6	5	15
Venezuela	50	43	53	49	39	136	172	190	190	178
Other L.A. republics	45	60	63	83	65	172	172	182	193	194
Neth. Antilles and Surinam	5	7	8	24	48	13	17	14	20	16
Other Latin America	37	59	50	81	114	167	157	169	147	192
Total	581	761	818	816	862	2,245	2,599	2,169	2,308	2,266
Asia:										
China, People's Republic of (China Mainland)	20	39	23	17	8	8	3	8	17	19
China, Rep. of (Taiwan)	51	72	72	93	102	175	118	127	137	121
Hong Kong	24	19	19	19	19	69	68	64	63	82
India	14	13	10	7	10	36	31	37	37	32
Indonesia	13	22	38	60	63	51	67	81	85	110
Israel	31	39	40	50	63	38	37	53	44	46
Japan	374	374	352	348	331	1,214	957	1,100	1,148	1,238
Korea	38	45	66	75	43	109	124	123	201	165
Philippines	9	19	28	25	19	87	86	108	93	86
Thailand	7	7	10	10	9	21	22	23	24	30
Other Asia	262	404	431	536	645	264	314	311	387	399
Total	844	1,054	1,089	1,239	1,311	2,074	1,827	2,034	2,237	2,328
Africa:										
Egypt	35	12	6	3	5	9	13	16	15	24
South Africa	22	24	35	43	54	69	85	90	101	109
Zaire	21	15	17	18	17	20	17	13	24	18
Other Africa	134	156	114	129	142	154	199	205	234	242
Total	212	206	172	193	217	253	314	325	374	393
Other countries:										
Australia	73	51	57	56	60	110	117	134	116	100
All other	22	24	32	30	31	31	39	44	49	44
Total	95	74	89	86	91	142	157	178	165	144
International and regional	29	63	125	159	201	1	1	1	*	1
Grand total	4,382	5,133	5,600	5,766	5,723	10,407	10,965	10,632	11,170	10,792

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks, and intercompany accounts between U.S. companies and their foreign affiliates.

24. LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY NONBANKING CONCERNS

(Amounts outstanding; in millions of dollars)

End of period	Total liabilities	Claims										
		Total	Country or area									
			United Kingdom	Other Europe	Canada	Brazil	Mexico	Other Latin America	Japan	Other Asia	Africa	All other
1971—Mar.	3,177	2,983	154	688	670	182	63	615	161	302	77	72
June	3,172	2,982	151	687	677	180	63	625	138	312	75	74
Sept.	2,939	3,019	135	672	765	178	60	597	133	319	85	75
Dec.[1]	3,159	3,118	128	705	761	174	60	652	141	327	86	85
	3,138	3,068	128	704	717	174	60	653	136	325	86	84
1972—June	3,300	3,206	108	712	748	188	61	671	161	377	86	93
Sept.	3,448	3,187	128	695	757	177	63	662	132	390	89	96
Dec.[1]	3,540	3,312	163	715	775	184	60	658	156	406	87	109
	3,592	3,284	191	745	759	187	64	703	133	378	86	38
1973—Mar.	3,770	3,421	156	802	775	165	63	796	123	393	105	45
June	3,771	3,472	180	805	782	146	65	825	124	390	108	48
Sept.	3,979	3,632	216	822	800	147	73	832	134	449	108	51
Dec.	3,867	3,695	290	763	854	145	79	824	122	450	115	53
1974—Mar.	3,816	3,813	368	737	888	194	81	800	118	448	119	61
June	3,514	3,809	363	696	907	184	138	742	117	477	122	61
Sept.	3,340	3,932	370	702	943	181	145	776	114	523	118	59
Dec.	3,677	4,112	364	640	975	187	143	1,018	107	505	121	54
1975—Mar.p	3,924	4,113	339	653	1,019	182	160	966	102	528	130	54

[1] Data on the 2 lines shown for this date differ because of changes in reporting coverage. Figures on the first line are comparable with those shown for the preceding date; figures on the second line are comparable with those shown for the following date.

25. OPEN MARKET RATES

(Per cent per annum)

Month	Canada		United Kingdom				France	Germany, Fed. Rep. of		Netherlands		Switzerland
	Treasury bills, 3 months[1]	Day-to-day money[2]	Prime bank bills, 3 months	Treasury bills, 3 months	Day-to-day money	Clearing banks' deposit rates	Day-to-day money[3]	Treasury bills, 60-90 days[4]	Day-to-day money[5]	Treasury bills, 3 months	Day-to-day money	Private discount rate
1973	5.43	5.27	10.45	9.40	8.27	7.96	8.92	6.40	10.18	4.07	4.94	5.09
1974	7.63	7.69	12.99	11.36	9.85	9.48	12.87	6.06	8.76	6.90	8.21	6.67
1974—Sept.	8.70	8.84	12.11	10.91	10.69	9.50	13.41	5.63	9.00	7.42	5.08	7.00
Oct.	8.67	8.56	11.95	10.93	10.81	9.50	13.06	5.63	8.88	7.38	7.81	7.00
Nov.	7.84	7.86	12.07	10.98	7.70	9.50	12.40	5.63	7.20	6.72	7.00	7.00
Dec.	7.29	7.44	12.91	10.99	7.23	9.50	11.88	5.13	8.25	6.69	6.96	7.00
1975—Jan.	6.65	6.82	11.93	10.59	8.40	9.30	11.20	5.13	7.54	6.60	6.18	7.00
Feb.	6.34	6.88	11.34	9.88	7.72	9.50	9.91	3.88	4.04	6.56	7.33	7.00
Mar.	6.29	6.73	10.11	9.49	7.53	8.22	9.06	3.38	4.87	5.94	5.87	7.00
Apr.	6.59	6.68	9.41	9.26	7.50	7.09	8.34	3.38	4.62	5.53	4.13	6.50
May	6.89	6.88	10.00	9.47	7.81	6.25	7.56	3.38	5.32	3.82	1.98	6.50
June	6.96	6.88	9.72	9.43	7.00	6.25	7.31	3.38	4.91	2.78	1.37	6.50
July	7.22	7.17	9.86	9.71	7.34	6.25	7.25	3.38	3.98	2.98	1.99	6.50
Aug.	7.72	7.42	10.59	10.43	8.59	6.43	7.16	3.38	1.93	2.90	1.51	6.00
Sept.	8.37	7.74	10.43	10.36	9.40	6.50	6.91	....	4.25	2.60	0.94	5.50

[1] Based on average yield of weekly tenders during month.
[2] Based on weekly averages of daily closing rates.
[3] Rate shown is on private securities.
[4] Rate in effect at end of month.
[5] Monthly averages based on daily quotations.

NOTE. For description and back data, see "International Finance," Section 15 of *Supplement to Banking and Monetary Statistics*, 1962.

NOTES TO TABLES 19a AND 19b ON PAGES A-70 AND A-71, RESPECTIVELY:

[1] Cayman Islands included beginning Aug. 1973.
[2] Total assets and total liabilities payable in U.S. dollars amounted to $36,177 million and $36,583 million, respectively, on July 31, 1975.

NOTE.—Components may not add to totals due to rounding.

For a given month, total assets may not equal total liabilities because some branches do not adjust the parent's equity in the branch to reflect unrealized paper profits and paper losses caused by changes in exchange rates, which are used to convert foreign currency values into equivalent dollar values.

26. CENTRAL BANK RATES FOR DISCOUNTS AND ADVANCES TO COMMERCIAL BANKS

(Per cent per annum)

Country	Rate as of September 30, 1975		Country	Rate as of September 30, 1975	
	Per cent	Month effective		Per cent	Month effective
Argentina	18.0	Feb. 1972	Italy	6.0	Sept. 1975
Austria	6.0	Apr. 1975	Japan	7.5	Aug. 1975
Belgium	6.0	Aug. 1975	Mexico	4.5	June 1942
Brazil	18.0	Feb. 1972	Netherlands	4.5	Sept. 1975
Canada	9.0	Sept. 1975	Norway	5.5	Mar. 1974
Denmark	7.5	Aug. 1975	Sweden	6.0	Aug. 1975
France	8.0	Sept. 1975	Switzerland	3.5	Sept. 1975
Germany, Fed. Rep. of	3.5	Sept. 1975	United Kingdom	11.0	July 1975
			Venezuela	5.0	Oct. 1970

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or govt. securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations. Other rates for some of these countries follow:

Argentina—3 and 5 per cent for certain rural and industrial paper, depending on type of transaction;

Brazil—8 per cent for secured paper and 4 per cent for certain agricultural paper;

Japan—Penalty rates (exceeding the basic rate shown) for borrowings from the central bank in excess of an individual bank's quota;

United Kingdom—The Bank's minimum lending rate, which is the average rate of discount for Treasury bills established at the most recent tender plus one-half per cent rounded to the nearest one-quarter per cent above;

Venezuela—2 per cent for rediscounts of certain agricultural paper, 4½ per cent for advances against government bonds, and 5½ per cent for rediscounts of certain industrial paper and on advances against promissory notes or securities of first-class Venezuelan companies.

27. FOREIGN EXCHANGE RATES

(In cents per unit of foreign currency)

Period	Australia (dollar)	Austria (schilling)	Belgium (franc)	Canada (dollar)	Denmark (krone)	France (franc)	Germany (Deutsche mark)	India (rupee)	Ireland (pound)	Italy (lira)	Japan (yen)
1971	113.61	4.0009	2.0598	99.021	13.508	18.148	28.768	13.338	244.42	.16174	.28779
1972	119.23	4.3228	2.2716	100.937	14.384	19.825	31.364	13.246	250.08	.17132	.32995
1973	141.94	5.1649	2.5761	99.977	16.603	22.536	37.758	12.071	245.10	.17192	.36915
1974	143.89	5.3564	2.5713	102.257	16.442	20.805	38.723	12.460	234.03	.15372	.34302
1974—Sept.	144.87	5.2975	2.5364	101.384	16.111	20.831	37.580	12.316	231.65	.15103	.33439
Oct.	130.92	5.4068	2.5939	101.727	16.592	21.131	38.571	12.416	233.29	.14992	.33404
Nov.	131.10	5.5511	2.6529	101.280	16.997	21.384	39.836	12.397	232.52	.14996	.33325
Dec.	131.72	5.7176	2.7158	101.192	17.315	22.109	40.816	12.352	232.94	.15179	.33288
1975—Jan.	132.95	5.9477	2.8190	100.526	17.816	22.893	42.292	12.300	236.23	.15504	.33370
Feb.	134.80	6.0400	2.8753	99.957	18.064	23.390	42.981	12.550	239.58	.15678	.34294
Mar.	135.85	6.0648	2.9083	99.954	18.397	23.804	43.120	12.900	241.80	.15842	.34731
Apr.	131.16	5.9355	2.8433	98.913	18.119	23.806	42.092	12.686	237.07	.15767	.34224
May	134.04	6.0033	2.8631	97.222	18.299	24.655	42.546	12.391	232.05	.15937	.34314
June	133.55	6.0338	2.8603	97.426	18.392	24.971	42.726	12.210	228.03	.15982	.34077
July	130.95	5.7223	2.7123	97.004	17.477	23.659	40.469	11.777	218.45	.15387	.33741
Aug.	128.15	5.4991	2.6129	96.581	16.783	22.848	38.857	11.379	211.43	.14963	.33560
Sept.	128.87	5.4029	2.5485	97.437	16.445	22.367	38.191	11.281	208.34	.14740	.33345

Period	Malaysia (dollar)	Mexico (peso)	Netherlands (guilder)	New Zealand (dollar)	Norway (krone)	Portugal (escudo)	South Africa (rand)	Spain (peseta)	Sweden (krona)	Switzerland (franc)	United Kingdom (pound)
1971	32.989	8.0056	28.650	113.71	14.205	3.5456	140.29	1.4383	19.592	24.325	244.42
1972	35.610	8.0000	31.153	119.35	15.180	3.7023	129.43	1.5559	21.022	26.193	250.08
1973	40.988	8.0000	35.977	136.04	17.406	4.1080	143.88	1.7178	22.970	31.700	245.10
1974	41.682	8.0000	37.267	140.02	18.119	3.9506	146.98	1.7337	22.563	33.688	234.03
1974—Sept.	41.443	8.0000	36.870	139.64	17.993	3.8565	142.69	1.7339	22.333	33.371	231.65
Oct.	41.560	8.0000	37.639	129.95	18.165	3.9246	142.75	1.7422	22.683	34.528	233.29
Nov.	43.075	8.0000	38.438	130.42	18.404	3.9911	143.88	1.7522	23.175	36.384	232.52
Dec.	42.431	8.0000	39.331	130.56	18.873	4.0400	144.70	1.7716	23.897	38.442	232.94
1975—Jan.	43.359	8.0000	40.715	131.72	19.579	4.0855	145.05	1.7800	24.750	39.571	236.23
Feb.	44.136	8.0000	41.582	133.30	19.977	4.1139	147.16	1.7784	25.149	40.450	239.58
Mar.	44.582	8.0000	42.124	134.31	20.357	4.1276	148.70	1.7907	25.481	40.273	241.80
Apr.	43.797	8.0000	41.291	132.66	20.049	4.0596	147.01	1.7756	25.171	39.080	237.07
May	44.278	8.0000	41.581	131.66	20.198	4.0933	146.69	1.7871	25.422	39.851	232.05
June	43.856	8.0000	41.502	130.86	20.393	4.1124	146.31	1.7922	25.532	40.086	228.03
July	41.442	8.0000	39.154	127.73	19.241	3.9227	139.75	1.7446	24.213	38.272	218.45
Aug.	39.779	8.0000	37.887	111.79	18.304	3.7700	139.72	1.7140	23.174	37.332	211.43
Sept.	38.219	8.0000	37.229	105.50	17.834	3.7048	131.40	1.6914	22.501	36.905	208.35

NOTE.—Averages of certified noon buying rates in New York for cable transfers. For description of rates and back data, see "International Finance," Section 15 of *Supplement to Banking and Monetary Statistics*, 1962.

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BOSTON[1]	02106	Louis W. Cabot Robert M. Solow	Frank E. Morris James A. McIntosh	
NEW YORK[1]	10045	Roswell L. Gilpatric Frank R. Milliken	Paul A. Volcker Richard A. Debs	
Buffalo	14240	Donald Nesbitt		Ronald B. Gray
PHILADELPHIA	19105	John R. Coleman *Edward J. Dwyer*	David P. Eastburn Mark H. Willes	
CLEVELAND[1]	44101	Horace A. Shepard Robert E. Kirby	Willis J. Winn Walter H. MacDonald	
Cincinnati	45201	Phillip R. Shriver		Robert E. Showalter
Pittsburgh	15230	*G. Jackson Tankersley*		Robert D. Duggan
RICHMOND[1]	23261	Robert W. Lawson, Jr. E. Craig Wall, Sr.	Robert P. Black George C. Rankin	
Baltimore	21203	James G. Harlow		Jimmie R. Monhollon
Charlotte	28201	Charles W. DeBell		Stuart P. Fishburne
Culpeper Communications Center	*22701*			Albert D. Tinkelenberg
ATLANTA	30303	H. G. Pattillo *Clifford M. Kirtland, Jr.*	Monroe Kimbrel *Kyle K. Fossum*	
Birmingham	35202	Frank P. Samford, Jr.		Hiram J. Honea
Jacksonville	32203	James E. Lyons		Edward C. Rainey
Miami	33152	Castle W. Jordan		W. M. Davis
Nashville	37203	John C. Tune		Jeffrey J. Wells
New Orleans	70161	Floyd W. Lewis		George C. Guynn
CHICAGO[1]	60690	Peter B. Clark Robert H. Strotz	Robert P. Mayo Daniel M. Doyle	
Detroit	48231	W. M. Defoe		William C. Conrad
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Little Rock	*72203*	*Ronald W. Bailey*		*John F. Breen*
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OPERATING POLICIES OF BANK HOLDING COMPANIES—PART II: NONBANKING SUBSIDIARIES, by Robert J. Lawrence. Mar. 1974. 59 pp.
HOUSEHOLD SECTOR ECONOMIC ACCOUNTS, by David F. Seiders. Jan. 1975. 84 pp.
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Staff Economic Studies shown in list below.

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(Except for Staff Papers, Staff Economic Studies, and some leading articles, most of the articles reprinted do not exceed 12 pages.)

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A REVISED INDEX OF MANUFACTURING CAPACITY, **Staff Economic Study** by Frank de Leeuw with Frank E. Hopkins and Michael D. Sherman. 11/66.
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CHANGES IN TIME AND SAVINGS DEPOSITS AT COMMERCIAL BANKS, January–April 1975. 10/75.
RECENT DEVELOPMENTS IN INTERNATIONAL FINANCIAL MARKETS. 10/75.

Index to Statistical Tables

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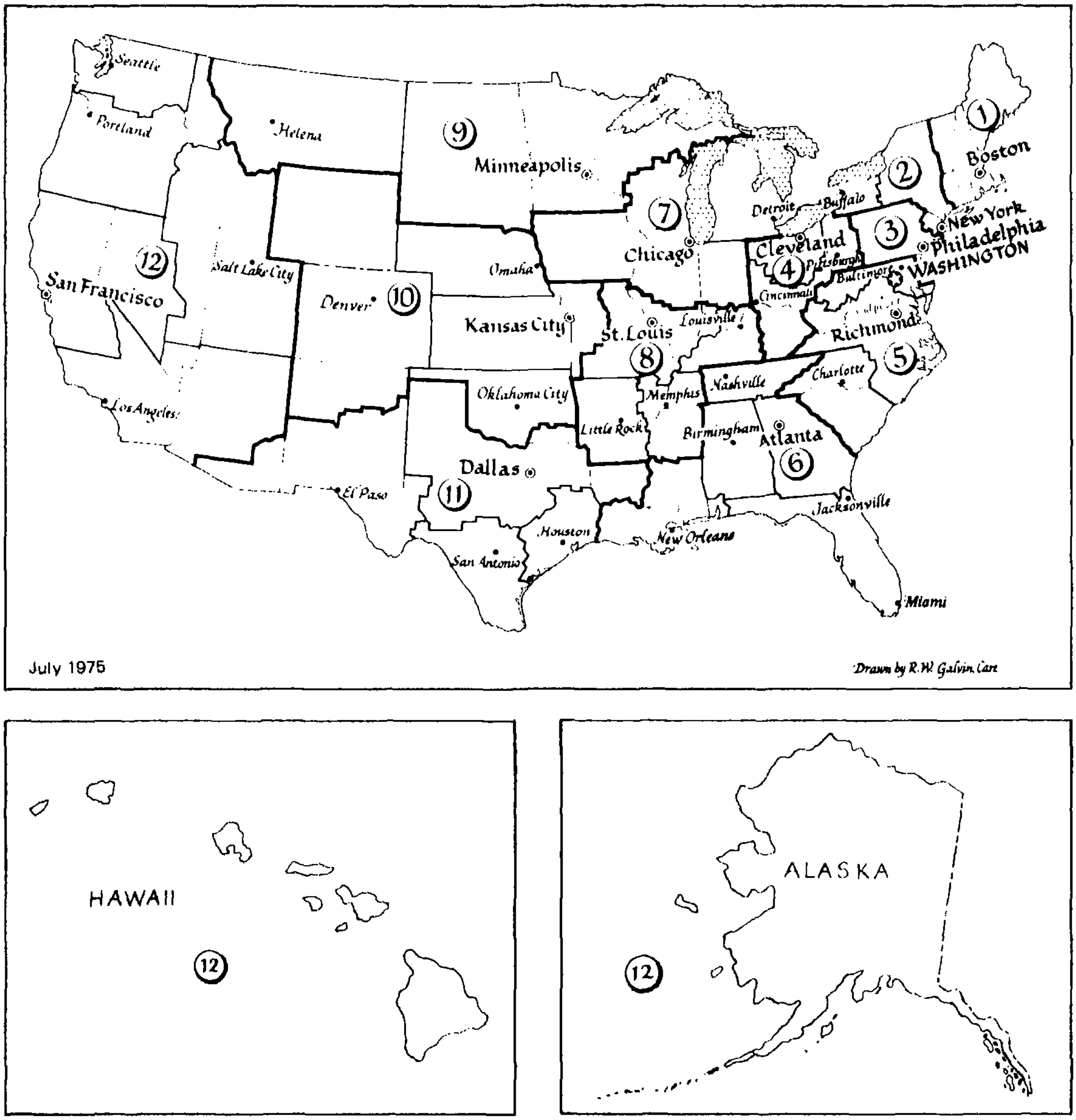
(For list of tables published periodically, but not monthly, see inside back cover)

References are to pages A-2 through A-75 although the prefix "A" is omitted in this index

The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- Board of Governors of the Federal Reserve System
- Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Guide to Tabular Presentation

SYMBOLS AND ABBREVIATIONS

e	Estimated
c	Corrected
p	Preliminary
r	Revised
rp	Revised preliminary
I, II, III, IV	Quarters
n.e.c.	Not elsewhere classified
A.R.	Annual rate
S.A	Monthly (or quarterly) figures adjusted for seasonal variation
N.S.A.	Monthly (or quarterly) figures not adjusted for seasonal variation
IPC	Individuals, partnerships, and corporations
SMSA	Standard metropolitan statistical area
A	Assets
L	Liabilities
S	Sources of funds
U	Uses of funds
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
....	(1) Zero, (2) no figure to be expected, or (3) figure delayed

GENERAL INFORMATION

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

A heavy vertical rule is used in the following instances: (1) to the right (to the left) of a total when the components shown to the right (left) of it add to that total (totals separated by ordinary rules include more components than those shown), (2) to the right (to the left) of items that are not part of a balance sheet, (3) to the left of memorandum items.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

The footnotes labeled NOTE (which always appear last) provide (1) the source or sources of data that do not originate in the System; (2) notice when figures are estimates; and (3) information on other characteristics of the data

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