
JANUARY 1977

FEDERAL RESERVE BULLETIN

The Economy in 1976

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The Economy in 1976

This article was prepared in the National Income Section of the Division of Research and Statistics.

The pace of the economic recovery that began in the spring of 1975 accelerated in the opening months of 1976. During the first quarter real gross national product increased markedly, due largely to a sharp shift in the rate of inventory investment from liquidation to accumulation and a substantial advance in consumer spending. Employment gains during this period were sizable, and the unemployment rate declined significantly despite rapid growth in the labor force.

During the second quarter of 1976, the pace of the expansion moderated, and over the remainder of the year real output growth averaged about its long-term trend rate. With employment gains slowing and the labor force continuing to increase rapidly, unemployment began to rise again, and there was little further increase in the rate of utilization in industrial capacity.

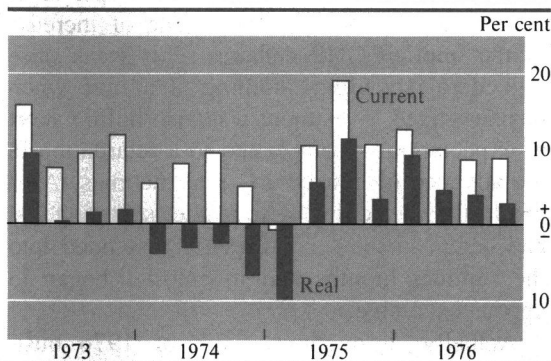
Late in the year, signs began to develop that the economy was emerging from this "pause" and that the pace of economic activity was picking up. But with unemployment extensive and with aggregate demand for goods and services still comparatively moderate, both the outgoing and incoming administrations proposed fiscal measures designed to provide tax reductions for consumers and businesses.

A slowing in the rate of growth after the first year of recovery—such as occurred in 1976—is typical of cyclical expansions. As in previous postwar upswings, the proximate source of moderation in economic activity during 1976 was an ending of the stimulus provided by sharp increases in the rate of inventory investment, which are necessarily of a temporary nature.

No two business cycles are identical, however, and a substantial retardation in the rate of economic expansion during 1976 was by no means predetermined. One important factor in the slowdown was the fact that real capital spending by businesses—particularly for equipment—was unusually sluggish. These outlays declined during the first two quarters of the recovery in over-all activity—an unprecedented event in recent cyclical experience—and the typical cyclical resurgence in these expenditures has yet to materialize.

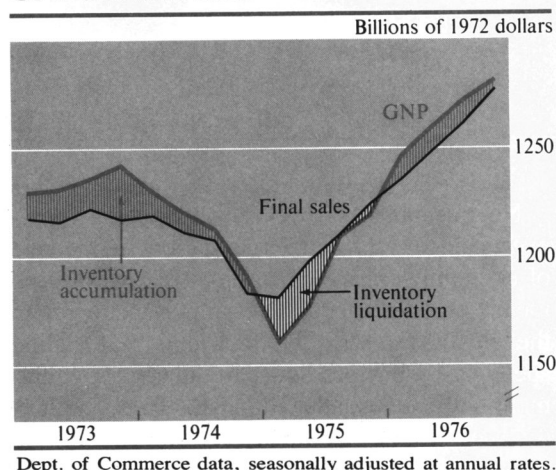
This weak performance of business capital spending occurred despite a substantial recovery in corporate profit margins. In addition, business liquidity was substantially restored to pre-recession levels, and there was a downward drift in long-term interest rates, which are still well below their level at the trough of the recession. Evidently, business confidence has been shaken by the turbulent economic environment of recent years—particularly by fears of a resurgence of inflationary pressures and by the steepness of the decline in economic activity during late 1974 and early 1975, which generated substantial

Change in GNP



Dept. of Commerce data, seasonally adjusted at annual rates. Real is in terms of 1972 dollars.

GNP and final sales



excess capacity. In the manufacturing sector the rate of capacity utilization had declined to 71 per cent in the first quarter of 1975—the lowest quarterly figure in postwar history. By the end of 1976 the rate of utilization had risen to a little over 80 per cent, but business firms remained very cautious about adding to capacity.

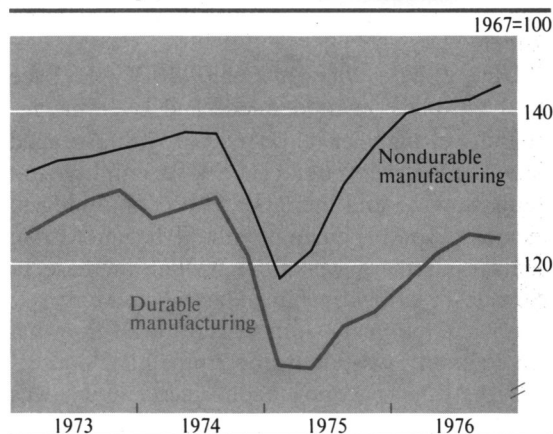
A second factor in the slowdown of the pace of expansion last year was the slackening in Federal spending from earlier expectations. Growth of Federal expenditures typically moderates during an economic recovery because payments for income security slow as the economy improves. During the first three quarters of 1976, however, Federal expenditures as measured in the national income and product accounts rose at an annual rate of 5½ per cent, or just slightly more than the rate of increase of the implicit GNP deflator. This weak pace of Federal spending—coming at a time when business fixed investment was also falling short of expectations—contributed to a retardation in the advance of consumers' real incomes. As a result, the slackening of consumer spending that had begun in the second quarter extended into the summer months and inventories began to appear excessive.

Actually, throughout much of 1976 businesses were plagued with inventory back-ups. Production of nondurable goods increased at an unsustainable pace in the latter half of 1975 and

early 1976. When final demands began to slow, inventories of these goods rose rapidly—necessitating widespread adjustments in production. Nondurable goods production remained essentially flat from the spring to the fall.

By midsummer, production adjustments spread to the durable goods industries, as inventories in these lines also became larger than business firms desired to hold. The weaker-than-expected pace of business fixed capital outlays was partly responsible for this back-up of durable goods stocks; so also was the moderating pace of consumer spending for durable goods. During the second and third quarters of 1976 growth in real expenditures for consumer durable goods slowed to an annual growth rate of 3 per cent, compared with 17 per cent in the first year of the recovery.

Industrial production



F.R. data.

Accumulating evidence suggests that businesses made progress in eliminating excessive inventories during the fourth quarter of 1976. Retail sales began to pick up in October—apparently due in part to price concessions given by business firms—and continued to advance in November and December. This firming of consumer demands, together with the earlier adjustments in production, helped to eliminate excessive stocks of both durable and nondurable goods, paving the way for a pick-up in the tempo of business activity in the early months of 1977.

INCOME AND CONSUMPTION

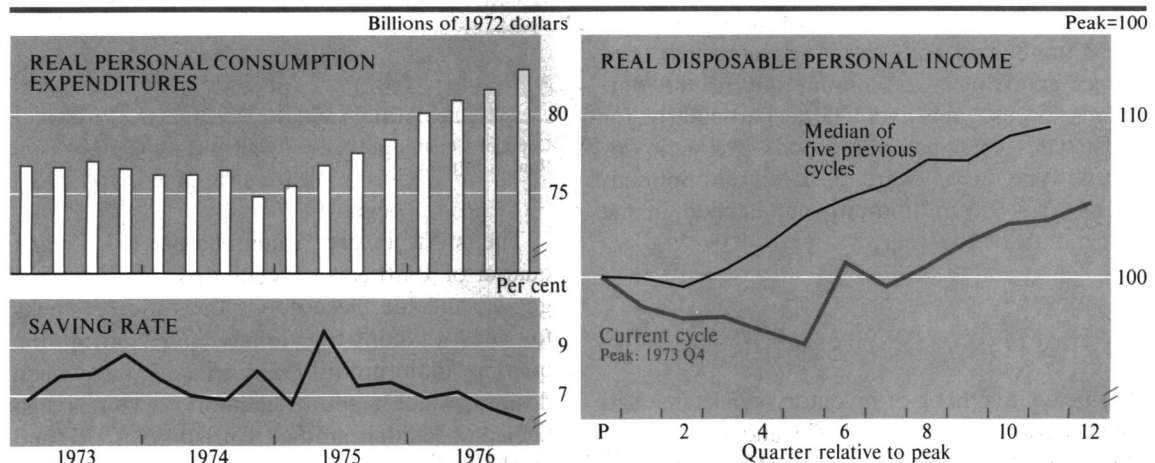
The decline in real disposable income during the 1973–74 recession from its peak was more severe than in any other postwar recession, reflecting both the weakness of growth of nominal income and the rapidly rising prices for consumer goods. Although the recovery in real disposable income from the trough was about in line with previous cyclical experience, the gain was largely offset by the recession declines. Thus, by the end of 1976 real disposable income was 3.5 per cent above its pre-recession peak, compared with about 9 per cent during comparable periods of other recoveries.

Much of the growth in disposable income during the first year of the recovery reflected the combined effects of an expansion in employment and of the Tax Reduction Act of 1975. However, in the absence of large increases in durable goods production and accompanying significant gains in employment, growth in real income slowed markedly during the last three quarters of 1976—to about a 3 per cent annual rate. Growth of real disposable income during this period was also retarded by a decline in farm income, a gradual increase in average tax rates as inflation pushed individuals into higher tax brackets, and the still relatively high rate of consumer price increases.

Following the tax cut and tax rebate in the spring of 1975, real consumption expenditures grew at an irregular pace but averaged 6.1 per cent over the year ending in the first quarter of 1976. Part of this gain was due to the stimulative effects of the 1975 tax cut, although reduced inflationary expectations and an improved job market in late 1975 also played a role. By mid-1976, however, growth in real consumption spending had slowed to a 4 per cent annual rate. Since the saving rate generally fell in 1976, the slowdown in the pace of consumer spending seems attributable mainly to the reduced growth rate of disposable income.

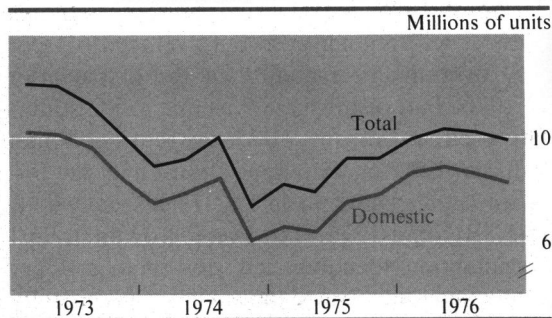
Much of the increase in consumer spending in the early part of 1976 was for autos, as sales of both domestic and foreign cars surged. Auto sales were bolstered not only by gains in real income but also by replacement demand, which had been deferred during the 1975 recession. The strength in consumer spending during early 1976 did not extend to purchases of other discretionary types of goods—such as furniture, appliances, clothing, and shoes. Consumer spending for nondurable goods in real terms was relatively strong in the first quarter but weakened noticeably in the second and third quarters. During those two quarters, households continued adding to their stocks of durable goods, but at a very slow pace. Growth in

Spending, saving, and income



Dept. of Commerce data, seasonally adjusted at annual rates. Real is in terms of 1972 dollars.

Auto sales



Ward's "Automotive Reports" data. Seasonal adjustment by F.R. Domestic-type autos include U.S. sales of cars produced in Canada.

consumer spending for services, on the other hand, was relatively well maintained throughout 1976.

Total auto sales in the autumn fell to about a 9¾-million-unit annual rate, compared with sales rates of more than 10 million units (annual rate) earlier in the year. In part, sales were held down by the low level of dealer inventories due to a major auto strike, as well as by the inability of the industry to anticipate fully the shift in consumer preferences toward intermediate- and full-size cars. During the third and fourth quarters dealers had less than a 20-day supply of several of the more popular domestic models. Sales of imported cars, on the other hand, improved in the fall to a 1.9-million-unit annual rate, due partly to price concessions given to work down an enormous, 109-day supply at the beginning of August.

At the end of the year it appeared that consumer spending was coming out of the doldrums. Sales gains were large particularly for most types of nondurable goods. Sales of domestic-type autos were also on an uptrend, rising to a 9.3-million-unit annual rate in the last month of the year.

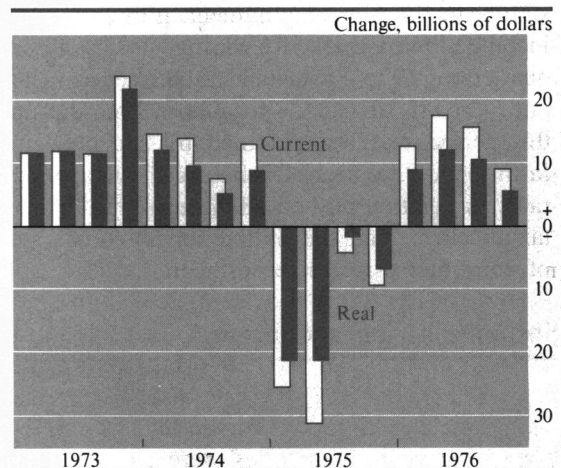
INVENTORY INVESTMENT

The heavy overhang of inventory stocks that had been accumulated during 1973 and 1974 led to a record rate of run-off in the first half of 1975. By the second half, however, inventory investment of nondurable goods turned positive. Stocks of durable goods, which typically go

through larger and more pronounced cyclical swings, continued to be worked off throughout 1975 and into 1976.

Total inventory investment on a national income accounts basis turned from decumulation in the fourth quarter of 1975 to substantial accumulation in the first quarter of 1976—a swing of more than \$22 billion—as the business outlook continued to improve at the turn of the year. The first-quarter accumulation was probably greater than intended, however—particularly for nondurable goods. In view of the fact that consumer demand slackened in the spring, business firms struggled during the remainder of the year to keep inventories under control. As a result, total inventory investment was maintained at a fairly constant rate during the second and third quarters of the year.

Nonfarm business inventories



Dept. of Commerce data, seasonally adjusted at annual rates. Real is in terms of 1972 dollars.

The shift toward accumulation in the first quarter of 1976 was concentrated in nondurable goods, and for these goods the ratio of stocks to sales in constant dollars rose during the quarter. Part of this build-up may have been desired, since sales of nondurable goods had been substantial around Christmas 1975 and stocks had been run down. Nevertheless, some of the accumulation was apparently undesired as production adjustments, particularly in the nondurable materials industries, got under way

before final sales of nondurable goods had begun to weaken. When consumer buying slumped in the second quarter, downward adjustments in production plans became more widespread, and the output of nondurable goods remained virtually unchanged from March through September.

Stocks of durable goods continued to be run off in the first quarter of 1976—but at a much reduced rate. The slackening of economic activity in the late spring led to increased uncertainty about sales and to greater caution regarding desired inventories—especially for durable materials such as steel. This caused cutbacks in the rate of orders and production. But in spite of these production adjustments, the modest rate of consumer spending for autos and other types of durable goods, together with the sluggishness of business fixed capital outlays, resulted in a build-up of durable stocks relative to sales in late summer and fall.

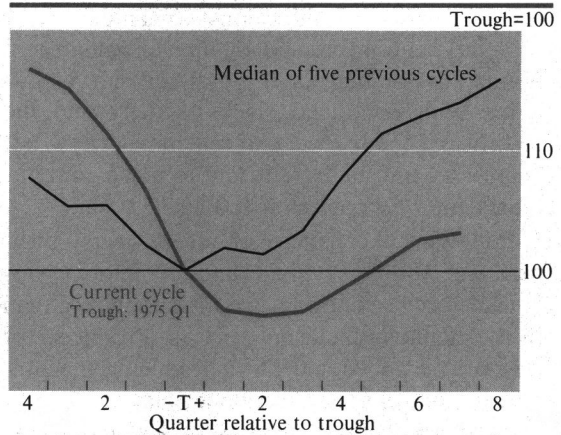
Special developments affected inventories in several industries. Tire stocks were run down during the rubber strike and rebuilt thereafter. Auto inventories were very unbalanced—with too many small cars and too few of the popular, larger models. These imbalances, however, were being corrected toward the end of the year. Oil inventories surged in the summer and fall months in anticipation of forthcoming price increases by the Organization of Petroleum Exporting Countries.

In the fourth quarter of 1976 business made progress in cleaning up undesired stocks at both the manufacturing and the trade levels. By the end of the year, inventories were coming into better balance with sales. Although a working down of excess inventories still appeared to be in process in some categories of durable goods, the inventory adjustment seemed to be nearing completion, thereby removing a dampening factor on industrial production.

BUSINESS FIXED INVESTMENT

Real business fixed investment did not bottom out until the third quarter of 1975—half a year after the trough in real GNP. These expenditures increased about 7 per cent during 1976, but by

Real business fixed investment



Dept. of Commerce data, seasonally adjusted at annual rates, in terms of 1972 dollars.

the year-end real capital spending was still about 12 per cent below the peak reached in the first quarter of 1974.

This has been the weakest recovery in business fixed investment during the postwar era. In the seven quarters following the trough, real business fixed investment increased only 3 per cent, compared with a median of 14 per cent in previous postwar recoveries. Expenditures for producers' durable equipment, which rose only about 8 per cent in real terms in the last four quarters, have been particularly slow to recover, despite substantial gains in communications equipment and business purchases of trucks and autos. Expenditures for nonresidential structures were also weak—rising only 5 per cent in real terms in the last four quarters—but these outlays have usually been slower to recover than expenditures for equipment. The major source of strength in nonresidential structures came from public utilities, while the sector that usually supports recovery—commercial and industrial building—continued weak through the end of 1976.

Some of the underlying determinants for capital spending continued to be quite favorable throughout 1976. Corporate profits increased substantially, long-term interest rates remained well below their level at the trough of the recession, and corporations made additional progress in restructuring their balance sheets to rebuild liquidity and reduce risk exposure.

Whereas these developments would normally have given a substantial boost to capital spending, the caution created by the turbulent economic environment of the past several years—along with continued slack capacity and the inability of the recovery to reach maturity—left businesses unusually reluctant to make commitments for new capital spending.

Following the pattern of recent years, business spending for plant and equipment was considerably stronger in the manufacturing than in the nonmanufacturing sectors. Producers of nondurable goods and firms producing machinery, motor vehicles, and stone, clay, and glass showed the largest increases. Excluding the manufacturing sector, the biggest gains were concentrated in public utilities, communications, and transportation industries such as pipelines, trucking, and shipping.

At the end of the year most indicators of capital spending were foreshadowing advances that were moderate for a recovery period. The Commerce Department's December survey of plant and equipment spending showed business projecting an increase of 11 per cent for calendar year 1977—up from the apparent 7½ per cent gain of 1976. Other indicators suggested that the pause in the pace of economic expansion would lead to relatively slow capital spending growth in the first part of 1977. New capital appropriations of large manufacturing corporations fell significantly in the third quarter of 1976. In addition new orders for capital equipment, which strengthened throughout much of 1976, showed little growth in the fourth quarter. Nevertheless, the outlook for business fixed investment could improve materially, if sustained gains in final demands succeed in removing lingering doubts about the underlying strength of the recovery.

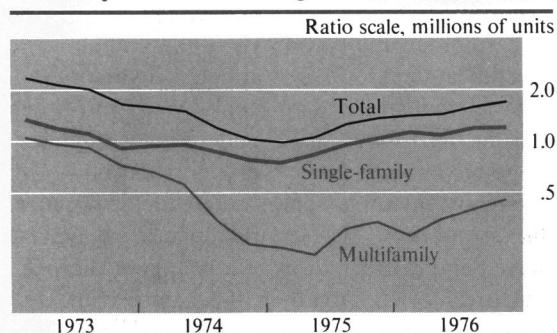
RESIDENTIAL CONSTRUCTION

The steady rise in outlays for private residential construction has been a significant source of support for the current economic recovery. These outlays increased by more than one-fifth in real terms during 1976. By the fourth quarter

the annual rate of private housing starts—at over 1.8 million units—was about 825,000 units above the early 1975 trough. In addition, the rate of factory shipments of new mobile homes, while still well below earlier peaks, was somewhat above the 1975 level.

The rise in total residential construction activity last year was facilitated by the improving financial situation of thrift institutions—the dominant mortgage lenders—and by strong household demands for shelter. Lenders were able to provide a large supply of mortgage credit while still improving their liquidity positions. Moreover, the supply of funds was sufficient to meet a near-record volume of mortgage debt formation at slightly declining interest rates in the primary mortgage market.

Privately owned housing starts



Dept. of Commerce data, seasonally adjusted at annual rates.

During much of 1976 the uptrend in housing construction activity was concentrated in the single-family sector. Single-family starts, at 1.3 million units by year-end, approached the peak rates of 1972 and early 1973, when production had been bolstered by special Federal subsidy programs designed to stimulate homeownership. Single-family housing activity accounted for nearly 60 per cent of the growth in starts over the four quarters of the year.

Multifamily starts remained quite low in 1976, even when compared with the years immediately before 1971 when the boom in construction of such units began. Significant increases were registered in each of the last three quarters of the year, however, and by the final quarter multifamily starts were at about a 525,-

000-unit annual rate—the highest quarterly average in 2½ years. Despite evidence of increased demands for rental space during the year, investment in this sector has been hampered by a number of factors affecting builders' profitability and investors' risks—such as high costs for construction, substantially increased operating costs on completed units, and actual or threatened rent controls in some areas. Moreover, the market for multifamily condominiums was still affected by overbuilding during the early 1970's and by consumer resistance to high prices for these housing units.

As the year ended, savings flows to thrift institutions were still very large, mortgage loan commitments outstanding were still rising, and some easing in mortgage interest rates was evident. These conditions, along with continued correction of problems in the multifamily sector, suggest that residential construction outlays are likely to supply considerable additional stimulus to the over-all economic expansion in 1977.

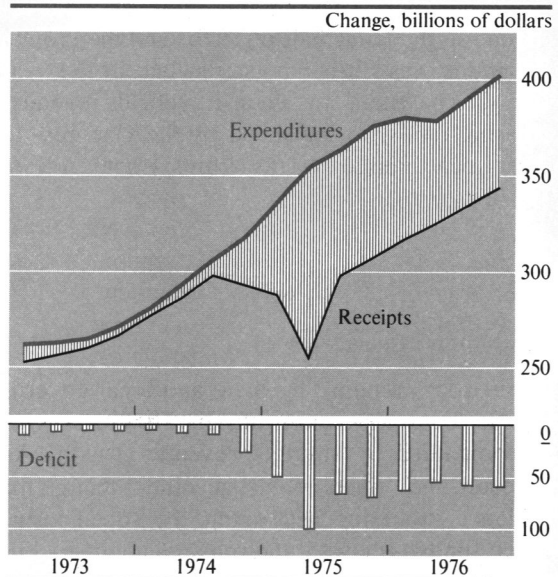
THE FEDERAL SECTOR

The Federal deficit—on a national income accounts basis—declined by roughly \$13 billion in calendar year 1976 to a level of \$58 billion, as receipts rebounded from the depressed 1975 level and the expansion of Federal expenditures slowed markedly during the first half of the year. On a full-employment basis, the deficit fell by about \$8 billion.

Between 1975 and 1976, total Federal receipts increased by more than \$40 billion, or 15 per cent. Corporate profits taxes contributed substantially to the gain—increasing by about 30 per cent. Personal tax receipts, responding to the recovery, grew 15 per cent from 1975 to 1976. Social security taxes rose 12 per cent, reflecting an increase in the wage base from \$14,100 to \$15,300 as well as gains in employment and payrolls. Indirect business taxes—mainly liquor and tobacco taxes and customs duties—remained essentially unchanged from their 1975 levels.

The growth of Federal spending typically slows during economic recovery as many indi-

Federal purchases and expenditures



Dept. of Commerce national income and product data, seasonally adjusted at annual rates.

viduals who had been receiving income security payments return to work. In the first 9 months of the year, however, Federal spending in a variety of other programs—such as defense purchases, grants to State and local governments, and interest payments—fell far short of the levels expected by both the administration in its January budget and by the Congress in its second concurrent resolution for fiscal year 1976. In view of the slowing of economic growth, these spending shortfalls received widespread notice, even though such shortfalls of spending have often occurred in the past.

Federal Government purchases of goods and services—which enter directly into GNP—rose by about 6.5 per cent over the four quarters of 1976, following an 11.5 per cent increase in 1975. This slowing in the growth of purchases was equally distributed between defense and nondefense expenditures. Most of the slowing in purchases was in outlays other than compensation, although the growth in payroll costs also was more modest than in the previous year. Military employment declined slightly, while civilian employment was little changed.

Grants to State and local governments showed very little increase in the first half of 1976 as

Federal aid for highways and education registered declines. These grants, however, did rebound in the latter half of 1976, and the growth in grants was further bolstered late in the year by the payment of countercyclical revenue-sharing funds, as legislated by the Congress in the Local Public Works Employment Act of 1976.

STATE AND LOCAL GOVERNMENTS

Growth in spending by State and local governments was very moderate in 1976 and was accompanied by stronger revenue growth. As a result, the "operational" account—that is, the balance excluding net savings by social insurance funds—showed a surplus of about \$1 billion in 1976, an improvement from the deficit of \$5 billion in 1975.

Revenues excluding Federal grants rose about 11 per cent over the four quarters of 1976, compared with 9½ per cent in the preceding four quarters. This favorable trend was offset in part, however, by a much slower growth in grants-in-aid from the Federal Government, despite the rebound in such grants during the second half.

Over-all expenditures by State and local governments rose by only 6.5 per cent over the

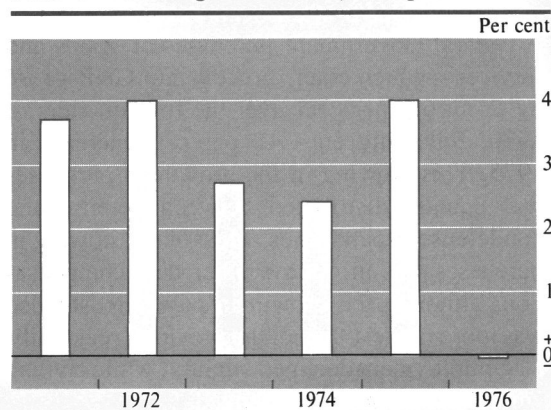
year. The modest advance in nominal spending probably reflected an attempt by many units to rebuild fiscal positions that had been weakened over the last several years; also, long-run demographic factors—such as the decline in school-age population—helped to curtail spending.

As a result of the slowdown in the growth of State and local government spending in nominal terms, real purchases of goods and services in this sector were little changed over the four quarters of 1976, as compared with a 4 per cent rise in 1975; this was by far the weakest performance for these purchases since 1959. Investment in structures in real terms fell by almost 14 per cent during 1976, with much of the cutback accounted for by highways and school buildings. Real spending for capital goods by State and local governments is currently only about 70 per cent of the peak levels of the late 1960's.

The largest element in the spending slowdown, however, has been a reduced rate of hiring. Over the past decades, State and local governments have been a strong source of demand for labor. But preliminary indicators suggest that only about 200,000 new jobs were created in this sector over the four quarters of 1976—about half the average annual gain.

There has been some acceleration in wage rate increases for public employees, which partly offset the impact on outlays of the reduced pace of employment gains in 1976. Over the four quarters of the year compensation per worker in this sector rose in the 7 per cent range, compared with 6.5 per cent in 1975. This acceleration probably reflects an attempt by public employees to compensate for the shortfall in their wage increases between 1972 and 1975 relative to those of private sector employees.

State and local government, real purchases



Dept. of Commerce data, seasonally adjusted at annual rates.

NET EXPORTS

U.S. net exports of goods and services on a national income accounts basis averaged \$6.9 billion in 1976, down sharply from \$20.5 billion recorded in 1975. The decline partly

reflected growth in merchandise imports—stimulated by the economic recovery in the United States—and the dampening effect on U.S. exports of the sluggish recovery in much of the industrial world. Merchandise exports rose only moderately in both volume and value terms after the fourth quarter of 1975, contributing little to the strength of over-all demand. At the same time, the strong rise in imports, and especially a major increase in payments for imported fuels in the summer months, also had a depressing effect on aggregate activity.

Imports of merchandise into the United States grew rapidly during 1976, with increased demands for both fuel and nonfuel goods. Nonfuel imports rose by more than 20 per cent from their recession-depressed levels of 1975. In the first quarter the expansion of these imports centered in industrial supplies and materials and in automobiles from Japan, both of which were associated with rebuilding of stocks. A second burst of nonfuel import growth occurred in the third quarter; all major end-use categories except automobiles contributed to the expansion of imports.

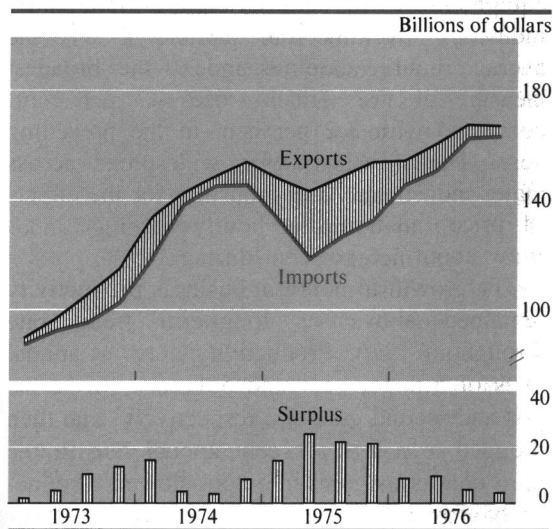
The volume of petroleum imported in 1976 rose more than 20 per cent from the level in

1975—increasing more than three times as fast as real GNP and pushing the bill for imported fuel to \$37 billion. Roughly 40 per cent of the total petroleum consumed in this country is imported, and all of the swing in petroleum consumption during the recession and recovery occurred in the imported segment. Fuel imports are particularly sensitive to recovery in domestic activity, but they were further stimulated in 1976 by a continuation of the decline in domestic oil production, and beginning in the third quarter, by stockbuilding in anticipation of a possible price increase by the Organization of Petroleum Exporting Countries at year-end.

Growth in U.S. exports in 1976—led by exports of capital goods—was constrained by the sluggishness in the recovery overseas. Agricultural exports made a strong contribution to the over-all export performance, with the volume up 16 per cent over the four quarters of 1976.

Net services and military transactions (as defined in the national income accounts) added over \$3 billion more to net exports in 1976, compared with 1975. The increase in the surplus on these transactions continues the pattern of the past several years: rising income from U.S. investments abroad, declining overseas military expenditures by the United States, and rising sales of military equipment to foreign governments.

U.S. foreign transactions

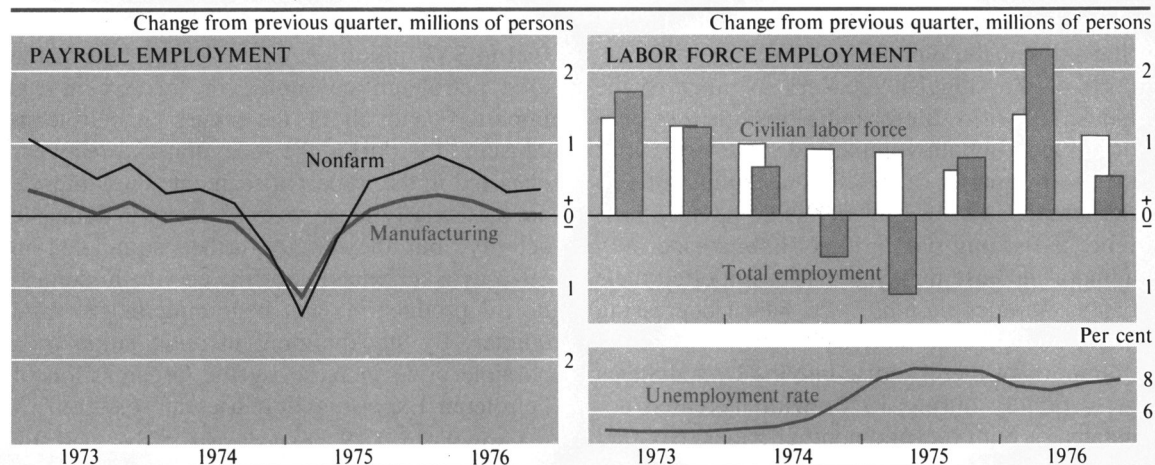


Dept. of Commerce data, seasonally adjusted at annual rates.

THE LABOR MARKET

Conditions in the labor market responded favorably to the increase in output during the first part of 1976. But when the pace of aggregate activity moderated, employment gains slowed and the unemployment rate rose. During the first part of the year, employment grew rapidly and the unemployment rate continued to fall from a recession high of 8.9 per cent in May 1975 to 7.3 per cent in May 1976. However, sales and production flattened out over the summer, and, as a result, employment gains dwindled, the workweek was cut back in several indus-

Employment and unemployment



Dept. of Labor data, seasonally adjusted at annual rates.

tries, and there was a rise in layoffs and in the unemployment rate.

During the first 4 months of the year, more than 1.2 million additional jobs were added to industry payrolls. But as employment growth slackened, monthly increases in nonfarm payroll employment were cut to a third of the rate earlier in the year. The biggest slowdown was in manufacturing, where employment (when adjusted for strike activity) grew by only 65,000 between April and December, compared with a rise of more than 470,000 during the first 4 months of the year. Substantial slowing in employment growth also occurred in other sectors; for example, in construction and State and local governments.

The total unemployment rate by the end of the year was 7.9 per cent—only fractionally less than a year earlier. This compares with a rate of less than 5 per cent that had prevailed in 1973 before the recession began. The reduction in joblessness during the early part of the recovery was concentrated among various groups of experienced workers, and these workers also encountered the greatest relative increase in unemployment because of the pause in aggregate activity. Nearly half of the increase in unemployment during the last 7 months of the year was due to job loss, and in December the unemployment rate for adult men was 6.2 per

cent—compared with a pre-recession rate of slightly more than 3 per cent.

WAGES, PRODUCTIVITY, AND LABOR COSTS

Wage rate increases slowed substantially in 1976 from the exceptionally rapid rate of the preceding 2 years, despite a heavy collective bargaining schedule that included contract settlements in the trucking, rubber, electrical equipment, auto, and agricultural implement industries. Over the four quarters of 1976 the average hourly earnings index—the broadest measure of wage rates—rose 6.7 per cent, compared with 8.2 per cent in the preceding year. The slowdown was widespread across major industries. After adjusting for the effects of price inflation, the hourly earnings index grew about 1.6 per cent during 1976.

The growth in nonfarm business productivity remained above its long-term trend rate throughout 1976. Productivity grew at annual rates of 5.8 per cent and 5.4 per cent in the first and second quarters, respectively, and then dropped to a 2.9 per cent annual rate in the third quarter as gains in output slowed. Productivity growth generally behaves in a procyclical manner, and the above-average growth in 1976

is a reflection of the recovery of economic activity from the recent recession. Even with this favorable experience, however, the productivity index has not made up for earlier slow growth and thus remains significantly below its long-run trend line.

Since the latter part of the 1960's, productivity growth has slowed considerably from its rate earlier in the postwar period. This reflects, in part, the continued change in the composition of output toward the service-producing sectors, where average productivity levels are lower; the diversion of labor and capital resources toward the production of a better environment and of better working conditions—outputs that are not measured in the GNP accounts; and a slowing in the growth of the ratio of the capital stock to labor inputs. Also, the quadrupling of crude oil prices in 1973 and 1974 apparently forced some producers to reduce the use of certain high-productivity, high-energy technologies and rendered some of the existing, energy-inefficient capital stock obsolete.

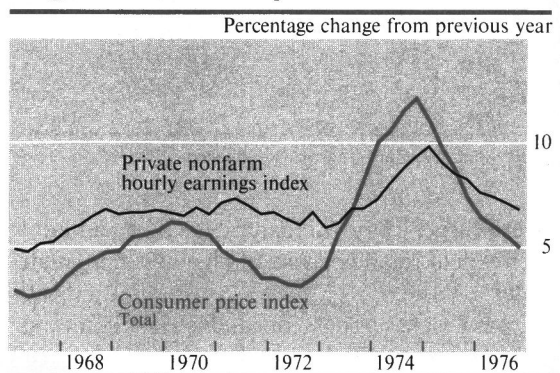
Hourly compensation—which includes fringe benefits and employer contributions to social security—rose by about 8¼ per cent during 1976, about as much as in the preceding year. Part of the increase reflected a rise in social security costs in the first quarter. Despite this continuation of relatively large increases in hourly compensation, the sizable increase in productivity over the year acted to hold down the rise in unit labor costs. During 1976 unit labor costs rose by about 3½ per cent, close to the average increase in the preceding year, but down significantly from the 13 per cent rate in 1974.

PRICES

Moderation of the rate of inflation in 1976 in large part reflected special factors. Consumer prices rose by about 5 per cent over the four quarters of 1976, compared with more than 7 per cent during 1975. The food component of the index at year-end 1976 was only slightly

above its December 1975 level, in contrast to a 6.5 per cent increase during the preceding year. Early in the year moderation of the consumer price rise also stemmed from declines in prices of petroleum products. Excluding food and energy items, however, the consumer price index rose by about 6½ per cent in 1976—not much slower than the increase of 6.9 per cent in 1975.

Wages and consumer prices

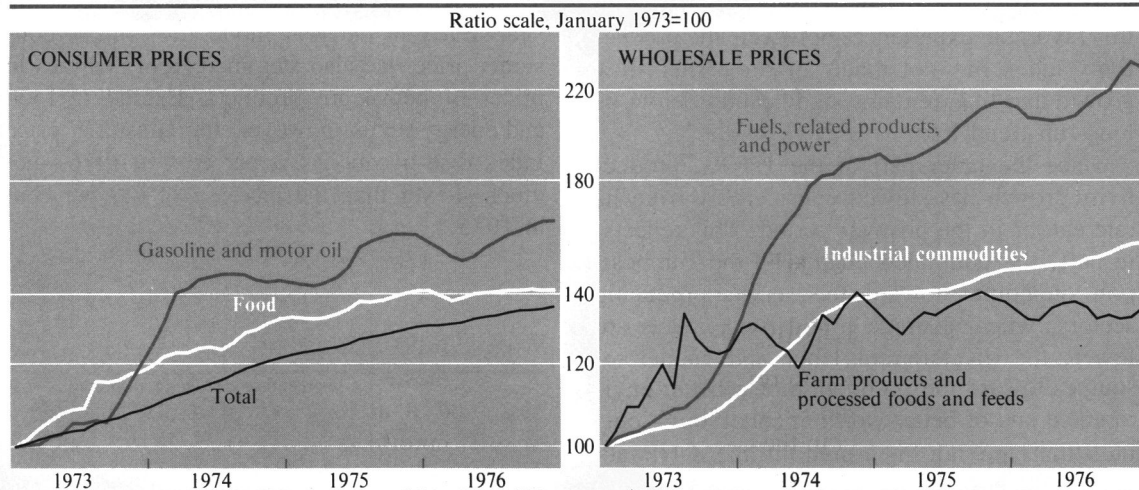


Dept. of Labor data, seasonally adjusted.

The favorable pattern of food prices in 1976 was attributable to abundant supplies of most farm goods, particularly in the livestock sector—in large part a response to excellent feed crops during the previous year. Near the end of the year, however, cattle prices had started to rise, as livestock operations became unprofitable for some producers and as slaughter of breeding herds began to taper off.

Prices of petroleum products declined early in 1976, as a result of the elimination of the \$2 import fee on crude oil and the rollback of average domestic crude oil prices under the Energy Conservation and Policy Act. By spring, however, energy prices resumed their rapid rise under the impact of higher demand as well as partial deregulation. From April to December, consumer prices of energy items rose at about a 15 per cent annual rate, in contrast to a 5 per cent rate for nonenergy items. For the year as a whole, however, energy price increases

Prices



Dept. of Labor data, seasonally adjusted.

were larger only for natural gas, up about 18 per cent at retail because of changes in regulated rates.

Wholesale prices of industrial commodities—both materials and finished goods—rose slowly during most of the first half but picked up later in the year. While some of the acceleration was in the energy grouping, there were also large adjustments in basic metals, motor vehicles, and nonautomotive machinery and equipment; lumber and plywood prices also rose rapidly during most of the year.

Developments in the food and energy sectors

may continue to dominate price trends in the first half of 1977. Food supplies in general should continue to be ample, but the outlook for food prices may be somewhat less favorable than in 1976. For energy, the impact of expected further increases in prices of imported crude oil and natural gas should continue to put upward pressure on the general price level. Meanwhile, the underlying rate of inflation remains quite high by historical standards, and recent data suggest continued upward pressures on industrial prices despite substantial underutilization of industrial capacity. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON NOVEMBER 16, 1976

Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services—which had increased at an annual rate of 4.0 per cent in the third quarter, according to preliminary estimates of the Commerce Department—might be expanding at a somewhat slower pace in the current quarter. The rise in average prices—as measured by the fixed-weighted price index for gross domestic business product—appeared to be somewhat faster than in the third quarter, when it had slowed to an annual rate of 4.4 per cent.

A staff analysis suggested that in the fourth quarter a significant reduction in the over-all rate of inventory accumulation might be taking place in response to the increases in inventory/sales ratios that had developed in many lines of manufacturing and trade over the past several months. It appeared that final purchases of goods and services in real terms were expanding at about the third-quarter rate and, with production schedules curtailed, that inventory positions would be brought into better balance.

Staff projections suggested, therefore, that growth in real GNP would pick up somewhat in the first quarter of 1977 and that it would be sustained at about the first-quarter rate well into the new year. On balance, however, the projected rates of growth were slightly less than those of a month earlier. The projected expansion in business fixed investment was scaled down somewhat further, and the anticipated growth in personal consumption expenditures also was reduced a little. On the other hand, the rise in residential construction was now expected to be somewhat stronger.

The staff projections continued to suggest that both Federal and State and local government purchases of goods and services would increase at a moderate pace in the quarters immediately ahead. With respect to the Federal Government, on October 27 the Treasury and the Office of Management and Budget had announced that spending on a unified budget basis had fallen \$11.4 billion

short of the estimates of last January for the period encompassing the fiscal year ending June 1976 and the third quarter of calendar year 1976—the “transition quarter” resulting from the change from a fiscal year running from July through June to one running from October through September. In the administration’s Mid-Session Review of the 1977 Budget issued in July, it had been assumed that spending in the transition quarter would be augmented by a shift in outlays from fiscal year 1976, making up for the shortfall. However, the assumed shift did not occur. The staff projections for over-all Federal outlays and for growth in real output reflected a judgment—based on an analysis of the types of Federal outlays that had fallen short of earlier expectations—that the shortfall would have only a relatively small carryover effect in the fiscal year beginning October 1976. No allowance was made in the projections for new fiscal policy initiatives.

Retail sales were now estimated to have declined substantially in September. The advance report suggested that sales had increased little in October and that they were no higher than the monthly average in the third quarter. However, sales of new automobiles were adversely affected by a strike at the plants of a major producer; in October auto sales fell to an annual rate of 9.5 million units from 10 million in September. Sales at apparel and general merchandise stores rose sharply in October after having declined in the previous month.

The index of industrial production—which for September had been revised downward to show a small decrease—declined somewhat further in October to a level that was 0.5 per cent below the average for the third quarter. A significant part of the decline in output over the 2 months was accounted for by strikes. In October, however, decreases in output were widespread among industries, including both those making final products and those making materials.

After adjustment for strikes, total payroll employment in nonfarm establishments rose modestly further in October. In manufacturing, however, employment declined even after adjustment for strikes. Since July, total employment, the civilian labor force, and unemployment—as measured by the household survey—had changed little. The rate of unemployment was 7.9 per cent in October, compared with 7.8 per cent in September.

Private housing starts were reported to have declined somewhat in October from an advanced level; indeed, the figure for September was revised to show an even larger increase than had been indicated a month earlier. Thus, the October level of starts, at an annual rate of almost 1.8 million units, was considerably above the third-quarter average. In September, moreover, the dollar volume of mortgage commitments outstanding at savings and loan associations had continued to advance, reaching a new record.

New orders for nondefense capital goods—which had declined in August for the first time in 1976—advanced in September to a level that, in real terms, was about 15 per cent higher than in December 1975. Unfilled orders continued to change little and remained at a level well below that at the end of 1975. Construction contracts for commercial and industrial buildings, measured in terms of floor space, dropped in September after having edged down in both July and August. Total contracts in the third quarter, while down from the preceding quarter, were still well above those of the first quarter. Private surveys of business plans for 1977 suggested that expenditures for plant and equipment would be significantly higher than in 1976, even after allowance for the average rise in prices of capital goods anticipated by the survey respondents.

The index of average hourly earnings for private nonfarm production workers advanced at an annual rate of 7 per cent in October, about the same as from the second to the third quarter; the rise, while slightly higher than in the first two quarters of 1976, remained somewhat below the rapid rate of increase during 1975. In the third quarter of 1976 productivity in the private business sector of the economy continued to improve at a good pace, and the annual rate of increase in labor costs per unit of output was 3.8 per cent—the same as in the preceding quarter.

The acceleration of the rise in average wholesale prices of industrial commodities that had begun in June—after 5 months at a reduced rate of increase—continued in October, when the index rose 1 per cent. Increases were largest for fuels and power; for transportation equipment—reflecting prices set on new models of automobiles and trucks; and for lumber and wood products. The wholesale price index for all commodities rose less rapidly in October than in September, however, because of a decline in average prices of farm products and foods.

The consumer price index rose at an annual rate of about 5 per cent in September, compared with an average rate of 6 per cent in the months of April through August. Average retail prices of foods were stable in September, and average prices of other commodities and of services increased a little less than in the previous month.

The average value of the dollar against leading foreign currencies remained steady over the 4 weeks between the October and November meetings of the Committee. The dollar declined slightly against the German mark and associated currencies in the European “snake” arrangement, but it rose against the pound sterling and the Italian lira. On October 27 Mexico again allowed the peso to float downward against the dollar; after a depreciation of about 20 per cent, the Bank of Mexico stabilized the peso at a rate 50 per cent below the level that had been maintained for 22 years prior to the beginning of September.

The U.S. foreign trade deficit, which had diminished in August, widened again in September as imports expanded while exports changed little. From the second to the third quarter the rise in imports was substantial, due to especially large increases in fuels, other industrial supplies, and consumer goods. The increase in exports was much less, and the deficit in the third quarter was about double the average for the first two quarters of 1976.

In October total credit at U.S. commercial banks showed the largest monthly rise since mid-1974, reflecting a sizable increase in loans. Expansion in business loans was sharp—substantially exceeding a modest contraction in outstanding commercial paper of nonfinancial businesses.

The narrowly defined money stock (M_1), after changing little in September, was estimated to have expanded at a 14½ per cent annual rate in October. However, data for early November suggested that growth in that month would be much slower. Over the 12 months ending in October, M_1 grew at a rate of 5.7 per cent.

The October resurgence of growth in M_1 was reflected in an acceleration of expansion in the broader monetary aggregates, M_2 and M_3 . Inflows of the types of time and savings deposits included in the broader aggregates continued strong, as yields on competing market securities remained below the rates offered on such deposits.

Over the 12 months ending in October, M_2 and M_3 grew at rates of 10.7 and 12.6 per cent, respectively.

System open market operations since the October meeting had been guided by the Committee's decision to seek bank reserve and money market conditions consistent with moderate growth in monetary aggregates over the period ahead. Over the inter-meeting period, the Federal funds rate had remained close to 5 per cent.

On October 21, 2 days after the October meeting, incoming data suggested that over the October–November period rates of growth in both M_1 and M_2 would be at about the upper limits of the ranges specified by the Committee. Therefore, it appeared likely that any reduction in the Federal funds rate in that week—pursuant to the Committee's consensus at the October meeting—would have to be quickly reversed. In those circumstances the Committee concurred in Chairman Burns' recommendation of October 21 that the Manager be instructed to continue to aim during that week for a Federal funds rate at about the prevailing level of 5 per cent.

Data becoming available during the following week continued to suggest unexpected strength in growth of the monetary aggregates. In response to an inquiry from the Manager concerning the appropriate interpretation of the Committee's instructions, Chairman Burns noted that at the meeting held on October 19 the Committee had agreed upon a policy course that contemplated a slight easing of money market conditions, and that the objective for the weekly-average Federal funds rate would have been reduced to about 4½ per cent had there not been indications of surprising strength in the monetary aggregates. Accordingly, the Chairman advised that in his judgment any significant increase in the Federal funds rate at that time from the prevailing level of 5 per cent would be inconsistent with the Committee's intent. No member of the Committee expressed the view that a rise in the Federal funds rate would be appropriate.

Market interest rates fluctuated in a narrow range during the inter-meeting period. On balance, most rates edged higher, as strength in the published weekly data for the monetary aggregates apparently dispelled market expectations that the early October decrease of ¼ of a percentage point in the Federal funds rate would be followed by a further decline. However, the prime rate charged by commercial banks—which generally responds with a lag to

changes in market rates—was reduced $\frac{1}{4}$ of a percentage point to $6\frac{1}{2}$ per cent.

Corporate financing in markets for longer-term bonds expanded substantially in October, reaching the largest volume since June. Utilities stepped up the pace of their financing; finance companies were again active issuers; and several large industrial firms added to the over-all supply of new securities. In addition, takedowns of privately placed obligations of corporations apparently continued at a record pace.

Around mid-October underwriters of publicly offered corporate bonds encountered buyer resistance on several aggressively priced new issues, and a number of syndicates with sizable unsold balances were forced to terminate restrictions on the prices at which they would sell the issues. By the month-end, however, after new issues began to be priced to provide somewhat higher yields and most of the expanded monthly volume of new offerings had been placed, the tone of the bond market improved.

In markets for State and local government bonds, the volume of new issues was also large in October. Although yields in these markets backed up around midmonth, along with those in other markets, spreads between higher- and lower-rated municipal issues narrowed somewhat. Large purchases of higher-yielding, longer-term issues by property-liability insurance companies, commercial banks, and newly authorized mutual funds of municipal bonds contributed to the narrowing of risk premiums.

The U.S. Treasury was a sizable borrower in the period between the October and November meetings of the Committee. It raised \$1.3 billion of new money through the sale of 2-year notes in late October and \$2.5 billion in conjunction with its November refinancing. In the refunding the Treasury auctioned \$3.3 billion of 3-year notes at an average rate of 6.36 per cent; \$3.0 billion of 7-year notes at an average rate of 7.02 per cent; and \$1.0 billion of reopened $2\frac{3}{4}$ -year bonds at an average rate of 7.9 per cent.

Activity in the mortgage market appeared to have remained strong in October. Acquisitions of mortgages by savings and loan associations continued at a rapid pace, and the volume of new issues of GNMA-guaranteed securities was large. Between the October and November meetings of the Committee, average interest rates on new commitments for long-term conventional home mort-

gages at savings and loan associations had moved down 10 basis points.

Credit demands for the remainder of the year were expected to be generally moderate both at banks and in the securities markets. Corporations appeared to be scheduling fewer new bond issues than they had in the early part of the year. It was not clear whether this reflected reduced over-all financing requirements, or a slackening of efforts to restructure balance sheets, or simply a change in borrowers' expectations with regard to the level of interest rates in the future.

The U.S. Treasury's needs for new money during the rest of the year appeared to have been fully discounted by the market. With respect to State and local government issues, market participants were anticipating a continued sizable volume of longer-term debt offerings, as many issuers were taking the opportunity to fund short-term debt and to reactivate earlier plans for long-term borrowing. Demands for such securities, however, appeared to be generally strong.

In their discussion of the economic situation, members of the Committee were in agreement that the sluggishness or "pause" in the growth of real output was continuing. As at the mid-October meeting, no member suggested that a recession was likely. Some members noted elements of strength in the current situation that gave promise of near-term revival in the pace of expansion, and some indicated a belief that growth in economic activity in the quarters just ahead would exceed the modest rates suggested by the staff projections. However, some members expressed the view that prospects had deteriorated further over the past month, or at least that uncertainties about the outlook had increased. It was also noted that the economy might be subjected to another increase in the price of imported oil. Concern was again expressed that growth in the near term would be inadequate to make much if any progress in reducing the unemployment rate. Inflation also continued to be a source of concern, in part because of its potentially adverse effect on business outlays for fixed capital and on consumer outlays.

Several reasons were given for thinking that the outlook for growth in economic activity had weakened during the past month. On the basis of estimated retail sales figures through October, it appeared that consumer purchases had been inadequate to prevent

inventories from becoming excessive in a number of industries. While there were signs that consumer buying had picked up in recent weeks, there was a possibility that the improvement represented earlier-than-usual Christmas shopping—perhaps spurred by early promotions of such goods—and that it would be followed by disappointing figures later in the season. In any case, it was suggested, the disappointing performance of sales and the accompanying build-up of inventories now had lasted long enough to have secondary effects: In the past few months output in some industries had been reduced and real nonfarm personal income had not grown much. In these circumstances, expansion in capital spending might lag behind the pace indicated by surveys of business spending plans or might actually lose momentum altogether as businessmen awaited more positive signs of strength in the economy. The state of confidence—as reflected by the decline in stock prices—was regarded as a source of concern.

It was noted that, in part because of the shortfall in Federal outlays in recent quarters, the Federal budget on the high-employment basis had shifted from deficit to surplus and thus had been exerting a restrictive effect on the economy at a relatively early stage of the current business expansion. However, it was suggested that the likelihood of a tax reduction now had to be taken into account in assessing the outlook, although any reduction probably would not actually come until next spring.

It was suggested in the discussion that during the next few months the attitudes and decisions of consumers and businessmen would be influenced in a significant way by their assessments of the economic policies of the new administration. Some businessmen were reported to be concerned that steps taken to stimulate economic expansion might soon be followed by imposition of some form of price and wage controls.

The likelihood of an uptrend in Federal spending, whether or not a significant part of the recent shortfall was made up, was one of several reasons cited for expecting that before long growth in over-all economic activity would accelerate. In addition, particular attention was called to the good rise in the number of housing starts and to the continuing strength in new orders for nondefense capital goods. Members reported, moreover, that retail sales in some areas were doing well and that since mid-October the volume

of freight being moved had risen after a slow period. And it was suggested that as the new administration was formed and provided additional information as to how it planned to deal with particular economic problems, uncertainties would diminish and businessmen and consumers would become more optimistic about the future.

At its telephone meeting on November 8 the Committee had agreed that from the third quarter of 1976 to the third quarter of 1977, average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: M_1 , $4\frac{1}{2}$ to $6\frac{1}{2}$ per cent; M_2 , $7\frac{1}{2}$ to 10 per cent; and M_3 , 9 to $11\frac{1}{2}$ per cent. The associated range for growth in the bank credit proxy was 5 to 8 per cent. It was agreed that the longer-term ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings. It also was understood that short-run factors might cause growth rates from month to month to fall outside the ranges contemplated for annual periods.

In the discussion of current policy at this meeting, members of the Committee in general favored some easing in money market conditions in the period immediately ahead, so long as growth in the monetary aggregates did not appear to be unduly rapid. A number of members felt that any such easing should be slight; they suggested a near-term reduction in the weekly-average Federal funds rate to about 4% per cent from its prevailing level of about 5 per cent. In the judgment of these members liquidity positions were adequate for the needs of the economy. In particular, they noted that nonfinancial corporations were able to meet a large part of their financing needs with internally generated funds, that savings and loan associations were experiencing enormous inflows of funds, and that underlying demands for loans at commercial banks were weak. In these circumstances, it was suggested, the benefits of a move toward easier conditions would be negligible. Moreover, anything more than a slight easing so late in the business expansion could cause difficulties later on. Also, against the background of the recent rate of increase in prices and the rapid monetary growth in October, anything more than a slight easing might be interpreted as a lessening of the Federal Reserve System's concern about the continuing problem of inflation.

Other members leaned toward a somewhat greater near-term

reduction in the Federal funds rate, to $4\frac{3}{4}$ per cent. Among these, some were inclined to question whether liquidity positions could be considered adequate, especially in view of the sluggish performance of the economy. While the various measures of liquidity of nonfinancial corporations had improved over the past year or so, they still appeared to be less favorable than they had been at this stage of earlier business cycles in the postwar period. In this context it was observed that nominal long-term interest rates were still high by postwar standards and that—the rate of inflation notwithstanding—current levels of interest rates tended to discourage some business managers from undertaking or enlarging commitments to make capital investments and consumers from undertaking commitments to buy houses. Modest downward pressure on short-term interest rates, it was argued, would be communicated in some degree to longer-term rates as managers of the portfolios of financial institutions lengthened the average maturities of those portfolios in an effort to maintain a satisfactory over-all return.

In considering the ranges of growth rates for the monetary aggregates to be specified for the November–December period, the members took account of the indications that growth in November was likely to be relatively slow for M_1 and relatively rapid for M_2 . For M_1 , most members favored a range of 3 to 7 per cent or $2\frac{1}{2}$ to $6\frac{1}{2}$ per cent. For M_2 , most members favored a range of $9\frac{1}{2}$ to $13\frac{1}{2}$ per cent or 9 to 13 per cent.

A number of divergent views were expressed with respect to the range to be specified for the weekly-average Federal funds rate in the inter-meeting period. Members proposed ranges that varied in width from $4\frac{1}{4}$ to $5\frac{1}{4}$ per cent at one extreme to $4\frac{3}{4}$ to 5 per cent at the other, and a number suggested retention of the range of $4\frac{1}{2}$ to $5\frac{1}{4}$ per cent specified at the previous meeting. Some of those members advocating the narrower ranges favored placing greater emphasis on money market conditions in the domestic policy directive to be issued to the Federal Reserve Bank of New York than had been the case in the directive issued at the meeting a month earlier. Others, however, preferred to retain language similar to that adopted in October, which placed more emphasis on the behavior of the aggregates in guiding operations.

At the conclusion of the discussion the Committee decided to seek bank reserve and money market conditions consistent with

moderate growth in monetary aggregates over the period ahead. Specifically, the Committee concluded that growth in M_1 and M_2 over the November–December period at annual rates within ranges of 3 to 7 per cent and $9\frac{1}{2}$ to $13\frac{1}{2}$ per cent, respectively, would be appropriate. It was understood that, in assessing the behavior of the aggregates, the Manager should continue to give approximately equal weight to the behavior of M_1 and of M_2 .

It was agreed that until the next meeting the weekly-average Federal funds rate might be expected to vary in an orderly way within a range of $4\frac{1}{2}$ to $5\frac{1}{4}$ per cent. It was also agreed that the Manager should aim to reduce the Federal funds rate to about 4 $\frac{7}{8}$ per cent within the next week and to about $4\frac{3}{4}$ per cent within the following week—provided that growth in the monetary aggregates did not appear to be strong relative to the specified ranges—and to decide on subsequent objectives on the basis of incoming data for the monetary aggregates. As customary, it was understood that the Chairman might call upon the Committee to consider the need for supplementary instructions before the next scheduled meeting if significant inconsistencies appeared to be developing among the Committee's various objectives.

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

The information reviewed at this meeting suggests that growth in real output of goods and services in the fourth quarter may be falling somewhat below the third-quarter rate. In October retail sales increased little following a decrease in September. Industrial production and employment in manufacturing declined, in part because of strikes. After adjustment for strikes, total payroll employment in nonfarm establishments rose somewhat further. According to household survey data, the unemployment rate edged up from 7.8 to 7.9 per cent. The wholesale price index for all commodities rose less rapidly in October than in September as average prices of farm products and foods declined; however, average prices of industrial commodities rose sharply further. The advance in the index of average wage rates over recent months has remained somewhat below the rapid rate of increase during 1975.

The average value of the dollar against leading foreign currencies has remained steady in recent weeks, declining slightly against the German mark and associated European currencies but rising against the pound sterling and the lira. In September the U.S. foreign trade

deficit widened again, and the third-quarter deficit was about double the average of the first two quarters of 1976.

M_1 , which was about unchanged in September, expanded sharply in October. Growth in M_2 and M_3 accelerated as inflows of the time and savings deposits included in these broader aggregates continued exceptionally strong. Interest rates have fluctuated in a narrow range in recent weeks.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster financial conditions that will encourage continued economic expansion, 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 period ahead.

Votes for this action: Messrs. Burns, Volcker, Black, Coldwell, Gardner, Jackson, Kimbrel, Lilly, Partee, Wallich, Winn, and Guffey. Votes against this action: None. Absent and not voting: Mr. Balles. (Mr. Guffey voted as alternate for Mr. Balles.)

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

Law Department

Statutes, regulations, interpretations, and decisions

Equal Credit Opportunity

The Board of Governors has issued a revised Regulation B to implement 1976 amendments to the Equal Credit Opportunity Act.

Effective March 23, 1977, Part 202 is amended to read as follows:

Section 202.1—

Authority, Scope, Enforcement,
Penalties and Liabilities, Interpretations

(a) **Authority and scope.** This Part¹ comprises the regulations issued by the Board of Governors of the Federal Reserve System pursuant to Title VII (Equal Credit Opportunity Act) of the Consumer Credit Protection Act, as amended (15 U.S.C. § 1601 *et seq.*). Except as otherwise provided herein, this Part applies to all persons who are creditors, as defined in section 202.2(1).

(b) **Administrative enforcement.** (1) As set forth more fully in section 704 of the Act, administrative enforcement of the Act and this Part regarding certain creditors is assigned to the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Board of Directors of the Federal Deposit Insurance Corporation 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 Small Business Administration.

(2) Except to the extent that administrative enforcement is specifically committed to other authorities, compliance with the requirements imposed under the Act and this Part will be enforced by the Federal Trade Commission.

(c) **Penalties and liabilities.** (1) Sections 706(a) and (b) of the Act provide that any creditor who fails to comply with any requirement imposed under the Act or, pursuant to section 702(g), this Part is subject to civil liability for actual and punitive damages in individual or class actions. Pursuant to section 704 of the Act, violations of the Act or, pursuant to section 702(g), this Part constitute violations of other Federal laws may provide further penalties. Liability for punitive damages is restricted by section 706(b) to non-governmental entities and is limited to \$10,000 in individual actions and the lesser of \$500,000 or one percent of the creditor's net worth in class actions. Section 706(c) provides for equitable and declaratory relief. Section 706(d) authorizes the awarding of costs and reasonable attorney's fees to an aggrieved applicant in a successful action.

(2) Section 706(e) relieves a creditor from civil liability resulting from any act done or omitted in good faith in conformity with any rule, regulation, or interpretation by the Board of Governors of the Federal Reserve System, or with any interpretations or approvals issued by a duly authorized official or employee of the Federal Reserve System, notwithstanding that after such act or omission has occurred, such rule, regulation, interpretation, or approval is amended, rescinded, or otherwise determined to be invalid for any reason.

(3) As provided in section 706(f), a civil action under the Act or this Part may be brought in the appropriate United States district court without regard to the amount in controversy or in any other court of competent jurisdiction within two years after the date of the occurrence of the violation or within one year after the commencement of an administrative enforcement proceeding or a civil action brought by the Attorney General within two years after the alleged violation.

(4) Sections 706(g) and (h) provide that, if the agencies responsible for administrative enforcement are unable to obtain compliance with the Act or, pursuant to section 702(g), this Part, they may

¹As used herein, the words "this Part" mean Regulation B, 12 CFR 202.

refer the matter to the Attorney General. On such referral, or whenever the Attorney General has reason to believe that one or more creditors are engaged in a pattern or practice in violation of the Act or this Part, the Attorney General may bring a civil action.

(d) **Interpretations.** (1) A request for a formal Board interpretation or an official staff interpretation of this Part must be addressed to the Director of the Division of Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Each request for an interpretation must contain a complete statement, signed by the person making the request or a duly authorized agent, of all relevant facts of the transaction or credit arrangement relating to the request. True copies of all pertinent documents must be submitted with the request. The relevance of such documents must, however, be set forth in the request, and the documents must not merely be incorporated by reference. The request must contain an analysis of the bearing of the facts on the issues and must specify the pertinent provisions of the statute and regulation. Within 15 business days of receipt of the request, a substantive response will be sent to the person making the request, or an acknowledgement will be sent that sets a reasonable time within which a substantive response will be given.

(2) Any request for reconsideration of an official staff interpretation of this Part must be addressed to the Secretary, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, within 30 days of the publication of such interpretation in the *Federal Register*. Each request for reconsideration must contain a statement setting forth in full the reasons why the person making the request believes reconsideration would be appropriate, and must specify and discuss the applicability of the relevant facts, statute, and regulations. Within 15 business days of receipt of such request for reconsideration, a response granting or denying the request will be sent to the person making the request, or an acknowledgement will be sent that sets a reasonable time within which such response will be given.

(3) Pursuant to section 706(e) of the Act, the Board has designated the Director and other officials of the Division of Consumer Affairs as officials "duly authorized" to issue, at their discretion, official staff interpretations of this Part. This designation shall not be interpreted to include

authority to approve particular creditors' forms in any manner.

(4) The type of interpretation issued will be determined by the Board and the designated officials by the following criteria:

(i) Official Board interpretations will be issued upon those requests that involve potentially controversial issues of general applicability dealing with substantial ambiguities in this Part and that raise significant policy questions.

(ii) Official staff interpretations will be issued upon those requests that, in the opinion of the designated officials, require clarification of technical ambiguities in this Part or that have no significant policy implications.

(iii) Unofficial staff interpretations will be issued where the protection of § 706(e) of the Act is neither requested nor required, or where time strictures require a rapid response.

Section 202.2—Definitions and Rules of Construction

For the purposes of this Part, unless the context indicates otherwise, the following definitions and rules of construction shall apply.²

(a) **Account** means an extension of credit. When employed in relation to an account, the word **use** refers only to open end credit.

(b) **Act** means the Equal Credit Opportunity Act (Title VII of the Consumer Credit Protection Act).

(c) **Adverse action.** (1) For the purposes of notification of action taken, statement of reasons for denial, and record retention, the term means:

(i) a refusal to grant credit in substantially the amount or on substantially the terms requested by an applicant unless the creditor offers to grant credit other than in substantially the amount or on substantially the terms requested by the applicant and the applicant uses or expressly accepts the credit offered; or

(ii) a termination of an account or an unfavorable change in the terms of an account that does not affect all or a substantial portion of a classification of a creditor's accounts; or

(iii) a refusal to increase the amount of credit available to an applicant when the applicant requests an increase in accordance with procedures established by the creditor for the type of credit involved.

²Note that some of the definitions in this Part are not identical to those in 12 CFR 226 (Regulation Z).

(2) The term does not include:

(i) a change in the terms of an account expressly agreed to by an applicant; or

(ii) any action or forbearance relating to an account taken in connection with inactivity, default, or delinquency as to that account; or

(iii) a refusal to extend credit at a point of sale or loan in connection with the use of an account because the credit requested would exceed a previously established credit limit on the account; or

(iv) a refusal to extend credit because applicable law prohibits the creditor from extending the credit requested; or

(v) a refusal to extend credit because the creditor does not offer the type of credit or credit plan requested.

(d) **Age** refers only to natural persons and means the number of fully-elapsed years from the date of an applicant's birth.

(e) **Applicant** means any person who requests or who has received an extension of credit from a creditor, and includes any person who is or may be contractually liable regarding an extension of credit other than a guarantor, surety, endorser, or similar party.

(f) **Application** means an oral or written request for an extension of credit that is made in accordance with procedures established by a creditor for the type of credit requested. The term does not include the use of an account or line of credit to obtain an amount of credit that does not exceed a previously established credit limit. A **completed application for credit** means an application in connection with which a creditor has received all the information that the creditor regularly obtains and considers in evaluating applications for the amount and type of credit requested (including, but not limited to, credit reports, any additional information requested from the applicant, and any approvals or reports by governmental agencies or other persons that are necessary to guarantee, insure, or provide security for the credit or collateral); provided, however, that the creditor has exercised reasonable diligence in obtaining such information. Where an application is incomplete respecting matters that the applicant can complete, a creditor shall make a reasonable effort to notify the applicant of the incompleteness and shall allow the applicant a reasonable opportunity to complete the application.

(g) **Board** means the Board of Governors of the Federal Reserve System.

(h) **Consumer credit** means credit extended to a natural person in which the money, property, or service that is the subject of the transaction is primarily for personal, family, or household purposes.

(i) **Contractually liable** means expressly obligated to repay all debts arising on an account by reason of an agreement to that effect.

(j) **Credit** means the right granted by a creditor to an applicant to defer payment of a debt, incur debt and defer its payment, or purchase property or services and defer payment therefor.

(k) **Credit card** means any card, plate, coupon book, or other single credit device existing for the purpose of being used from time to time upon presentation to obtain money, property, or services on credit.

(l) **Creditor** means a person who, in the ordinary course of business, regularly participates in the decision of whether or not to extend credit. The term includes an assignee, transferee, or subrogee of an original creditor who so participates; but an assignee, transferee, subrogee, or other creditor is not a creditor regarding any violation of the Act or this Part committed by the original or another creditor unless the assignee, transferee, subrogee, or other creditor knew or had reasonable notice of the act, policy, or practice that constituted the violation before its involvement with the credit transaction. The term does not include a person whose only participation in a credit transaction involves honoring a credit card.

(m) **Credit transaction** means every aspect of an applicant's dealings with a creditor regarding an application for, or an existing extension of, credit including, but not limited to, information requirements; investigation procedures; standards of creditworthiness; terms of credit; furnishing of credit information; revocation, alteration, or termination of credit; and collection procedures.

(n) **Discriminate against an applicant** means to treat an applicant less favorably than other applicants.

(o) **Elderly** means an age of 62 or older.

(p) **Empirically derived credit system.** (1) The term means a credit scoring system that evaluates an applicant's creditworthiness primarily by allocating points (or by using a comparable basis for assigning weights) to key attributes describing the applicant and other aspects of the transaction. In such a system, the points (or weights) assigned to each attribute, and hence the entire score:

(i) are derived from an empirical comparison of sample groups or the population of creditworthy and non-creditworthy applicants of a creditor who applied for credit within a reasonable preceding period of time; and

(ii) determine, alone or in conjunction with an evaluation of additional information about the applicant, whether an applicant is deemed credit-worthy.

(2) A **demonstrably and statistically sound, empirically derived credit system** is a system:

(i) in which the data used to develop the system, if not the complete population consisting of all applicants, are obtained from the applicant file by using appropriate sampling principles;

(ii) which is developed for the purpose of predicting the creditworthiness of applicants with respect to the legitimate business interests of the creditor utilizing the system, including, but not limited to, minimizing bad debt losses and operating expenses in accordance with the creditor's business judgment;

(iii) which, upon validation using appropriate statistical principles, separates creditworthy and non-creditworthy applicants at a statistically significant rate; and

(iv) which is periodically revalidated as to its predictive ability by the use of appropriate statistical principles and is adjusted as necessary to maintain its predictive ability.

(3) A creditor may use a demonstrably and statistically sound, empirically derived credit system obtained from another person or may obtain credit experience from which such a system may be developed. Any such system must satisfy the tests set forth in subsections (1) and (2); provided that, if a creditor is unable during the development process to validate the system based on its own credit experience in accordance with subsection (2)(iii), then the system must be validated when sufficient credit experience becomes available. A system that fails this validity test shall henceforth be deemed not to be a demonstrably and statistically sound, empirically derived credit system for that creditor.

(q) **Extend credit and extension of credit** mean the granting of credit in any form and include, but are not limited to, credit granted in addition to any existing credit or credit limit; credit granted pursuant to an open end credit plan; the refinancing or other renewal of credit, including the issuance of a new credit card in place of an expiring credit card or in substitution for an existing credit

card; the consolidation of two or more obligations; or the continuance of existing credit without any special effort to collect at or after maturity.

(r) **Good faith** means honesty in fact in the conduct or transaction.

(s) **Inadvertent error** means a mechanical, electronic, or clerical error that a creditor demonstrates was not intentional and occurred notwithstanding the maintenance of procedures reasonably adapted to avoid any such error.

(t) **Judgmental system of evaluating applicants** means any system for evaluating the creditworthiness of an applicant other than a demonstrably and statistically sound, empirically derived credit system.

(u) **Marital status** means the state of being unmarried, married, or separated, as defined by applicable State law. For the purposes of this Part, the term "unmarried" includes persons who are single, divorced, or widowed.

(v) **Negative factor or value**, in relation to the age of elderly applicants, means utilizing a factor, value, or weight that is less favorable regarding elderly applicants than the creditor's experience warrants or is less favorable than the factor, value, or weight assigned to the class of applicants that are not classified as elderly applicants and are most favored by a creditor on the basis of age.

(w) **Open end credit** means credit extended pursuant to a plan under which a creditor may permit an applicant 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. The term does not include negotiated advances under an open end real estate mortgage or a letter of credit.

(x) **Person** means a natural person, corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(y) **Pertinent element of creditworthiness**, in relation to a judgmental system of evaluating applicants, means any information about applicants that a creditor obtains and considers and that has a demonstrable relationship to a determination of creditworthiness.

(z) **Prohibited basis** means race, color, religion, national origin, sex, marital status, or age (provided that the applicant has the capacity to enter into a binding contract); the fact that all or part of the applicant's income derives from any public assistance program, or the fact that the applicant has in good faith exercised any right

under the Consumer Credit Protection Act³ or any State law upon which an exemption has been granted by the Board.

(aa) **Public assistance program** means any Federal, State, or local governmental assistance program that provides a continuing, periodic income supplement, whether premised on entitlement or need. The term includes, but is not limited to, Aid to Families with Dependent Children, food stamps, rent and mortgage supplement or assistance programs, Social Security and Supplemental Security Income, and unemployment compensation.

(bb) **State** means any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

(cc) Captions and catchlines are intended solely as aids to convenient reference, and no inference as to the substance of any provision of this Part may be drawn from them.

(dd) Footnotes shall have the same legal effect as the text of the regulation, whether they are explanatory or illustrative in nature.

Section 202.3— Special Treatment for Certain Classes of Transactions

(a) **Classes of transactions afforded special treatment.** Pursuant to section 703(a) of the Act, the following classes of transactions are afforded specialized treatment:

(1) extensions of credit relating to transactions under public utility tariffs involving services pro-

vided through pipe, wire, or other connected facilities if the charges for such public utility services, the charges for delayed payment, and any discount allowed for early payment are filed with, or reviewed or regulated by, an agency of the Federal government, a State, or a political subdivision thereof;

(2) extensions of credit subject to regulation under section 7 of the Securities Exchange Act of 1934 or extensions of credit by a broker or dealer subject to regulation as a broker or dealer under the Securities Exchange Act of 1934;

(3) extensions of incidental consumer credit, other than of the types described in subsections (a)(1) and (2):

(i) that are not made pursuant to the terms of a credit card account;

(ii) on which no finance charge as defined in section 226.4 of this Title (Regulation Z, 12 CFR 226.4) is or may be imposed; and

(iii) that are not payable by agreement in more than four instalments;

(4) extensions of credits primarily for business or commercial purposes, including extensions of credit primarily for agricultural purposes, but excluding extensions of credit of the types described in subsections (a)(1) and (2); and

(5) extensions of credit made to governments or governmental subdivisions, agencies, or instrumentalities.

(b) **Public utilities credit.** The following provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(1):

(1) section 202.5(d)(1) concerning information about marital status;

(2) section 202.10 relating to furnishing of credit information; and

(3) section 202.12(b) relating to record retention.

(c) **Securities credit.** The following provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(2):

(1) section 202.5(c) concerning information about a spouse or former spouse;

(2) section 202.5(d)(1) concerning information about marital status;

(3) section 202.5(d)(3) concerning information about the sex of an applicant;

(4) section 202.7(b) relating to designation of name but only to the extent necessary to prevent violation of rules regarding an account in which a broker or dealer has an interest, or rules necessitating the aggregation of accounts of spouses for

³The first clause of the definition is not limited to characteristics of the applicant. Therefore, "prohibited basis" as used in this Part refers not only to the race, color, religion, national origin, sex, marital status, or age of an applicant (or of partners or officers of an applicant), but refers also to the characteristics of individuals with whom an applicant deals. This means, for example, that, under the general rule stated in section 202.4, a creditor may not discriminate against a non-Jewish applicant because of that person's business dealings with Jews, or discriminate against an applicant because of the characteristics of persons to whom the extension of credit relates (e.g., the prospective tenants in an apartment complex to be constructed with the proceeds of the credit requested), or because of the characteristics of other individuals residing in the neighborhood where the property offered as collateral is located. A creditor may take into account, however, any applicable law, regulation, or executive order restricting dealings with citizens or governments of other countries or imposing limitations regarding credit extended for their use.

The second clause is limited to an applicant's receipt of public assistance income and to an applicant's good faith exercise of rights under the Consumer Credit Protection Act or applicable State law.

the purpose of determining controlling interests, beneficial interests, beneficial ownership, or purchase limitations and restrictions;

(5) section 202.7(c) relating to action concerning open end accounts, but only to the extent the action taken is on the basis of a change of name or marital status;

(6) section 202.7(d) relating to signature of a spouse or other person;

(7) section 202.10 relating to furnishing of credit information; and

(8) section 202.12(b) relating to record retention.

(d) **Incidental credit.** The following provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(3):

(1) section 202.5(c) concerning information about a spouse or former spouse;

(2) section 202.5(d)(1) concerning information about marital status;

(3) section 202.5(d)(2) concerning information about income derived from alimony, child support, or separate maintenance payments;

(4) section 202.5(d)(3) concerning information about the sex of an applicant to the extent necessary for medical records or similar purposes;

(5) section 202.7(d) relating to signature of a spouse or other person;

(6) section 202.9 relating to notifications;

(7) section 202.10 relating to furnishing of credit information; and

(8) section 202.12(b) relating to record retention.

(e) **Business credit.** The following provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(4):

(1) section 202.5(d)(1) concerning information about marital status;

(2) section 202.9 relating to notifications, unless an applicant, within 30 days after oral or written notification that adverse action has been taken, requests in writing the reasons for such action;

(3) section 202.10 relating to furnishing of credit information; and

(4) section 202.12(b) relating to record retention, unless an applicant, within 90 days after adverse action has been taken, requests in writing that the records relating to the application be retained.

(f) **Governmental credit.** Except for section 202.1 relating to authority, scope, enforcement, penalties and liabilities, and interpretations, sec-

tion 202.2 relating to definitions and rules of construction, this section, section 202.4 relating to the general rule prohibiting discrimination, section 202.6(a) relating to the use of information, section 202.11 relating to State laws, and section 202.12(a) relating to the retention of prohibited information, the provisions of this Part shall not apply to extensions of credit of the type described in subsection (a)(5).

Section 202.4—General Rule Prohibiting Discrimination

A creditor shall not discriminate against an applicant on a prohibited basis regarding any aspect of a credit transaction.

Section 202.5—Rules Concerning Applications

(a) **Discouraging applications.** A creditor shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application.

(b) **General rules concerning requests for information.** (1) Except as otherwise provided in this section, a creditor may request any information in connection with an application.⁴

(2) Notwithstanding any other provision of this section, a creditor shall request an applicant's race/national origin, sex, and marital status as required in section 202.13 (information for monitoring purposes). In addition, a creditor may obtain such information as may be required by a regulation, order, or agreement issued by, or entered into with, a court or an enforcement agency (including the Attorney General or a similar State official) to monitor or enforce compliance with the Act, this Part, or other Federal or State statute or regulation.

(3) The provisions of this section limiting permissible information requests are subject to the provisions of section 202.7(e) regarding insurance and sections 202.8(c) and (d) regarding special purpose credit programs.

⁴This subsection is not intended to limit or abrogate any Federal or State law regarding privacy, privileged information, credit reporting limitations, or similar restrictions on obtainable information. Furthermore, permission to request information should not be confused with how it may be utilized, which is governed by section 202.6 (rules concerning evaluation of applications).

(c) Information about a spouse or former spouse. (1) Except as permitted in this subsection, a creditor may not request any information concerning the spouse or former spouse of an applicant.

(2) A creditor may request any information concerning an applicant's spouse (or former spouse under (v) below) that may be requested about the applicant if:

(i) the spouse will be permitted to use the account; or

(ii) the spouse will be contractually liable upon the account; or

(iii) the applicant is relying on the spouse's income as a basis for repayment of the credit requested; or

(iv) the applicant resides in a community property State or property upon which the applicant is relying as a basis for repayment of the credit requested is located in such a State; or

(v) the applicant is relying on alimony, child support, or separate maintenance payments from a spouse or former spouse as a basis for repayment of the credit requested.

(3) A creditor may request an applicant to list any account upon which the applicant is liable and to provide the name and address in which such account is carried. A creditor may also ask the names in which an applicant has previously received credit.

(d) Information a creditor may not request.

(1) If an applicant applies for an individual, unsecured account, a creditor shall not request the applicant's marital status, unless the applicant resides in a community property State or property upon which the applicant is relying as a basis for repayment of the credit requested is located in such a State.⁵ Where an application is for other than individual, unsecured credit, a creditor may request an applicant's marital status. Only the terms "married," "unmarried," and "separated" shall be used, and a creditor may explain that the

category "unmarried" includes single, divorced, and widowed persons.

(2) A creditor shall not inquire whether any income stated in an application is derived from alimony, child support, or separate maintenance payments, unless the creditor appropriately discloses to the applicant that such income need not be revealed if the applicant does not desire the creditor to consider such income in determining the applicant's creditworthiness. Since a general inquiry about income, without further specification, may lead an applicant to list alimony, child support, or separate maintenance payments, a creditor shall provide an appropriate notice to an applicant before inquiring about the source of an applicant's income, unless the terms of the inquiry (such as an inquiry about salary, wages, investment income, or similarly specified income) tend to preclude the unintentional disclosure of alimony, child support, or separate maintenance payments.

(3) A creditor shall not request the sex of an applicant. An applicant may be requested to designate a title on an application form (such as Ms., Miss, Mr., or Mrs.) if the form appropriately discloses that the designation of such a title is optional. An application form shall otherwise use only terms that are neutral as to sex.

(4) A creditor shall not request information about birth control practices, intentions concerning the bearing or rearing of children, or capability to bear children. This does not preclude a creditor from inquiring about the number and ages of an applicant's dependents or about dependent-related financial obligations or expenditures, provided such information is requested without regard to sex, marital status, or any other prohibited basis.

(5) A creditor shall not request the race, color, religion, or national origin of an applicant or any other person in connection with a credit transaction. A creditor may inquire, however, as to an applicant's permanent residence and immigration status.

(e) Application forms. A creditor need not use written applications. If a creditor chooses to use written forms, it may design its own,⁶ use forms

⁵This provision does not preclude requesting relevant information that may indirectly disclose marital status, such as asking about liability to pay alimony, child support, or separate maintenance; the source of income to be used as a basis for the repayment of the credit requested, which may disclose that it is a spouse's income; whether any obligation disclosed by the applicant has a co-obligor, which may disclose that the co-obligor is a spouse or former spouse; or the ownership of assets, which may disclose the interest of a spouse, when such assets are relied upon in extending the credit. Such inquiries are allowed by the general rule of subsection (b)(1).

⁶A creditor also may continue to use any application form that complies with the requirements of the October 28, 1975 version of Regulation B until its present stock of those forms is exhausted or until March 23, 1978, whichever occurs first. The provisions of this Part shall not determine and are not evidence of the meaning of the requirements of the previous version of Regulation B.

prepared by another person, or use the appropriate model application forms contained in Appendix B. If a creditor chooses to use an Appendix B form, it may change the form:

- (1) by asking for additional information not prohibited by this section;
- (2) by deleting any information request; or
- (3) by rearranging the format without modifying the substance of the inquiries; provided that in each of these three instances the appropriate notices regarding the optional nature of courtesy titles, the option to disclose alimony, child support, or separate maintenance, and the limitation concerning marital status inquiries are included in the appropriate places if the items to which they relate appear on the creditor's form. If a creditor uses an appropriate Appendix B model form or to the extent that it modifies such a form in accordance with the provisions of clauses (2) or (3) of the preceding sentence or the instructions to Appendix B, that creditor shall be deemed to be acting in compliance with the provisions of subsections (c) and (d).

Section 202.6—

Rules Concerning Evaluation of Applications

(a) **General rule concerning use of information.** Except as otherwise provided in the Act and this Part, a creditor may consider in evaluating an application any information that the creditor obtains, so long as the information is not used to discriminate against an applicant on a prohibited basis.⁷

(b) **Specific rules concerning use of information.** (1) Except as provided in the Act and this Part, a creditor shall not take a prohibited basis into account in any system of evaluating the creditworthiness of applicants.⁸

(2)(i) Except as permitted in this subsection, a

creditor shall not take into account an applicant's age (provided that the applicant has the capacity to enter into a binding contract) or whether an applicant's income derives from any public assistance program.

(ii) In a demonstrably and statistically sound, empirically derived credit system, a creditor may use an applicant's age as a predictive variable, provided that the age of an elderly applicant is not assigned a negative factor or value.

(iii) In a judgmental system of evaluating creditworthiness, a creditor may consider an applicant's age or whether an applicant's income derives from any public assistance program only for the purpose of determining a pertinent element of creditworthiness.⁹

(iv) In any system of evaluating creditworthiness, a creditor may consider the age of an elderly applicant when such age is to be used to favor the elderly applicant in extending credit.

(3) A creditor shall not use, in evaluating the creditworthiness of an applicant, assumptions or aggregate statistics relating to the likelihood that any group of persons will bear or rear children or, for that reason, will receive diminished or interrupted income in the future.

(4) A creditor shall not take into account the existence of a telephone listing in the name of an applicant for consumer credit. A creditor may take into account the existence of a telephone in the residence of such an applicant.

(5) A creditor shall not discount or exclude from consideration the income of an applicant or

⁹Concerning income derived from a public assistance program, a creditor may consider, for example, the length of time an applicant has been receiving such income; whether an applicant intends to continue to reside in the jurisdiction in relation to residency requirements for benefits; and the status of an applicant's dependents to ascertain whether benefits that the applicant is presently receiving will continue.

Concerning age, a creditor may consider, for example, the occupation and length of time to retirement of an applicant to ascertain whether the applicant's income (including retirement income, as applicable) will support the extension of credit until its maturity; or the adequacy of any security offered if the duration of the credit extension will exceed the life expectancy of the applicant. An elderly applicant might not qualify for a five-percent down, 30-year mortgage loan because the duration of the loan exceeds the applicant's life expectancy and the cost of realizing on the collateral might exceed the applicant's equity. The same applicant might qualify with a larger downpayment and a shorter loan maturity. A creditor could also consider an applicant's age, for example, to assess the significance of the applicant's length of employment or residence (a young applicant may have just entered the job market; an elderly applicant may recently have retired and moved from a long-time residence).

⁷The legislative history of the Act indicates that the Congress intended an "effects test" concept, as outlined in the employment field by the Supreme Court in the cases of *Griggs v. Duke Power Co.*, 401 U.S. 424 (1971), and *Albemarle Paper Co. v. Moody*, 422 U.S. 405 (1975), to be applicable to a creditor's determination of creditworthiness. See Senate Report to accompany H.R. 6516, No. 94-589, pp. 4-5; House Report to accompany H.R. 6516, No. 94-210, p. 5.

⁸This provision does not prevent a creditor from considering the marital status of an applicant or the source of an applicant's income for the purpose of ascertaining the creditor's rights and remedies applicable to the particular extension of credit and not to discriminate in a determination of creditworthiness. Furthermore, a prohibited basis may be considered in accordance with section 202.8 (special purpose credit programs).

the spouse of the applicant because of a prohibited basis or because the income is derived from part-time employment, or from an annuity, pension, or other retirement benefit; but a creditor may consider the amount and probable continuance of any income in evaluating an applicant's creditworthiness. Where an applicant relies on alimony, child support, or separate maintenance payments in applying for credit, a creditor shall consider such payments as income to the extent that they are likely to be consistently made. Factors that a creditor may consider in determining the likelihood of consistent payments include, but are not limited to, whether the payments are received pursuant to a written agreement or court decree; the length of time that the payments have been received; the regularity of receipt; the availability of procedures to compel payment; and the creditworthiness of the payor, including the credit history of the payor where available to the creditor under the Fair Credit Reporting Act or other applicable laws.

(6) To the extent that a creditor considers credit history in evaluating the creditworthiness of similarly qualified applicants for a similar type and amount of credit, in evaluating an applicant's creditworthiness, a creditor shall consider (unless the failure to consider results from an inadvertent error):

(i) the credit history, when available, of accounts designated as accounts that the applicant and a spouse are permitted to use or for which both are contractually liable;

(ii) on the applicant's request, any information that the applicant may present tending to indicate that the credit history being considered by the creditor does not accurately reflect the applicant's creditworthiness; and

(iii) on the applicant's request, the credit history, when available, of any account reported in the name of the applicant's spouse or former spouse that the applicant can demonstrate accurately reflects the applicant's creditworthiness.

(7) A creditor may consider whether an applicant is a permanent resident of the United States, the applicant's immigration status, and such additional information as may be necessary to ascertain its rights and remedies regarding repayment.

(c) **State property laws.** A creditor's consideration or application of State property laws directly or indirectly affecting creditworthiness shall not constitute unlawful discrimination for the purposes of the Act or this Part.

Section 202.7—

Rules Concerning Extensions of Credit

(a) **Individual accounts.** A creditor shall not refuse to grant an individual account to a credit-worthy applicant on the basis of sex, marital status, or any other prohibited basis.

(b) **Designation of name.** A creditor shall not prohibit an applicant from opening or maintaining an account in a birth-given first name and a surname that is the applicant's birth-given surname, the spouse's surname, or a combined surname.

(c) **Action concerning existing open end accounts.** (1) In the absence of evidence of inability or unwillingness to repay, a creditor shall not take any of the following actions regarding an applicant who is contractually liable on an existing open end account on the basis of the applicant's reaching a certain age or retiring, or on the basis of a change in the applicant's name or marital status:

(i) require a reapplication; or

(ii) change the terms of the account; or

(iii) terminate the account.

(2) A creditor may require a reapplication regarding an open end account on the basis of a change in an applicant's marital status where the credit granted was based on income earned by the applicant's spouse if the applicant's income alone at the time of the original application would not support the amount of credit currently extended.

(d) **Signature of spouse or other person.** (1) Except as provided in this subsection, a creditor shall not require the signature of an applicant's spouse or other person, other than a joint applicant, on any credit instrument if the applicant qualifies under the creditor's standards of creditworthiness for the amount and terms of the credit requested.

(2) If an applicant requests unsecured credit and relies in part upon property to establish creditworthiness, a creditor may consider State law; the form of ownership of the property; its susceptibility to attachment, execution, severance, and partition; and other factors that may affect the value to the creditor of the applicant's interest in the property. If necessary to satisfy the creditor's standards of creditworthiness, the creditor may require the signature of the applicant's spouse or other person on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable State law to make the property relied upon available to satisfy the debt in the event of default.

(3) If a married applicant requests unsecured credit and resides in a community property State or if the property upon which the applicant is relying is located in such a State, a creditor may require the signature of the spouse on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable State law to make the community property available to satisfy the debt in the event of default if:

(i) applicable State law denies the applicant power to manage or control sufficient community property to qualify for the amount of credit requested under the creditor's standards of creditworthiness; and

(ii) the applicant does not have sufficient separate property to qualify for the amount of credit requested without regard to community property.

(4) If an applicant requests secured credit, a creditor may require the signature of the applicant's spouse or other person on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable State law to make the property being offered as security available to satisfy the debt in the event of default, for example, any instrument to create a valid lien, pass clear title, waive inchoate rights, or assign earnings.

(5) If, under a creditor's standards of creditworthiness, the personal liability of an additional party is necessary to support the extension of the credit requested,¹⁰ a creditor may request that the applicant obtain a co-signer, guarantor, or the like. The applicant's spouse may serve as an additional party, but a creditor shall not require that the spouse be the additional party. For the purposes of subsection (d), a creditor shall not impose requirements upon an additional party that the creditor may not impose upon an applicant.

(e) **Insurance.** Differentiation in the availability, rates, and terms on which credit-related casualty insurance or credit life, health, accident, or disability insurance is offered or provided to an applicant shall not constitute a violation of the Act or this Part; but a creditor shall not refuse to extend credit and shall not terminate an account because credit life, health, accident, or disability insurance is not available on the basis of the

applicant's age. Notwithstanding any other provision of this Part, information about the age, sex, or marital status of an applicant may be requested in an application for insurance.

Section 202.8—

Special Purpose Credit Programs

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

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

(2) any credit assistance program offered by a not-for-profit organization, as defined under section 501(c) of the Internal Revenue Code of 1954, as amended, for the benefit of its members or for the benefit of an economically disadvantaged class of persons; or

(3) any special purpose credit program offered by a for-profit organization or in which such an organization participates to meet special social needs, provided that:

(i) the program is established and administered pursuant to a written plan that (A) identifies the class or classes of persons that the program is designed to benefit and (B) sets forth the procedures and standards for extending credit pursuant to the program; and

(ii) the program is established and administered to extend credit to a class of persons who, pursuant to the customary standards of creditworthiness used by the organization extending the credit, either probably would not receive such credit or probably would receive it on less favorable terms than are ordinarily available to other applicants applying to the organization for a similar type and amount of credit.

(b) **Applicability of other rules.** (1) All of the provisions of this Part shall apply to each of the special purpose credit programs described in subsection (a) to the extent that those provisions are not inconsistent with the provisions of this section.

(2) A program described in subsections (a)(2) or (a)(3) shall qualify as a special purpose credit program under subsection (a) only if it was estab-

¹⁰If an applicant requests individual credit relying on the separate income of another person, a creditor may require the signature of the other person to make the income available to pay the debt.

lished and is administered so as not to discriminate against an applicant on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), income derived from a public assistance program or good faith exercise of any right under the Consumer Credit Protection Act or any State law upon which an exemption has been granted therefrom by the Board; except that all program participants may be required to share one or more of those characteristics so long as the program was not established and is not administered with the purpose of evading the requirements of the Act or this Part.

(c) **Special rule concerning requests and use of information.** If all participants in a special purpose credit program described in subsection (a) are or will be required to possess one or more common characteristics relating to race, color, religion, national origin, sex, marital status, age, or receipt of income from a public assistance program and if the special purpose credit program otherwise satisfies the requirements of subsection (a), then, notwithstanding the prohibitions of sections 202.5 and 202.6, the creditor may request of an applicant and may consider, in determining eligibility for such program, information regarding the common characteristics required for eligibility. In such circumstances, the solicitation and consideration of that information shall not constitute unlawful discrimination for the purposes of the Act or this Part.

(d) **Special rule in the case of financial need.** If financial need is or will be one of the criteria for the extension of credit under a special purpose credit program described in subsection (a), then, notwithstanding the prohibitions of sections 202.5 and 202.6, the creditor may request and consider, in determining eligibility for such program, information regarding applicant's marital status, income from alimony, child support, or separate maintenance, and the spouse's financial resources. In addition, notwithstanding the prohibitions of section 202.7(d), a creditor may obtain the signature of an applicant's spouse or other person on an application or credit instrument relating to a special purpose program if required by Federal or State law. In such circumstances, the solicitation and consideration of that information and the obtaining of a required signature shall not constitute unlawful discrimination for the purposes of the Act or this Part.

Section 202-9—Notifications

(a) **Notification of action taken, ECOA notice, and statement of specific reasons.**

(1) **Notification of action taken.** A creditor shall notify an applicant of action taken within:

(i) 30 days after receiving a completed application concerning the creditor's approval of, or adverse action regarding, the application (notification of approval may be express or by implication, where, for example, the applicant receives a credit card, money, property, or services in accordance with the application);

(ii) 30 days after taking adverse action on an uncompleted application;

(iii) 30 days after taking adverse action regarding an existing account; and

(iv) 90 days after the creditor has notified the applicant of an offer to grant credit other than in substantially the amount or on substantially the terms requested by the applicant if the applicant during those 90 days has not expressly accepted or used the credit offered.

(2) **Content of notification.** Any notification given to an applicant against whom adverse action is taken shall be in writing and shall contain: a statement of the action taken; a statement of the provisions of section 701(a) of the Act; the name and address of the Federal agency that administers compliance concerning the creditor giving the notification; and

(i) a statement of specific reasons for the action taken; or

(ii) a disclosure of the applicant's right to a statement of reasons within 30 days after receipt by the creditor of a request made within 60 days of such notification, the disclosure to include the name, address, and telephone number of the person or office from which the statement of reasons can be obtained. If the creditor chooses to provide the statement of reasons orally, the notification shall also include a disclosure of the applicant's right to have any oral statement of reasons confirmed in writing within 30 days after a written request for confirmation is received by the creditor.

(3) **Multiple applicants.** If there is more than one applicant, the notification need only be given to one of them, but must be given to the primary applicant where one is readily apparent.

(4) **Multiple creditors.** If a transaction involves more than one creditor and the applicant expressly accepts or uses the credit offered, this section does

not require notification of adverse action by any creditor. If a transaction involves more than one creditor and either no credit is offered or the applicant does not expressly accept or use any credit offered, then each creditor taking adverse action must comply with this section. The required notification may be provided indirectly through a third party, which may be one of the creditors, provided that the identity of each creditor taking adverse action is disclosed. Whenever the notification is to be provided through a third party, a creditor shall not be liable for any act or omission of the third party that constitutes a violation of this section if the creditor accurately and in a timely manner provided the third party with the information necessary for the notification and was maintaining procedures reasonably adapted to avoid any such violation.

(b) Form of ECOA notice and statement of specific reasons.

(1) ECOA notice. A creditor satisfies the requirements of subsection (a)(2) regarding a statement of the provisions of section 701(a) of the Act and the name and address of the appropriate Federal enforcement agency if it provides the following notice, or one that is substantially similar:

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A).

The sample notice printed above may be modified immediately following the required references to the Federal Act and enforcement agency to include references to any similar State statute or regulation and to a State enforcement agency.

(2) Statement of specific reasons. A statement of reasons for adverse action shall be sufficient if it is specific and indicates the principal reason(s) for the adverse action. A creditor may formulate its own statement of reasons in checklist or letter form or may use all or a portion of the sample form printed below, which, if properly completed, satisfies the requirements of subsection (a)(2)(i). Statements that the adverse action was based on the creditor's internal standards or policies or that

the applicant failed to achieve the qualifying score on the creditor's credit scoring system are insufficient.

**STATEMENT OF CREDIT DENIAL,
TERMINATION, OR CHANGE**

Date _____
Applicant's Name: _____
Applicant's Address: _____
Description of Account, Transaction, or Requested Credit: _____
Description of Adverse Action Taken: _____

**PRINCIPAL REASON(S) FOR ADVERSE
ACTION CONCERNING CREDIT**

- _____ Credit application incomplete
- _____ Insufficient credit references
- _____ Unable to verify credit references
- _____ Temporary or irregular employment
- _____ Length of employment
- _____ Insufficient income
- _____ Excessive obligations
- _____ Unable to verify income
- _____ Inadequate collateral
- _____ Too short a period of residence
- _____ Temporary residence
- _____ Unable to verify residence
- _____ No credit file
- _____ Insufficient credit file
- _____ Delinquent credit obligations
- _____ Garnishment, attachment, foreclosure, repossession, or suit
- _____ Bankruptcy
- _____ We do not grant credit to any applicant on the terms and conditions you request.
- _____ Other, specify: _____

**DISCLOSURE OF USE OF INFORMATION
OBTAINED FROM AN OUTSIDE SOURCE**

- _____ Disclosure inapplicable
- _____ Information obtained in a report from a consumer reporting agency
Name: _____
Street address: _____
Telephone number: _____
- _____ Information obtained from an outside source other than a consumer reporting agency.

Under the Fair Credit Reporting Act, you have the right to make a written request, within 60 days of receipt of this notice, for disclosure of the nature of the adverse information.

Creditor's name: _____

Creditor's address: _____

Creditor's telephone number: _____

[Add ECOA Notice]

(3) **Other information.** The notification required by subsection (a)(1) may include other information so long as it does not detract from the required content. This notification also may be combined with any disclosures required under other titles of the Consumer Credit Protection Act or any other law, provided that all requirements for clarity and placement are satisfied; and it may appear on either or both sides of the paper if there is a clear reference on the front to any information on the back.

(c) **Oral notifications.** The applicable requirements of this section are satisfied by oral notifications (including statements of specific reasons) in the case of any creditor that did not receive more than 150 applications during the calendar year immediately preceding the calendar year in which the notification of adverse action is to be given to a particular applicant.

(d) **Withdrawn applications.** Where an applicant submits an application and the parties contemplate that the applicant will inquire about its status, if the creditor approves the application and the applicant has not inquired within 30 days after applying, then the creditor may treat the application as withdrawn and need not comply with subsection (a)(1).

(e) **Failure of compliance.** A failure to comply with this section shall not constitute a violation when caused by an inadvertent error; provided that, on discovering the error, the creditor corrects it as soon as possible and commences compliance with the requirements of this section.

(f) **Notification.** A creditor notifies an applicant when a writing addressed to the applicant is delivered or mailed to the applicant's last known address or, in the case of an oral notification, when the creditor communicates with the applicant.

Section 202.10— Furnishing of Credit Information

(a) **Accounts established on or after June 1, 1977.** (1) For every account established on or after

June 1, 1977, a creditor that furnishes credit information shall:

(i) determine whether an account offered by the creditor is one that an applicant's spouse is permitted to use or upon which the spouses are contractually liable other than as guarantors, sureties, endorsers, or similar parties; and

(ii) designate any such account to reflect the fact of participation of both spouses.¹¹

(2) Except as provided in subsection (3), if a creditor furnishes credit information concerning an account designated under this section (or designated prior to the effective date of this Part) to a consumer reporting agency, it shall furnish the information in a manner that will enable the agency to provide access to the information in the name of each spouse.

(3) If a creditor furnishes credit information concerning an account designated under this section (or designated prior to the effective date of this Part) in response to an inquiry regarding a particular applicant, it shall furnish the information in the name of the spouse about whom such information is requested.¹²

(b) **Accounts established prior to June 1, 1977.** For every account established prior to and in existence on June 1, 1977, a creditor that furnishes credit information shall either:

(1) not later than June 1, 1977

(i) determine whether the account is one that an applicant's spouse, if any, is permitted to use or upon which the spouses are contractually liable other than as guarantors, sureties, endorsers, or similar parties;

(ii) designate any such account to reflect the fact of participation of both spouses;¹³ and

(iii) comply with the reporting requirements of subsections (a)(2) and (a)(3); or

(2) mail or deliver to all applicants, or all married applicants, in whose name an account is carried on the creditor's records one copy of the notice set forth below.¹⁴ The notice may be mailed

¹¹ A creditor need not distinguish between participation as a user or as a contractually liable party.

¹² If a creditor learns that new parties have undertaken payment on an account, then the subsequent history of the account shall be furnished in the names of the new parties and need not continue to be furnished in the names of the former parties.

¹³ See footnote 11.

¹⁴ A creditor may delete the references to the "use" of an account when providing notices regarding closed end accounts.

with a billing statement or other mailing. All such notices shall be mailed or delivered by October 1, 1977. As to open end accounts, this requirement may be satisfied by mailing one notice at any time prior to October 2, 1977, regarding each account for which a billing statement is sent between June 1 and October 1, 1977. The notice may be supplemented as necessary to permit identification of the account by the creditor or by a consumer reporting agency. A creditor need only send notices relating to those accounts on which it lacks the information necessary to make the proper designation regarding participation or contractual liability.

NOTICE CREDIT HISTORY FOR MARRIED PERSONS

The Federal Equal Credit Opportunity Act prohibits credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age (provided that a person has the capacity to enter into a binding contract); because all or part of a person's income derives from any public assistance program; or because a person in good faith has exercised any right under the Federal Consumer Credit Protection Act. Regulations under the Act give married persons the right to have credit information included in credit reports in the name of both the wife and the husband if both use or are responsible for the account. This right was created, in part, to insure that credit histories will be available to women who become divorced or widowed.

If your account with us is one that both husband and wife signed for or is an account that is being used by one of you who did not sign, then you are entitled to have us report credit information relating to the account in both your names. If you choose to have credit information concerning your account with us reported in both your names, please complete and sign the statement below and return it to us.

Federal regulations provide that signing your name below will not change your or your spouse's legal liability on the account. Your signature will only request that credit information be reported in both your names.

If you do not complete and return the form below, we will continue to report your credit history in the same way that we do now.

count, please report all information concerning the account in both our names.

Account number

Print or type name

Print or type name

Signature of either spouse

(c) **Requests to change manner in which information is reported.** Within 90 days after receipt of a properly completed request to change the manner in which information is reported to consumer reporting agencies and others regarding an account described in subsection (b), a creditor shall designate the account to reflect the fact of participation of both spouses.¹⁵ When furnishing information concerning any such account, the creditor shall comply with the reporting requirements of subsections (a)(2) and (a)(3). The signature of an applicant or the applicant's spouse on a request to change the manner in which information concerning an account is furnished shall not alter the legal liability of either spouse upon the account or require the creditor to change the name in which the account is carried.

(d) **Inadvertent errors.** A failure to comply with this section shall not constitute a violation when caused by an inadvertent error, provided that, on discovering the error, the creditor corrects it as soon as possible and commences compliance with the requirements of this section.

Section 202.11—Relation to State Law

(a) **Inconsistent State Laws.** Except as otherwise provided in this section, this Part alters, affects, or preempts only those State laws that are inconsistent with this Part and then only to the extent of the inconsistency. A State law is not inconsistent with this Part if it is more protective of an applicant.

(b) **Preempted provisions of State law.** (1) State law is deemed to be inconsistent with the requirements of the Act and this Part and less protective of an applicant within the meaning of section 705(f) of the Act to the extent that such law;

(i) requires or permits a practice or act prohibited by the Act or this Part;

(ii) prohibits the individual extension of con-

When you furnish credit information on this ac-

¹⁵ See footnote 11.

sumer credit to both parties to a marriage if each spouse individually and voluntarily applies for such credit;

(iii) prohibits inquiries or collection of data required to comply with the Act or this Part;

(iv) prohibits asking age or considering age in a demonstrably and statistically sound, empirically derived credit system, to determine a pertinent element of creditworthiness, or to favor an elderly applicant; or

(v) prohibits inquiries necessary to establish or administer a special purpose credit program as defined by section 202.8.

(2) A determination as to whether a State law is inconsistent with the requirements of the Act and this Part will be made only in response to a request for a formal Board interpretation. All requests for such interpretations, in addition to meeting the requirements of section 202.1(d), shall comply with the applicable provisions of subsections (b)(1) and (2) of Supplement I to this Part. A determination shall be based on the factors enumerated in this subsection and, as applicable, subsection (c) of Supplement I. Notice of the interpretation shall be provided as specified in subsection (e)(1) of Supplement I, but the interpretation shall be effective in accordance with section 202.1. The interpretation shall be subject to revocation or modification at any time, as provided in subsection (g)(4) of Supplement I.

(c) **Finance charges and loan ceilings.** If married applicants voluntarily apply for and obtain individual accounts with the same creditor, the accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or permissible loan ceilings under any Federal or State law. Permissible loan ceiling laws shall be construed to permit each spouse to become individually liable up to the amount of the loan ceilings, less the amount for which the applicant is jointly liable.¹⁶

(d) **State and Federal laws not affected.** This section does not alter or annul any provision of State property laws, laws relating to the disposition of decedents' estates, or Federal or State banking regulations directed only toward insuring the solvency of financial institutions.

(e) **Exemption for State regulated transac-**

tions. (1) In accordance with the provisions of Supplement I to this Part, and State may apply to the Board for an exemption from the requirements of sections 701 and 702 of the Act and the corresponding provisions of this Part for any class of credit transactions within the State. The Board will grant such an exemption if:

(i) the Board determines that, under the law of that State, that class of credit transactions is subject to requirements substantially similar to those imposed under sections 701 and 702 of the Act and the corresponding provisions of this Part, or that applicants are afforded greater protection than is afforded under sections 701 and 702 of the Act and the corresponding provisions of this Part; and

(ii) there is adequate provision for State enforcement.

(2) In order to assure that the concurrent jurisdiction of Federal and State courts created in section 706(f) of the Act will continue to have substantive provisions to which such jurisdiction shall apply; to allow Federal enforcement agencies to retain their authority regarding any class of credit transactions exempted pursuant to subsection (e)(1) and Supplement I; and, generally, to aid in implementing the Act:

(i) no such exemption shall be deemed to extend to the civil liability provisions of sections 706 or the administrative enforcement provisions of section 704 of the Act; and

(ii) after an exemption has been granted, the requirements of the applicable State law shall constitute the requirements of the Act and this Part, except to the extent such State law imposes requirements not imposed by the Act or this Part,

(3) Exemptions granted by the Board to particular classes of credit transactions within specified States will be set forth in Supplement II to this Part.

Section 202.12—Record Retention

(a) **Retention of prohibited information.** Retention in a creditor's files of any information, the use of which in evaluating applications is prohibited by the Act or this Part, shall not constitute a violation of the Act or this Part where such information was obtained:

(1) from any source prior to March 23;¹⁷ or

¹⁶For example, in a State with a permissible loan ceiling of \$1,000, if a married couple were jointly liable for unpaid debt in the amount of \$250, each spouse could subsequently become individually liable for \$750.

¹⁷Pursuant to the October 28, 1975 version of Regulation B, the applicable date for sex and marital status information is June 30, 1976.

(2) at any time from consumer reporting agencies; or

(3) at any time from an applicant or others without the specific request of the creditor; or

(4) at any time as required to monitor compliance with the Act and this Part or other Federal or State statutes or regulations.

(b) **Preservation of records.** (1) For 25 months after the date that a creditor notifies an applicant of action taken on an application, the creditor shall retain as to that application in original form or a copy thereof:¹⁸

(i) any application form that it receives, any information required to be obtained concerning characteristics of an applicant to monitor compliance with the Act and this Part or other similar law, and any other written or recorded information used in evaluating the application and not returned to the applicant at the applicant's request;

(ii) a copy of the following documents if furnished to the applicant in written form (or, if furnished orally, any notation or memorandum with respect thereto made by the creditor):

A) the notification of action taken; and

(B) the statement of specific reasons for adverse action; and

(iii) any written statement submitted by the applicant alleging a violation of the Act or this Part.

(2) For 25 months after the date that a creditor notifies an applicant of adverse action regarding an account, other than in connection with an application, the creditor shall retain as to that account, in original form or a copy thereof:¹⁹

(i) any written or recorded information concerning such adverse action; and

(ii) any written statement submitted by the applicant alleging a violation of the Act or this Part.

(3) In addition to the requirements of subsections (b)(1) and (2), any creditor that has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the Act or this Part by an enforcement agency charged with monitoring that creditor's compliance with the Act and this Part, or that has been served with notice of an action filed pursuant to section 706 of the Act and sections 202.1(b) or (c) of this Part, shall retain the information required in subsections (b)(1) and (2) until final

disposition of the matter, unless an earlier time is allowed by order of the agency or court.

(4) In any transaction involving more than one creditor, any creditor not required to comply with section 202.9 (notifications) shall retain for the time period specified in subsection (b) all written or recorded information in its possession concerning the applicant, including a notation of action taken in connection with any adverse action.

(c) **Failure of compliance.** A failure to comply with this section shall not constitute a violation when caused by an inadvertent error.

Section 202.13—

Information for Monitoring Purposes

(a) **Scope and information requested.** (1) For the purpose of monitoring compliance with the provisions of the Act and this Part, any creditor that receives an application for consumer credit relating to the purchase of residential real property, where the extension of credit is to be secured by a lien on such property, shall request as part of any written application for such credit the following information regarding the applicant and joint applicant (if any):

(i) race/national origin, using the categories American Indian or Alaskan Native; Asian or Pacific Islander; Black; White; Hispanic; Other (Specify);

(ii) sex;

(iii) marital status, using the categories married, unmarried, and separated; and

(iv) age.

(2) "Residential real property" means improved real property used or intended to be used for residential purposes, including single family homes, dwellings for from two to four families, and individual units of condominiums and cooperatives.

(b) **Method of obtaining information.** Questions regarding race/national origin, sex, marital status, and age may be listed, at the creditor's option, either on the application form or on a separate form that refers to the application.

(c) **Disclosure to applicant and joint applicant.** The applicant and joint applicant (if any) shall be informed that the information regarding race/national origin, sex, marital status, and age is being requested by the Federal government for the purpose of monitoring compliance with Federal anti-discrimination statutes and that those statutes prohibit creditors from discriminating against applicants on those bases. The applicant and joint

¹⁸ "A copy thereof" includes carbon copies, photocopies, microfilm or microfiche copies, or copies produced by any accurate information retrieval system. A creditor who uses a computerized or mechanized system need not keep a written copy of a document if it can regenerate the precise text of the document upon request.

¹⁹ See footnote 18.

applicant shall be asked, but not required, to supply the requested information. If the applicant or joint applicant chooses not to provide the information or any part of it, that fact shall be noted on the form on which the information is obtained.

(d) **Substitute monitoring program.** Any monitoring program required by an agency charged with administrative enforcement under section 704 of the Act may be substituted for the requirements contained in subsections (a), (b), and (c).

STATUTORY APPENDIX

Equal Credit Opportunity Act
(as amended March 23, 1976)

TITLE V—PUBLIC LAW 93-495

Sec.

- 502. Findings and purpose.
- 503. Amendment to the Consumer Credit Protection Act.

§ 502. Findings and purpose

The Congress finds that there is a need to insure that the various financial institutions and other firms engaged in the extensions of credit exercise their responsibility to make credit available with fairness, impartiality, and without discrimination on the basis of sex or marital status. Economic stabilization would be enhanced and competition among the various financial institutions and other firms engaged in the extension of credit would be strengthened by an absence of discrimination on the basis of sex or marital status, as well as by the informed use of credit which Congress has heretofore sought to promote. It is the purpose of this Act to require that financial institutions and other firms engaged in the extension of credit make that credit equally available to all credit-worthy customers without regard to sex or marital status.

§ 503. Amendment to the Consumer Credit Protection Act

The Consumer Credit Protection Act (Public Law 90-321), is amended by adding at the end thereof a new title VII:

TITLE VII— EQUAL CREDIT OPPORTUNITY

Sec.

- 701. Prohibited discrimination; reasons for adverse action.

- 702. Definitions.
- 703. Regulations.
- 704. Administrative enforcement.
- 705. Relation to State laws.
- 706. Civil liability.
- 707. Annual reports to Congress.
- 708. Effective date.
- 709. Short title.

§ 701. Prohibited discrimination; reasons for adverse action*

(a) It shall be unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction—

(1) on the basis of race, color, religion, national origin, sex or marital status, or age (provided the applicant has the capacity to contract);

(2) because all or part of the applicant's income derives from any public assistance program; or

(3) because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

(b) It shall not constitute discrimination for purposes of this title for a creditor—

(1) to make an inquiry of marital status if such inquiry is for the purpose of ascertaining the creditor's rights and remedies applicable to the particular extension of credit and not to discriminate in a determination of creditworthiness;

(2) to make an inquiry of the applicant's age or of whether the applicant's income derives from any public assistance program if such inquiry is for the purpose of determining the amount and probable continuance of income levels, credit history, or other pertinent element of creditworthiness as provided in regulations of the Board;

(3) to use any empirically derived credit system which considers age if such system is demonstrably and statistically sound in accordance with regulations of the Board, except that in the operation of such system the age of an elderly applicant may not be assigned a negative factor or value; or

(4) to make an inquiry or to consider the age of an elderly applicant when the age of such applicant is to be used by the creditor in the extension of credit in favor of such applicant.

(c) It is not a violation of this section for a creditor to refuse to extend credit offered pursuant to—

*Effective date for amendments to section 701 is March 23, 1977. All other amendments are effective upon enactment.

(1) any credit assistance program expressly authorized by law for an economically disadvantaged class of persons;

(2) any credit assistance program administered by a nonprofit organization for its members or an economically disadvantaged class of persons; or

(3) any special purpose program offered by a profitmaking organization to meet special social needs which meets standards prescribed in regulations by the Board;

if such a refusal is required by or made pursuant to such program.

(d)(1) Within thirty days (or such longer reasonable time as specified in regulations of the Board for any class of credit transaction) after receipt of a completed application for credit, a creditor shall notify the applicant of its action on the application.

(2) Each applicant against whom adverse action is taken shall be entitled to a statement of reasons for such action from the creditor. A creditor satisfies this obligation by—

(A) providing statements of reasons in writing as a matter of course to applicants against whom adverse action is taken; or

(B) giving written notification of adverse action which discloses (i) the applicant's right to a statement of reasons within thirty days after receipt by the creditor of a request made within sixty days after such notification, and (ii) the identity of the person or office from which such statement may be obtained. Such statement may be given orally if the written notification advises the applicant of his right to have the statement of reasons confirmed in writing on written request.

(3) A statement of reasons meets the requirements of this section only if it contains the specific reasons for the adverse action taken.

(4) Where a creditor has been requested by a third party to make a specific extension of credit directly or indirectly to an applicant, the notification and statement of reasons required by this subsection may be made directly by such creditor, or indirectly through the third party, provided in either case that the identity of the creditor is disclosed.

(5) The requirements of paragraph (2), (3), or (4) may be satisfied by verbal statements or notifications in the case of any creditor who did not act on more than 150 applications during the calendar year preceding the calendar year in which

the adverse action is taken, as determined under regulations of the Board.

(6) For purposes of this subsection, the term "adverse action" means a denial or revocation of credit, a change in the terms of an existing credit arrangement, or a refusal to grant credit in substantially the amount or on substantially the terms requested. Such term does not include a refusal to extend additional credit under an existing credit arrangement where the applicant is delinquent or otherwise in default, or where such additional credit would exceed a previously established credit limit.

§ 702. Definitions

(a) The definitions and rules of construction set forth in this section are applicable for the purposes of this title.

(b) The term "applicant" means any person who applies to a creditor directly for an extension, renewal, or continuation of credit, or applies to a creditor indirectly by use of an existing credit plan for an amount exceeding a previously established credit limit.

(c) The term "Board" refers to the Board of Governors of the Federal Reserve System.

(d) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment or to purchase property or services and defer payment therefor.

(e) The term "creditor" means any person who regularly extends, renews, or continues credit; any person who regularly arranges for the extension, renewal, or continuation of credit; or any assignee of an original creditor who participates in the decision to extend, renew, or continue credit.

(f) The term "person" means a natural person, a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(g) Any reference to any requirement imposed under this title or any provision thereof includes reference to the regulations of the Board under this title or the provision thereof in question.

§ 703. Regulations

(a) The Board shall prescribe regulations to carry out the purposes of this title. These regulations may contain but are not limited to such classifications, differentiation, or other provision, and may provide for such adjustments and excep-

tions for any class of transactions, as in the judgment of the Board are necessary or proper to effectuate the purposes of this title, to prevent circumvention or evasion thereof, or to facilitate or substantiate compliance therewith. In particular, such regulations may exempt from one or more of the provisions of this title any class of transactions not primarily for personal, family, or household purposes, if the Board makes an express finding that the application of such provision or provisions would not contribute substantially to carrying out the purposes of this title. Such regulations shall be prescribed as soon as possible after the date of enactment of this Act, but in no event later than the effective date of this Act.

(b) The Board shall establish a Consumer Advisory Council to advise and consult with it in the exercise of its functions under the Consumer Credit Protection Act and to advise and consult with it concerning other consumer related matters it may place before the Council. In appointing the members of the Council, the Board shall seek to achieve a fair representation of the interests of creditors and consumers. The Council shall meet from time to time at the call of the Board. Members of the Council who are not regular full-time employees of the United States shall, while attending meetings of such Council, be entitled to receive compensation at a rate fixed by the Board, but not exceeding \$100 per day, including travel time. Such members may be allowed travel expenses, including transportation and subsistence, while away from their homes or regular place of business.

§ 704. Administrative enforcement

(a) Compliance with the requirements imposed under this title shall be enforced under:

(1) Section 8 of the Federal Deposit Insurance Act, in the case of—

(A) national banks, by the Comptroller of the Currency;

(B) members banks of the Federal Reserve System (other than national banks), by the Board.

(C) banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), by the Board of Directors of the Federal Deposit Insurance Corporation.

(2) Section 5(d) of the Home Owners' Loan Act of 1933, section 407 of the National Housing Act, and sections 6(i) and 17 of the Federal Home Loan Bank Act, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and

Loan Insurance Corporation), in the case of any institution subject to any of those provisions.

(3) The Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any Federal Credit Union.

(4) The Acts to regulate commerce, by the Interstate Commerce Commission with respect to any common carrier subject to those Acts.

(5) The Federal Aviation Act of 1958, by the Civil Aeronautics Board with respect to any air carrier or foreign air carrier subject to that Act.

(6) The Packers and Stockyards Act, 1921 (except as provided in section 406 of that Act), by the Secretary of Agriculture with respect to any activities subject to that Act.

(7) The Farm Credit Act of 1971, by the Farm Credit Administration with respect to any Federal land bank, Federal land bank association, Federal intermediate credit bank, and production credit association.

(8) The Securities Exchange Act of 1934, by the Securities and Exchange Commission with respect to brokers and dealers; and

(9) The Small Business Investment Act of 1958, by the Small Business Administration, with respect to small business investment companies.

(b) For the purpose of the exercise by any agency referred to in subsection (a) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (a), each of the agencies referred to in that subsection may exercise for the purpose of enforcing compliance with any requirement imposed under this title, any other authority conferred on it by law. The exercise of the authorities of any of the agencies referred to in subsection (a) for the purpose of enforcing compliance with any requirement imposed under this title shall in no way preclude the exercise of such authorities for the purpose of enforcing compliance with any other provision of law not relating to the prohibition of discrimination on the basis of sex or marital status with respect to any aspect of a credit transaction.

(c) Except to the extent that enforcement of the requirements imposed under this title is specifically committed to some other Government agency under subsection (a), the Federal Trade Commission shall enforce such requirements. For the purpose of the exercise by the Federal Trade Com-

mission of its functions and powers under the Federal Trade Commission Act, a violation of any requirement imposed under this title shall be deemed a violation of a requirement imposed under that Act. All of the functions and powers of the Federal Trade Commission under the Federal Trade Commission Act are available to the Commission to enforce compliance by any person with the requirements imposed under this title, irrespective of whether that person is engaged in commerce or meets any other jurisdictional tests in the Federal Trade Commission Act, including the power to enforce any Federal Reserve Board regulation promulgated under this title in the same manner as if the violation had been a violation of a Federal Trade Commission trade regulation rule.

(d) The authority of the Board to issue regulations under this title does not impair the authority of any other agency designated in this section to make rules respecting its own procedures in enforcing compliance with requirements imposed under this title.

§ 705. Relation to State laws

(a) A request for the signature of both parties to a marriage for the purpose of creating a valid lien, passing clear title, waiving inchoate rights to property, or assigning earnings, shall not constitute discrimination under this title: *Provided, however,* That this provision shall not be construed to permit a creditor to take sex or marital status into account in connection with the evaluation of creditworthiness of any applicant.

(b) Consideration or application of State property laws directly or indirectly affecting creditworthiness shall not constitute discrimination for the purposes of this title.

(c) Any provision of State law which prohibits the separate extension of consumer credit to each party to a marriage shall not apply in any case where each party to a marriage voluntarily applies for separate credit from the same creditor: *Provided,* That in any case where such State law is so preempted, each party to the marriage shall be solely responsible for the debt so contracted.

(d) When each party to a marriage separately and voluntarily applies for and obtains separate credit accounts with the same creditor, those accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or permissible loan ceilings under the laws of any State or of the United States.

(e) Where the same act or omission constitutes a violation of this title and of applicable State law, a person aggrieved by such conduct may bring a legal action to recover monetary damages either under this title or under such State law, but not both. This election of remedies shall not apply to court actions in which the relief sought does not include monetary damages or to administrative actions.

(f) This title does not annul, alter, or affect, or exempt any person subject to the provisions of this title from complying with, the laws of any State with respect to credit discrimination, except to the extent that those laws are inconsistent with any provision of this title, and then only to the extent of the inconsistency. The Board is authorized to determine whether such inconsistencies exist. The Board may not determine that any State law is inconsistent with any provision of this title if the Board determines that such law gives greater protection to the applicant.

(g) The Board shall by regulation exempt from the requirements of sections 701 and 702 of this title any class of credit transactions within any State if it determines that under the law of that State that class of transactions is subject to requirements substantially similar to those imposed under this title or that such law gives greater protection to the applicant, and that there is adequate provision for enforcement. Failure to comply with any requirement of such State law in any transaction so exempted shall constitute a violation of this title for the purposes of section 706.

§ 706. Civil liability

(a) Any creditor who fails to comply with any requirement imposed under this title shall be liable to the aggrieved applicant for any actual damages sustained by such applicant acting either in an individual capacity or as a member of a class.

(b) Any creditor, other than a government or governmental subdivision or agency, who fails to comply with any requirement imposed under this title shall be liable to the aggrieved applicant for punitive damages in an amount not greater than \$10,000, in addition to any actual damages provided in subsection (a), except that in the case of a class action the total recovery under this subsection shall not exceed the lesser of \$500,000 or 1 per centum of the net worth of the creditor. In determining the amount of such damages in any action, the court shall consider, among other relevant factors, the amount of any actual damages

awarded, the frequency and persistence of failures of compliance by the creditor, the resources of the creditor, the number of persons adversely affected, and the extent to which the creditor's failure of compliance was intentional.

(c) Upon application by an aggrieved applicant, the appropriate United States District court or any other court of competent jurisdiction may grant such equitable and declaratory relief as is necessary to enforce the requirements imposed under this title.

(d) In the case of any successful action under subsection (a), (b), or (c), the costs of the action, together with a reasonable attorney's fee as determined by the court, shall be added to any damages awarded by the court under such subsection.

(e) No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any official rule, regulation or interpretation thereof by the Board or in conformity with any interpretation or approval by an official or employee of the Federal Reserve System duly authorized by the Board to issue such interpretations or approvals under such procedures as the Board may prescribe therefor, notwithstanding that after such act or omission has occurred, such rule, regulation, interpretation, or approval is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

(f) Any action under this section may be brought in the appropriate United States district court without regard to the amount in controversy, or in any other court of competent jurisdiction. No such action shall be brought later than two years from the date of the occurrence of the violation, except that—

(1) whenever any agency having responsibility for administrative enforcement under section 704 commences an enforcement proceeding within two years from the date of the occurrence of the violation,

(2) whenever the Attorney General commences a civil action under this section within two years from the date of occurrence of the violation,

then any applicant who has been a victim of the discrimination which is the subject of such proceeding or civil action may bring an action under this section not later than one year after the commencement of that proceeding or action.

(g) The agencies having responsibility for administrative enforcement under section 704, if

unable to obtain compliance with section 701, are authorized to refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted.

(h) When a matter is referred to the Attorney General pursuant to subsection (g), or whenever he has reason to believe that one or more creditors are engaged in a pattern or practice in violation of this title, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

(i) No person aggrieved by a violation of this title and by a violation of section 805 of the Civil Rights Act of 1968 shall recover under this title and section 812 of the Civil Rights Act of 1968, if such violation is based on the same transaction.

(j) Nothing in this title shall be construed to prohibit the discovery of a creditor's credit granting standards under appropriate discovery procedures in the court or agency in which an action or proceeding is brought.

§ 707. Annual reports to Congress

Not later than February 1 of each year after 1976, the Board and the Attorney General shall, respectively, make reports to the Congress concerning the administration of their functions under this title, including such recommendations as the Board and the Attorney General, respectively, deem necessary or appropriate. In addition, each report of the Board shall include its assessment of the extent to which compliance with the requirements of this title is being achieved, and a summary of the enforcement actions taken by each of the agencies assigned administrative enforcement responsibilities under section 704.

§ 708. Effective date

This title takes effect upon the expiration of one year after the date of its enactment. The amendments made by the Equal Credit Opportunity Act Amendments of 1976 shall take effect on the date of enactment thereof and shall apply to any violation occurring on or after such date, except that the amendments made to section 701 of the Equal Credit Opportunity Act shall take effect 12 months after the date of enactment.

§ 709. Short title

This title may be cited as the "Equal Credit Opportunity Act."

APPENDIX A**FEDERAL ENFORCEMENT AGENCIES**

The following list indicates which Federal agency enforces Regulation B for particular classes of creditors. Any questions concerning a particular creditor should be directed to its enforcement agency.

National Banks

Comptroller of the Currency
Consumer Affairs Division
Washington, D.C. 20219

State Member Banks

Federal Reserve Bank serving the district in which the State member bank is located.

Nonmember Insured Banks

Federal Deposit Insurance Corporation Regional Director for the region in which the nonmember insured bank is located.

Savings Institutions Insured by the FSLIC and Members of the FHLB System (except for Savings Banks insured by FDIC)

The Federal Home Loan Bank Board Supervisory Agency in the district in which the institution is located.

Federal Credit Unions

Regional office of the National Credit Union Administration serving the area in which the Federal credit union is located.

Creditors Subject to Civil Aeronautics Board

Director, Bureau of Enforcement
Civil Aeronautics Board
1825 Connecticut Avenue, N.W.
Washington, D.C. 20428

Creditors Subject to Interstate Commerce Commission

Office of Proceedings
Interstate Commerce Commission
Washington, D.C. 20523

Creditors Subject to Packers and Stockyards Act

Nearest Packers and Stockyards Administration area supervisor.

Small Business Investment Companies

U.S. Small Business Administration
1441 L Street, N.W.
Washington, D.C. 20416

Brokers and Dealers

Securities and Exchange Commission
Washington, D.C. 20549

Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks and Production Credit Associations

Farm Credit Administration
490 L'Enfant Plaza, S.W.
Washington, D.C. 20578

Retail, Department Stores, Consumer Finance Companies, All Other Creditors, and All Non-bank Credit Card Issuers (Creditors operating on a local or regional basis should use the address of the FTC Regional Office in which they operate)

Federal Trade Commission
Equal Credit Opportunity
Washington, D.C. 20580

APPENDIX B

Model application forms will be published in the Regulation and will be available upon request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SUPPLEMENT I

Procedures and criteria under which a State may apply for an exemption pursuant to section 705(g) of the Act and section 202.11(e) of this Part.

(a) **Application.** Any State may apply to the

Board pursuant to the provisions of this Supplement and the Board's Rules of Procedure (12 CFR 262) for a determination that, under the laws of that State,¹ a class of credit transactions² within the State is subject to requirements that are substantially similar to, or provide greater protection for applicants than, those imposed under sections

¹Any reference to State law in this Supplement includes a reference to any regulations that implement State law and formal interpretations thereof by a court of competent jurisdiction or duly authorized agency of that State.

²As applicable, references to "class of credit transactions" in this Supplement include one or more such classes of credit transactions.

701 and 702 of the Act,³ and that there is adequate provision for State enforcement of such requirements. The application shall be in writing, addressed to the Board, signed by the Governor, Attorney General, or State official having primary enforcement or interpretive responsibilities under the State law that is applicable to the class of credit transactions, and shall be supported by the documents specified in subsection (b).

(b) **Supporting documents.** The application shall be accompanied by:

(1) A copy of the full text of the State law that is claimed to contain requirements substantially similar to those imposed under sections 701 and 702 of the Act, or to provide greater protection to applicants than sections 701 and 702 of the Act, regarding the class of credit transactions within that State.

(2) A comparison of each provision of sections 701 and 702 of the Act with the corresponding provision of the State law, together with reasons supporting the claim that the corresponding provisions of the State law are substantially similar to, or provide greater protection to applicants than, provisions of sections 701 and 702 of the Act regarding the class of credit transactions and explaining why any differences are not inconsistent with the provisions of sections 701 and 702 of the Act and do not result in a diminution in the protection otherwise afforded applicants; and a statement that no other State laws (including administrative or judicial interpretations) are related to, or would have an effect upon, the State law that is being considered by the Board in making its determination.

(3) A copy of the full text of the State law that provides for enforcement of the State law referred to in subsection (b)(1).

(4) A comparison of the provisions of the State law that provides for enforcement with the provisions of sections 704 and 706 of the Act, together with reasons supporting the claim that such State law provides for:

(i) administrative enforcement of the State law referred to in subsection (b)(1) that is substantially similar to, or more extensive than, the enforcement provided under section 704 of the Act;

(ii) civil liability for a failure to comply with the requirements of the State law that is substantially similar to, or more extensive than, that provided under section 706 of the Act, including class action liability and the ability of the State Attorney General or other appropriate State official to commence a civil action under circumstances substantially similar to those prescribed in section 706 of the Act, except that such State law may provide a greater damage remedy or other, more extensive remedies;

(iii) a statute of limitations that prescribes a period for civil actions of substantially similar duration to that provided under section 706(f) of the Act, or a longer period; and

(iv) a scope of discovery relating to a creditor's credit granting standards under appropriate discovery procedures in a court action or agency proceeding that is substantially similar to, or more extensive than, that provided under section 706(j) of the Act.

(5) A statement identifying the office designated or to be designated to administer the State law referred to in subsection (b)(1), together with complete information regarding the fiscal arrangements for administrative enforcement (including the amount of funds available or to be provided), the number and qualifications of personnel engaged or to be engaged in enforcement, and a description of the procedures under which such State law is to be administratively enforced, including, if relevant, administrative enforcement regarding Federally-chartered creditors.⁴ The statement should also include reasons to support the claim that there is adequate provision for enforcement of such State law.

(c) **Criteria for determination.** The Board will consider the criteria set forth below, and any other relevant information, in determining whether the

³Any reference in this Supplement to sections 701 and 702 of the Act includes a reference to the corresponding and implementing provisions of this Part, the Board's formal interpretations thereof, and official interpretations or approvals issued by an authorized official or employee of the Federal Reserve System. Additionally, any reference to sections 701 and 702 of the Act includes a reference to sections 705(a), (b), (c), and (d) of the Act and the corresponding provisions of this Part, which, though technically not a part of sections 701 and 702, implement and relate to substantive requirements of sections 701 and 702.

⁴Transactions within a State in which a Federally-chartered institution is a creditor shall not be considered subject to exemption, and such Federally-chartered creditors shall remain subject to the requirements of the Act and administrative enforcement by the appropriate Federal authority under section 704 of the Act, unless a State establishes to the satisfaction of the Board that appropriate arrangements have been made with such Federal authorities to assure effective enforcement of the requirements of State laws regarding such creditors.

law of a State is substantially similar to, or provides greater protection to applicants than, the provisions of sections 701 and 702 of the Act regarding the class of transactions within that State, and whether there is adequate provision for State enforcement of such law. In making that determination, the Board primarily will consider each provision of the State law in comparison with each corresponding provision in sections 701 and 702 of the Act, and not the State law as a whole in comparison with the Act as a whole.

(1) In order for provisions of State law to be substantially similar to, or provide greater protection to applicants than, the provisions of sections 701 and 702 of the Act, the provisions of State law⁵ at least shall provide that:

(i) Definitions and rules of construction, as applicable, import the same meaning and have the same application as those prescribed by sections 701 and 702 of the Act.

(ii) Creditors provide all of the applicable notifications required by the provisions of sections 701 and 702 of the Act, with the content and in the terminology, form, and time periods prescribed by this Part pursuant to sections 701 and 702; however, required references to State law may be substituted for the references to Federal law required in this Part. Notification requirements under State law in additional circumstances or with additional detail that do not frustrate any of the purposes of the Act may be determined by the Board to be consistent with sections 701 and 702 of the Act.

(iii) Creditors take all affirmative actions and abide by obligations substantially similar to or more extensive than those prescribed by sections 701 and 702 of the Act under substantially similar or more stringent conditions and within the same or more stringent time periods as are prescribed in sections 701 and 702 of the Act.

(iv) Creditors abide by the same or more stringent prohibitions as are prescribed by sections 701 and 702 of the Act.

(v) Obligations or responsibilities imposed on applicants are no more costly, lengthy, or burdensome relative to applicants' exercising any of the

rights or gaining the benefits of the protections provided in the State law than corresponding obligations or responsibilities imposed on applicants in sections 701 and 702 of the Act.

(vi) Applicants' rights and protections are substantially similar to, or more favorable than, those provided by sections 701 and 702 of the Act under conditions or within time periods that are substantially similar to, or more favorable to applicants than, those prescribed by sections 701 and 702 of the Act.

(2) In determining whether provisions for enforcement of the State law referred to in subsection (b)(1) are adequate, consideration will be given to the extent to which, under State law, provision is made for:

(i) administrative enforcement, including necessary facilities, personnel, and funding;

(ii) civil liability for a failure to comply with the requirement of such a State law that is substantially similar to, or more extensive than, that provided under section 706 of the Act;

(iii) a statute of limitations for civil liability of substantially similar or longer duration as that provided under section 706 of the Act; and

(iv) a scope of discovery relating to a creditor's credit granting standards that is substantially similar to, or more extensive than, that provided under section 706(j) of the Act.

(d) **Public notice of filing and proposed rule making.** In connection with any application that has been filed in accordance with the requirements of subsections (a) and (b) of this Supplement and following initial review of the application, a notice of such filing and proposed rule making shall be published by the Board in the *Federal Register*, and a copy of such application shall be made available for examination by interested persons during business hours at the Board and at the Federal Reserve Bank for each Federal Reserve District in which the State making the application is situated. A period of time shall be allowed from the date of such publication for interested parties to submit written comments to the Board regarding that application.

(e) **Exemption from requirements.** If the Board determines on the basis of the information before it that, under the law of a State, a class of credit transactions is subject to requirements substantially similar to, or that provide greater protection to applicants than, those imposed under sections 701 and 702 of the Act and that there is adequate provision for State enforcement, the

⁵This subsection is not to be construed as indicating that the Board would consider adversely any additional requirements of State law that are not inconsistent with the purpose of the Act or the requirements imposed under sections 701 and 702 of the Act.

Board will exempt the class of credit transactions in that State from the requirements of sections 701 and 702 of the Act in the following manner and subject to the following conditions:

(1) Notice of the exemption shall be published in the *Federal Register*, and the Board shall furnish a copy of such notice to the State official who made application for such exemption, to each Federal authority responsible for administrative enforcement of the requirements of sections 701 and 702 of the Act, and to the Attorney General of the United States. Additionally, the Board shall include any exemption granted in an appropriate listing in Supplement II to this Part. Any exemption granted shall be effective 90 days after the date of publication of such notice in the *Federal Register*.

(2) The appropriate official of any State that receives an exemption shall inform the Board in writing within 30 days of any change in the State laws referred to in subsections (b)(1) and (b)(3). The report of any such change shall contain copies of the full text of that change, together with statements setting forth the information and opinions regarding that change that are specified in subsections (b)(2) and (b)(4). The appropriate official of any State that has received such an exemption also shall file with the Board from time to time such reports as the Board may require.

(3) The Board shall inform the appropriate official of any State that receives such an exemption of any subsequent amendments of the Act (including the implementing provisions of this Part, the Board's formal interpretations, and interpretations or approvals issued by an authorized official or employee of the Federal Reserve System) that might necessitate the amendment of State law for the exemption to continue.

(4) No exemption shall extend to the administrative enforcement or civil liability provisions of sections 704 and 706 of the Act. After an exemption is granted, the requirements of the applicable State law shall constitute the requirements of sections 701 and 702 of the Act, except to the extent such State law imposes requirements not imposed by the Act or this Part.

(f) **Adverse determination.** (1) If, after publication of a notice in the *Federal Register* as provided under section (d), the Board finds on the basis of the information before it that it cannot make a favorable determination in connection with

the application, the Board shall notify the appropriate State official of the facts upon which such findings are based and shall afford that State authority a reasonable opportunity to demonstrate or achieve compliance.

(2) If, after having afforded the State authority such opportunity to demonstrate or achieve compliance, the Board finds on the basis of the information before it that it still cannot make a favorable determination in connection with the application, the Board shall publish in the *Federal Register* a notice of its determination regarding the application and shall furnish a copy of such notice to the State official who made application for such exemption.

(g) **Revocation of exemption.** (1) The Board reserve the right to revoke any exemption granted under the provisions of this Supplement if at any time it determines that the State law does not, in fact, impose requirements that are substantially similar to, or that provide greater protection to applicants than, those imposed under sections 701 and 702 of the Act or that there is not, in fact, adequate provision for State enforcement.

(2) Before revoking any such exemption, the Board shall notify the appropriate State official of the facts or conduct that, in the Board's opinion, warrants such revocation, and shall afford that State such opportunity as the Board deems appropriate in the circumstances to demonstrate or achieve compliance.

(3) If, after having been afforded the opportunity to demonstrate or achieve compliance, the Board determines that the State has not done so, notice of the Board's intention to revoke such exemption shall be published as a notice of proposed rule making in the *Federal Register*. A period of time shall be allowed from the date of such publication for interested persons to submit written comments to the Board regarding the proposed rule making.

(4) If such exemption is revoked, notice of such revocation shall be published by the Board in the *Federal Register*, and a copy of such notice shall be furnished to the appropriate State official, to the Federal authorities responsible for enforcement of the requirements of the Act, and to the Attorney General of the United States. The revocation shall become effective, and the class of transactions affected within that State shall become subject to the requirements of sections 701 and 702 of the Act, 90 days after the date of publication of the notice in the *Federal Register*.

Reserves of Member Banks

The Board of Governors has amended its Regulation D to modify the provisions as to the reserve balances that member banks are required to maintain on demand deposits.

Effective as to the reserves required to be held during the week commencing December 30, 1976, against deposits outstanding in the week beginning December 16, 1976, §§ 204.5(a)(1)(iii) and (2)(iii) are amended to read as follows:

Section 204.5—Reserve Requirements

(a) **Reserve Percentage.** Pursuant to the provisions of section 19 of the Federal Reserve Act and § 204.2(a) and subject to paragraph (c) of this section, the Board of Governors of the Federal Reserve System hereby prescribes the following reserve balances that each member bank of the Federal Reserve System is required to maintain on deposit with the Federal Reserve Bank of its district.

(1) If not in a reserve city—

* * * * *

(iii) (a) 7 per cent of its net demand deposits if its aggregate net demand deposits are \$2 million or less, (b) \$140,000 plus 9½ per cent of its net demand deposits in excess of \$2 million but less than \$10 million, (c) \$900,000 plus 11¾ per cent of its net demand deposits in excess of \$10 million if its aggregate net demand deposits are in excess of \$10 million but less than \$100 million, or (d) \$11,475,000 plus 12¾ per cent of its net demand deposits in excess of \$100 million.

(2) If in a reserve city (except as to any bank located in such a city that is permitted by the Board of Governors of the Federal Reserve System, pursuant to § 204.2(a)(2), to maintain the reserves specified in subparagraph (1) of this paragraph)—

* * * * *

(iii) \$49,725,000 plus 16¼ per cent of its net demand deposits in excess of \$400 million.

Credit by Brokers and Dealers

The Board of Governors, pursuant to authority contained in Sections 7 and 23 of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78g and w), proposed for comment on December 16, 1976, an amendment to section 220.4(g) of

Regulation T (41 F.R. 5552) governing credit which a broker or dealer extends to option Specialists in a Specialists' account. The existing rule requires that credit terms to Specialists conform to those available to public customers in a general account with two exceptions. One exception is applicable only if the account is that of a joint venture and it allows the broker carrying the account to disregard any disproportionate sharing of profits and losses when analyzing the amount of credit being extended. The other exception allows the creditor to determine "in good faith" the maximum loan value of any registered securities in the account rather than use the maximum loan value (currently 50 per cent) which the Board of Governors changes from time to time.

The general account provision for the writing of options has been amended effective January 1, 1977 (41 F.R. 43895). In order to provide a sufficient period for the collection and analysis of comments on the proposed rule for Specialists' credit and to avoid the necessity for costly reprogramming of computer systems until such time as the Board acts upon the proposed amendment to section 220.4(g), the Board has determined to permit option Specialists to continue using the existing provisions of section 220.3(d)(5) after January 1, 1977, instead of the new general account provision which takes effect on that date. The effect of this action is to permit, in calculating the adjusted debit balance of a Specialist's account, the use of the amount of any margin customarily required by the creditor in connection with the issuance of the option, rather than the amount specified by the Board.

To implement this, the Board hereby temporarily suspends the application of sections 220.3(d)(5) and (i) as such sections would apply after January 1, 1977 to transactions in options in a Specialist's account within the scope of section 220.4(g) of Regulation T.

Truth in Lending

The Board of Governors has issued a supplement to its Regulation Z prescribing the criteria and procedures under which a State may apply for an exemption from the provisions of Chapter 4 (Credit Billing) of the Truth in Lending Act or for a ruling regarding whether a provision of State law is inconsistent with a provision of Chapter 4 of the Act.

Effective December 10, 1976, Part 226 is amended by the addition of Supplement V to read as follows:

Supplement V to
Regulation Z (Truth in Lending)
(Sections 226.12 & 226.6(b)(2)—Supplement)
Section I

Procedures and criteria under which any State may apply for exemption from the provisions of Chapter 4 of the Truth in Lending Act pursuant to paragraph (a) of § 226.12.

(a) **Application**—Any State may make application to the Board, pursuant to the terms of Section I of this supplement and the Board's Rules of Procedure (12 C.F.R. 262), for a determination that under the laws of that State,¹ transactions under open end credit plans, including credit card plans, as provided in §§ 103(f) and (i) of the Act and § 226.2(x) of this Part, within that State are subject to requirements which are substantially similar to those imposed under Chapter 4 of the Act² or which provide greater protection to customers than those provided under Chapter 4 of the Act, and that there is adequate provision for enforcement of such requirements. Such application shall be made by letter addressed to the Board signed by the Governor, the Attorney General, or any official of the State having responsibilities under the State laws which are applicable to the relevant class of transactions. The application shall be supported by the documents specified in paragraph (b) of Section I of this supplement.

(b) **Supporting Documents**—The application shall be accompanied by:

(1) A copy of the full text of the laws of the State which are claimed by the applicant to impose requirements substantially similar to those imposed under Chapter 4 of the Act or to provide greater protection to customers than does Chapter

4 of the Act with respect to open end credit and credit card transactions as defined in § 226.2(x) of Regulation Z, including credit other than open end extended by use of a credit card.

(2) A comparison of each requirement of State law with the corresponding requirement of Chapter 4 of the Act, together with reasons to support the claim that the requirements of State law are substantially similar to or provide greater protection to customers than requirements imposed under Chapter 4 of the Act with respect to the class of credit transactions, and to demonstrate that any differences are not inconsistent with and do not result in a diminution in the protection otherwise afforded customers by the requirements of Chapter 4 of the Act and a statement that there are no other State laws which are related to or would have an effect upon the State law which is being considered for exemption and which should be considered by the Board in making its determination.

(3) A copy of the full text of the laws of the State which provide for enforcement of the State laws referred to in subparagraph (1) of this paragraph.

(4) A comparison of the provisions of State law with the provisions of §§ 108, 112, 130, 131, and 161(e) of the Act, together with reasons to support the claim that such State laws provide for:

(i) Administrative enforcement of the State laws referred to in subparagraph (1) of this paragraph which is equivalent to the enforcement provided under § 108 of the Act;

(ii) Criminal liability for willful and knowing violation of the State law with penalties substantially similar to those prescribed under § 112 of the Act, except that more severe penalties may be provided;

(iii) Civil liability for failure to comply with the requirements of the State law, including class action liability, which is substantially similar to that provided under §§ 130 and 131 of the Act, except that more severe penalties may be provided;

(iv) A forfeiture penalty substantially similar to that provided by § 161(e) of the Act, except that a more severe forfeiture penalty may be provided;

(v) A statute of limitations that prescribes a period with respect to civil liability actions of substantially similar duration as that provided under paragraph (e) of § 130 of the Act, except that a longer period may be provided.

(5) A statement identifying the office designated or to be designated to administer the State laws

¹Any reference to State law in Supplement V includes a reference to any regulations which implement State law and formal interpretations thereof by a court of competent jurisdiction or a duly authorized agency of that State.

²Any reference in Supplement V to Chapter 4 of the Act or any section thereof includes a reference to the implementing provisions of this Part and the Board's formal interpretations thereof. Additionally, any reference to Chapter 4 of the Act includes a reference to §§ 127(a)(8), 127(b)(11), and 127(c) of Chapter 2 of the Act (and any implementing provisions in this Part) which, though technically a part of Chapter 2, implement and relate to substantive requirements of Chapter 4.

referred to in subparagraph (1) of this paragraph, together with complete information regarding the fiscal arrangements for administrative enforcement (including the amount of funds available or to be provided), the number and qualifications of personnel engaged therein, and a description of the procedures under which such State laws are to be administratively enforced, including administrative enforcement with respect to Federally chartered creditors.³ The foregoing statement should include reasons to support the claim that there is adequate provision for enforcement of such State laws.

(c) **Criteria for Determination**—The Board will consider the following criteria along with any other relevant information in making a determination of whether the laws of a State impose requirements substantially similar to or provide greater protection to customers than those requirements imposed under Chapter 4 of the Act with respect to open end credit and credit card transactions, including credit other than open end extended by use of a credit card, and whether there is adequate provision for enforcement of such laws:

(1) In order for provisions of State law to be substantially similar to or provide greater protection to customers than the provisions of Chapter 4 of the Act, the provisions of State law⁴ shall require that:

(i) Definitions and rules of construction, as applicable, import the same meaning and have the same application as those prescribed under § 226.2 of this Part;

(ii) Creditors make all of the applicable disclosures required by this Part and deliver required notices in the form, content, terminology, and time periods as prescribed by this Part; provided that references to Federal law in the statement required under §§ 226.7(a)(9), 226.7(d), and 226.7(i) may

be changed so as to refer to State law. The text of the statements required by State law which correspond to those required by §§ 226.7(a)(9), 226.7(d), and 226.7(i) of this Part must be varied to accurately reflect the State law if there are any differences between the State law and Chapter 4 which are determined by the Board not to be inconsistent with Chapter 4 when granting any exemption and which would affect the accuracy of the statement as provided in this Part;

(iii) Creditors take all affirmative actions and abide by obligations substantially similar to those prescribed by Chapter 4 of the Act, under substantially similar conditions and within the same (or more stringent) time periods as are prescribed in Chapter 4 of the Act;

(iv) Creditors abide by the same (or more stringent) prohibitions as are provided by Chapter 4 of the Act;

(v) Customers need comply with no obligations or responsibilities which are more costly, lengthy, or burdensome as a condition of exercising any of the rights or gaining the benefits of the protections in the State law which correspond to those afforded by Chapter 4 of the Act, than those obligations or responsibilities imposed upon customers in Chapter 4 of the Act;

(vi) Substantially similar or more favorable rights and protections are provided to customers under conditions substantially similar or more favorable to customers than those afforded by Chapter 4 of the Act.

(2) In determining whether the provisions for enforcement of the State law referred to in paragraph (b)(1) are adequate, consideration will be given to the extent to which, under the laws of the State, provision is made for:

(i) Administrative enforcement, including necessary facilities, personnel, and funding;

(ii) Criminal liability for willful and knowing violation with penalties substantially similar to or more severe than those prescribed under § 112 of the Act;

(iii) Civil liability for failure to comply with the provisions of State law substantially similar to that provided under §§ 130 and 131 and a forfeiture penalty substantially similar to that provided in § 161(e) of the Act, except that more severe civil liability and forfeiture penalties may be prescribed; and

(iv) A statute of limitations with respect to civil liability of substantially similar duration as

³Transactions within a State in which a Federally chartered institution is a creditor shall not be subject to the exemption, and such Federally chartered creditors shall remain subject to the requirements of the Act and administrative enforcement by the appropriate Federal authority under § 108 of the Act, unless it is established to the satisfaction of the Board that appropriate arrangements have been made with such Federal authorities to assure effective enforcement of the requirements of State laws with respect to such creditors.

⁴This paragraph is not to be construed as indicating that the Board would consider adversely any additional requirements of State law which are not inconsistent with the purpose of the Act or the requirements imposed under Chapter 4 of the Act.

that provided under § 130 of the Act, except that a longer duration may be provided.

(d) Public Notice of Filing and Proposed Rule Making—In connection with any application which has been filed in accordance with the requirements of paragraphs (a) and (b) of Section I, following initial review of said application, notice of such filing and proposed rule making will be published by the Board in the *Federal Register*, and a copy of such application will be made available for examination by interested persons during business hours at the Board and at the Federal Reserve Bank of each Federal Reserve District in which any part of the State of the applicant is situated. A reasonable period of time will be allowed from the date of such publication for the Board to receive written comments from interested persons with respect to that application.

(e) Exemption from Requirements of Chapter 4—If the Board determines on the basis of the information before it that under the law of a State open end credit and credit card transactions, including credit transactions other than open end extended by use of a credit card, are subject to requirements which are substantially similar to or which provide greater protection to customers than those imposed under Chapter 4 of the Act and that there is adequate provision for enforcement, the Board will exempt such class of transactions in that State from the requirements of Chapter 4 of the Act in the following manner and subject to the following conditions:

(1) Notice of the exemption will be published in the *Federal Register*, and the Board will furnish a copy of such notice to the official who made application for such exemption and to each Federal authority responsible for administrative enforcement of the requirements of Chapter 4 of the Act.

(2) The appropriate official of any State which receives an exemption shall inform the Board within 30 days of the occurrence of any change in its related law (including regulations). The report of any such change shall contain copies of the full text of that change together with statements setting forth the information and opinions with respect to that change as specified in subparagraphs (2) and (4) of paragraph (b). The appropriate official of any State which has received an exemption shall file with the Board from time to time such reports as the Board may require.

(3) The Board will inform the appropriate official of any State which receives an exemption of any subsequent amendments of Chapter 4 of the

Act (including the implementing provisions of this Part and the Board's formal interpretations) which might call for amendment of State law, regulations or formal interpretation thereof.

(f) Adverse Determination—(1) If after publication of notice in the *Federal Register* as provided under paragraph (d) the Board finds on the basis of the information before it that it cannot make a favorable determination in connection with the application, the Board will notify the appropriate State official of the facts upon which such finding is based and shall afford that State a reasonable opportunity to demonstrate or achieve compliance.

(2) If, after having afforded the State opportunity to demonstrate or achieve compliance, the Board finds on the basis of the information before it that it still cannot make any favorable determination in connection with the application, the Board will publish in the *Federal Register* a notice of its decision with respect to such application and will furnish a copy of such notice to the official who made application for such exemption.

(g) Revocation of Exemption—(1) The Board reserves the right to revoke any exemption if at any time it determines that the State law does not, in fact, impose requirements which are substantially similar to or provide greater protection to customers than those imposed under Chapter 4 of the Act or that there is not, in fact, adequate provision for enforcement.

(2) Before revoking any State exemption, the Board will notify the appropriate State official of the facts or conduct which in the opinion of the Board warrant such revocation and shall afford that State such opportunity as the Board deems appropriate in the circumstances to demonstrate or achieve compliance.

(3) If, after having been afforded the opportunity to demonstrate or achieve compliance, the Board determines that the State has not done so, notice of the Board's intention to revoke such exemption shall be published as a notice of proposed rule making in the *Federal Register*. A period of time will be allowed from the date of such publication for the Board to receive written comments from interested persons with respect to the proposed rule making.

(4) In the event of revocation of such exemption, notice of such revocation shall be published by the Board in the *Federal Register*, and a copy of such notice shall also be furnished to the appropriate State official and to the Federal authorities responsible for enforcement of requirements

of Chapter 4 of the Act, and the class of transactions affected within that State shall then be subject to the requirements of Chapter 4 of the Act and subject to administrative enforcement as provided under § 108 of the Act.

Section II

Procedures and criteria under which any State may apply for a determination that a State law is not inconsistent with and not preempted by a provision of Chapter 4 of the Act pursuant to § 226.6(b)(2) of this Part.

(a) **Application**—Any State may make application to the Board pursuant to the terms of Section II of this supplement and the Board's Rules of Procedure (12 C.F.R. 262), for a determination that a law of such State is consistent⁵ with a provision of Chapter 4 of the Act, because such State law provides greater protection to customers than does the provision of Chapter 4 of the Act, that such law is consistent with a provision of Chapter 4 for any other reasons, or for a determination of any issues not clearly covered by § 226.6(b) with regard to the relationship of the Federal law to the State's law. Such application shall be made by letter addressed to the Board signed by the Governor, Attorney General, or any official of the State having responsibilities under the State law put forward for consideration and supported by the documents specified in paragraph (b) of Section II of this supplement.

(b) **Supporting Documents**—The application shall be accompanied by:

(1) A copy of the full text of the laws of the State which are claimed by the applicant to be consistent with a provision of Chapter 4 of the Act or whose relationship (with regard to consistency or inconsistency) to a provision of Chapter 4 of the Act is claimed by the applicant to be not clearly covered by the standards and criteria for comparison set forth in § 226.6(b) of this Part.

(2) A comparison of each requirement of the State law with the corresponding requirement of Chapter 4 of the Act, together with reasons to support the claim that the State law is consistent with a provision of Chapter 4 of the Act or that the relationship (with regard to consistency or inconsistency) between the State law and a provi-

sion of Chapter 4 of the Act is not clearly covered by the standards and criteria set forth in § 226.6(b) of this Part.

(3) A copy of the full text of any provisions of State law corresponding to §§ 112, 130, 131, and 161(e) (if applicable) together with reasons for applicant's claim that such State provisions are not inconsistent (because they provide greater protection to customers or for other reasons) with the Act.

(4) A statement that there are no State laws (including administrative or judicial interpretations) other than those submitted to the Board which have any bearing on whether or not the State law is consistent with a provision of Chapter 4 of the Act.

(5) A statement identifying the office designated or to be designated to administer the State laws referred to in subparagraph (1) of this paragraph. If no such administrative office exists, then a statement identifying the office to which the Board can address any correspondence regarding the request for such determination shall accompany the application.

(c) **Criteria for Determination**—The Board will consider the following criteria along with any other relevant information, in addition to the criteria set forth in § 226.6(b) of this Part, in making a determination of whether or not State law is inconsistent with a provision of Chapter 4 of the Act. In order for provisions of State law to be determined to be consistent with a provision of Chapter 4 of the Act, the provisions of State law⁶ shall, to the extent relevant to the determination, require that:

(1) Definitions and rules of construction, as applicable, import the same meaning and have the same application as those prescribed by this Part;

(2) Creditors make all of the applicable disclosures required by the corresponding provision of Chapter 4 of the Act and this Part and deliver required notices with the content and in the terminology, form, and time periods prescribed by this Part; however, variations in form, content, and terminology from the disclosures required by this Part will be permitted in order to accurately reflect

⁵For purposes of this supplement the terms "consistent" and "not inconsistent" shall convey the same meaning and shall involve the same evidentiary showing.

⁶This paragraph is not to be construed as indicating that the Board would consider adversely any additional requirements of State law which are not inconsistent with the purposes of the Act or the requirements imposed under Chapter 4 of the Act.

a State law which is different from the Federal law but determined to be consistent therewith, and more frequent disclosures which do not frustrate any of the purposes of the Act may be determined to be consistent with the Act;

(3) Creditors take all affirmative actions and abide by obligations substantially similar to those prescribed by a provision of Chapter 4 of the Act under substantially similar (or more stringent) conditions and within the same (or more stringent) time periods as are prescribed in Chapter 4 of the Act;

(4) Creditors abide by the same (or more stringent) prohibitions as are prescribed by the corresponding provision of Chapter 4 of the Act;

(5) Customers need comply with obligations or responsibilities which are not more costly, lengthy, or burdensome as a condition of exercising any of the rights or gaining the benefits of the protections provided in the State law, which correspond to those afforded by Chapter 4 of the Act, than those obligations or responsibilities imposed on customers in Chapter 4 of the Act;

(6) Customers are to have rights and protections substantially similar to or more favorable than those provided by the corresponding provision of Chapter 4 of the Act under conditions and within time periods which are substantially similar to or more favorable to customers than those prescribed by Chapter 4 of the Act.⁷

(d) Public Notice of Filing and Proposed Rule Making—In connection with any application which has been filed in accordance with the requirements of paragraphs (a) and (b) of Section II of this supplement, notice of such filing and proposed rule making will be published by the Board in the *Federal Register*, and a copy of such application will be made available for examination by interested persons during business hours at the Board and at the Federal Reserve Bank of each Federal Reserve District in which any part of the State of the applicant is situated. A period of time will be allowed from the date of such publication for the Board to receive written comments from interested persons with respect to that application.

⁷A State may make a showing that in certain limited readily identifiable circumstances a law which may otherwise be inconsistent with a provision of Chapter 4 of the Act is not inconsistent under the criteria set forth in paragraph (c) of Section II of this supplement. The Board may determine such State law to be consistent only under those circumstances but will make no such determination if doing so would mislead or confuse customers.

(e) Determination that a State Law is Consistent with Chapter 4—If the Board determines on the basis of the information before it that the law of a State is consistent with a provision of Chapter 4 of the Act, notice of such determination shall be published in the following manner and shall be subject to the following conditions:

(1) Notice of the determination will be published in the *Federal Register*, and the Board will furnish a copy of such notice to the official who made application for such exemption and to each Federal authority responsible for administrative enforcement of the requirements of Chapter 4 of the Act.

(2) The appropriate official of any State which receives such a determination shall inform the Board within 30 days of the occurrence of any change in its related law (or regulations). The report of any such change shall contain copies of the full text of the law, as changed, together with statements setting forth the information and opinions with respect to that change as specified in subparagraphs (2) and (4) of paragraph (b) of Section II. The appropriate official of any State which has received such a determination shall file with the Board from time to time such reports as the Board may require.

(3) The Board will inform the appropriate official of any State which receives such a determination of any subsequent amendments of Chapter 4 of the Act (including the implementing provisions of this Part and the Board's formal interpretations) which might call for amendment of State law, regulations, or formal interpretations.

(f) Adverse Determination—(1) If after publication of notice in the *Federal Register* as provided under paragraph (d) the Board finds on the basis of the information before it that such State law is inconsistent with a provision of Chapter 4 of the Act, the Board will notify the appropriate State official of the facts upon which such finding is based and shall afford that State authority a reasonable opportunity to demonstrate further that such State law is not inconsistent with the corresponding provision of Chapter 4 of the Act, if such State authority desires to do so.

(2) If, after having afforded the State authority such further opportunity to demonstrate that the State law is consistent with a provision of Chapter 4 of the Act, the Board finds on the basis of the information before it that the State law is inconsistent, the Board will publish in the *Federal Register* a notice of its decision with respect to

such application and will furnish a copy of such notice to the official who made application for the determination.

(g) **Reversal of Determination**—(1) The Board reserves the right to reverse any determination made under Section II of this supplement to the effect that a State law is consistent with a provision of Chapter 4 of the Act, if at any time it determines that the State law is in fact inconsistent with a provision of Chapter 4 of the Act because of subsequently discovered facts, a change in the State or Federal law (by amendment or administrative or judicial interpretation or otherwise) or for any other reason bearing on the coverage or impact of the State or Federal law.

(2) Before reversing any such determination, the Board will notify the appropriate State official of the facts or conduct which, in the opinion of the Board, warrant such reversal and shall afford that State such opportunity as the Board deems appropriate in the circumstances to demonstrate that the determination should not be reversed.

(3) If, after having been afforded the opportunity to demonstrate that its law is consistent with a provision of Chapter 4 of the Act, the Board determines that the State has not done so, notice of the Board's intention to reverse such determination shall be published as a notice of proposed rule making in the *Federal Register*. A reasonable period of time will be allowed from the date of such publication for the Board to receive written comments from interested persons with respect to the proposed rule making.

(4) In the event of reversal of such determination, notice of such reversal shall be published by the Board in the *Federal Register*, and a copy of such notice shall also be furnished to the appropriate State official and to the Federal authorities responsible for enforcement of the requirements of Chapter 4 of the Act, and the State law affected shall then be considered inconsistent with and preempted by Chapter 4 of the Act within the meaning of § 171(a) of the Act.

Rules Regarding Delegation of Authority

The Board of Governors of the Federal Reserve System has amended its Rules Regarding Delegation of Authority to delegate to any member of the Board designated by the Chairman the authority to approve amendments to notices of charges, proposed orders to cease and desist, and temporary cease-and-desist orders, previously approved by

the Board pursuant to the Financial Institutions Supervisory Act, 12 U.S.C. §§ 1818(b) and (c) (§§ 8(b) and (c) of the Federal Deposit Insurance Act.)

Effective December 16, 1976, 12 CFR Part 265 is amended by adding thereto a new § 265.1a(b)(2) to read as follows:

Section 265.1a—Specific Functions Delegated to Board Members

* * * * *

(b) **Any Board members designated by the Chairman** is authorized:

* * * * *

(2) To approve, after receiving the recommendations of the Director of the Division of Banking Supervision and Regulation and the General Counsel, amendments to any notice of charges, proposed order to cease and desist, or temporary cease-and-desist order, previously approved by the Board of Governors pursuant to the Financial Institutions Supervisory Act, 12 U.S.C. §§ 1818(b), (c) (Federal Deposit Insurance Act, §§ 8(b) and (c)).

* * * * *

The Board of Governors has also amended its Rules Regarding Delegation of Authority to delegate to the General Counsel of the Board the authority to make certifications (prior and final) for Federal tax purposes with respect to distributions and divestitures pursuant to the Bank Holding Company Act Amendments of 1970.

Effective December 6, 1976, 12 CFR Part 265 is amended by revising § 265.2(b)(3) to read as follows:

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

* * * * *

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

* * * * *

(3) Under the provisions of sections 1101-1103 and section 6158 of the Internal Revenue Code (26 U.S.C. 1101-1103 and 6158) to make certifications (prior and final) for Federal tax purposes

with respect to distributions and divestitures pursuant to the Bank Holding Company Act.

* * * * *

Interpretation of Regulations K, M and Y

In a request for an interpretation filed with the Board by a member bank and its parent bank holding company, the issue arose whether it would be a permissible activity for one of their existing foreign subsidiary corporations, subject to the provisions of either Sections 25 or 25(a) of the Federal Reserve Act or Section 4(c)(13) of the Bank Holding Company Act, to sell long-term debt obligations in foreign markets and to transfer the proceeds of these obligations to its United States parent(s) for domestic purposes.

Under the specific proposal put forward, a foreign subsidiary of the parent bank holding company would sell debt obligations in foreign markets, which obligations would have initial maturities in excess of seven years and may or may not be supported by the guaranty of its parent bank holding company. The foreign subsidiary in question would have substantial other international or foreign business and would be performing an activity that its parent bank holding company could perform directly, *i.e.*, raising capital funds through the sale of long-term debt obligations.

Under the eighth paragraph of Section 25(a) of the Federal Reserve Act (12 U.S.C. 615), an Edge Corporation may, with the prior consent of the Board, purchase and hold stock of a corporation that is "not engaged in the general business of buying or selling goods, wares, merchandise or commodities in the United States, and not transacting any business in the United States except such as in the judgment of the Board . . . may be incidental to its international or foreign business." Similarly, under the tenth paragraph of the same section, an Edge Corporation shall not "carry on any part of its business in the United States except such as in the judgment of the Board . . . may be incidental to its international or foreign business." Pursuant to the third paragraph of Section 25 of the Federal Reserve Act, a national banking association¹ may acquire and hold, directly or indirectly, stock or other evidences of

ownership in a foreign bank as long as such foreign bank is "not engaged, directly or indirectly, in any activity in the United States except as, in the judgment of the Board . . . shall be incidental to the international or foreign business of such foreign bank." Finally, Section 4(c)(13) of the Bank Holding Company Act exempts from the nonbanking prohibitions of Section 4 of the Act "shares of, or activities conducted by, any company which does no business in the United States except as an incident to its international or foreign business."

In the Board's judgment, the slight wording differences between the quoted portions of the above statutes were not intended by Congress to bear any meaningful significance. Accordingly, the Board has interpreted these provisions in the past as being synonymous² and this interpretation applies to each of the above statutory provisions.

To the extent that the foreign subsidiary in question is involved in the issuance of long-term debt obligations in foreign markets, there is no legal issue raised since that subsidiary would clearly be engaging in permissible foreign activities. However, an issue is raised whether the transfer of the proceeds of those obligations to its parent institution causes such foreign subsidiary to be "doing" or "transacting" business within the United States in violation of the statutory provisions set forth above.

The Board has determined that the foreign subsidiary in question is not "transacting" or "doing" business in the United States by the mere transfer of proceeds of its long-term foreign debt obligations to its parent corporation. In the Board's judgment, the foreign subsidiary is essentially providing a service to its parent in that it is serving as its parent's *alter ego* for the limited purpose of obtaining long-term funds that the parent could otherwise obtain directly.³ The transfer of borrowing proceeds between a United States parent

¹Paragraph 20 of Section 9 of the Federal Reserve Act (12 U.S.C. 335) makes the provisions of Section 25 applicable to State member banks.

²See section 225.4(f)(1) of Regulation Y, wherein the Board has by regulation applied to foreign subsidiaries of domestic bank holding companies the Edge Act limitations on activities in the United States.

³While such a foreign subsidiary may be viewed as providing a service to its parent bank holding company, the Board nevertheless believes that any bank holding company that plans to acquire shares of a foreign corporation to engage solely in the activities described herein will have to file an application under § 4(c)(13) of the Bank Holding Company Act and § 225.4(f) of Regulation Y. (See in this regard the Board's prior ruling on foreign operations subsidiaries at 12 CFR 250.143.)

and its foreign subsidiary in this situation can thus be viewed as not more than an intra-organizational transaction for the parent's benefit. In the Board's view, such a transaction is distinguishable from a commercial loan to a third-party United States resident by a foreign subsidiary, which loan would bring a foreign subsidiary into direct lending competition with domestic banking organizations.

In the Board's judgment, this interpretation applies only to a situation where a foreign subsidiary acting strictly on behalf of its parent organization, issues debt obligations abroad for the sole and express purpose of supplying funds to its parent organization. To meet this test, the Board believes three conditions must be satisfied: (1) the foreign subsidiary should be wholly-owned (except for directors' qualifying shares, if any) by its United States parent organization(s); (2) the proceeds repatriated should be no greater in amount than the amount of debt issued abroad; and (3) the proceeds should be repatriated on approximately the same terms and conditions as the obligations issued by the foreign subsidiary.

Interpretation of Regulation Y

The Board has received a request for an interpretation of § 4(c)(6) of the Bank Holding Company Act ("Act")* in connection with a proposal under which a number of bank holding companies would purchase interests in an insurance company to be formed for the purpose of underwriting or reinsuring credit life and credit accident and health insurance sold in connection with extensions of credit by the stockholder bank holding companies and their affiliates.

Each participating holding company would own no more than 5 per cent of the outstanding voting shares of the company. However, the investment of each holding company would be represented by a separate class of voting security, so that each stockholder would own 100 per cent of its respective class. The participating companies would execute a formal "Agreement Among Stockholders" under which each would agree to use its best efforts at all times to direct or recommend to customers and clients the placement of their life,

accident and health insurance directly or indirectly with the company. Such credit-related insurance placed with the company would be identified in the records of the company as having been originated by the respective stockholder. A separate capital account would be maintained for each stockholder consisting of the original capital contribution increased or decreased from time to time by the net profit or loss resulting from the insurance business attributable to each stockholder. Thus, each stockholder would receive a return on its investment based upon the claims experience and profitability of the insurance business that it had itself generated. Dividends declared by the board of directors of the company would be payable to each stockholder only out of the earned surplus reflected in the respective stockholder's capital account.

It has been requested that the Board issue an interpretation that § 4(c)(6) of the Act provides an exemption under which participating bank holding companies may acquire such interests in the company without prior approval of the Board.

On the basis of a careful review of the documents submitted, in light of the purposes and provisions of the Act, the Board has concluded that § 4(c)(6) of the Act is inapplicable to this proposal and that a bank holding company must obtain the approval of the Board before participating in such a proposal in the manner described. The Board's conclusion is based upon the following considerations:

(1) Section 2(a)(2)(A) of the Act provides that a company is deemed to have control over a second company if it owns or controls "25 per centum or more of any class of voting securities" of the second company. In the case presented, the stock interest of each participant would be evidenced by a different class of stock and each would, accordingly, own 100 per cent of a class of voting securities of the company. Thus, each of the stockholders would be deemed to "control" the company and prior Board approval would be required for each stockholder's acquisition of stock in the company.

The Board believes that this application of § 2(a)(2)(A) of the Act is particularly appropriate on the facts presented here. The company is, in practical effect, a conglomeration of separate business ventures each owned 100 per cent by a stockholder the value of whose economic interest in the company is determined by reference to the profits and losses attributable to its respective class

* Section 4(c)(6) of the Act provides an exemption from the Act's prohibitions on ownership of shares in nonbanking companies for "shares of any company which do not include more than 5 per centum of the outstanding voting shares of such company."

of stock. Furthermore, it is the Board's opinion that this application of § 2(a)(2)(A) is not inconsistent with § 4(c)(6). Even assuming that § 4(c)(6) is intended to refer to all outstanding voting shares, and not merely the outstanding shares of a particular class of securities, § 4(c)(6) must be viewed as permitting ownership of 5 per cent of a company's voting stock only when that ownership does not constitute "control" as otherwise defined in the Act. For example, it is entirely possible that a company could exercise a controlling influence over the management and policies of a second company, and thus "control" that company under the Act's definitions, even though it held less than 5 per cent of the voting stock of the second company. To view § 4(c)(6) as an unqualified exemption for holdings of less than 5 per cent would thus create a serious gap in the coverage of the Act.

(2) The Board believes that § 4(c)(6) should properly be interpreted as creating an exemption from the general prohibitions in § 4 on ownership of stock in nonbank companies only for passive investments amounting to not more than 5 per cent of a company's outstanding stock, and that the exemption was not intended to allow a group of holding companies, through concerted action, to engage in an activity as entrepreneurs. Section 4 of the Act, of course, prohibits not only owning stock in nonbank companies, but engaging in activities other than banking or those activities permitted by the Board under § 4(c)(8) as being closely related to banking. Thus, if a holding company may be deemed to be engaging in an activity through the medium of a company in which it owns less than 5 per cent of the voting stock it may nevertheless require Board approval, despite the § 4(c)(6) exemption.

To accept the argument that § 4(c)(6) is an

unqualified grant of permission to a bank holding company to own 5 per cent of the shares of any nonbanking company, irrespective of the nature or extent of the holding company's participation in the affairs of the nonbanking company would, in the Board's view, create the potential for serious and widespread evasion of the Act's controls over nonbanking activities. Such a construction would allow a group of 20 bank holding companies—or even a single bank holding company and one or more nonbank companies—to engage in entrepreneurial joint ventures in businesses prohibited to bank holding companies, a result the Board believes to be contrary to the intent of Congress.

In this proposal, each of the participating stockholders must be viewed as engaging in the business of insurance underwriting. Each stockholder would agree to channel to the company the insurance business it generates, and the value of the interest of each stockholder would be determined by reference to the profitability of the business generated by that stockholder itself. There is no sharing or pooling among stockholders of underwriting risks assumed by the company, and profit or loss from investments is allocated on the basis of each bank holding company's allocable underwriting profit or loss. The interest of each stockholder is thus clearly that of an entrepreneur rather than that of an investor.

Accordingly, on the basis of the factual situation before the Board, and for the reasons summarized above, the Board has concluded that § 4(c)(6) of the Act cannot be interpreted to exempt the ownership of 5 per cent of the voting stock of a company under the circumstances described, and that a bank holding company wishing to become a stockholder in a company under this proposal would be required to obtain the Board's approval to do so.

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

Orders Under Section 3 of Bank Holding Company Act

Banco Union, C.A.; Consorcio Financiero Union, S.A. and Union International Corp., Caracas, Venezuela

Order Approving

Formation of Bank Holding Companies

Banco Union, C.A., Caracas, Venezuela ("Banco Union"); Consorcio Financiero Union,

S.A., Caracas, Venezuela ("Consorcio Financiero"); and Union International Corporation, Wilmington, Delaware ("Union International") have applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of bank holding companies through acquisition directly or indirectly of all of the voting shares (less director's qualifying shares) of Union Chelsea National Bank, New York, New York ("Bank"). Bank, a new bank recently chartered by the Comptroller

of the Currency, proposes to purchase assets and assume liabilities of Chelsea National Bank, New York, New York ("Chelsea Bank").¹ Bank would be the successor to Chelsea Bank and, accordingly, the proposed acquisition of voting shares of Bank is treated herein as the proposed acquisition of the voting shares of Chelsea Bank. Union International proposes to acquire all of the voting shares of Bank. Banco Union would own 10 per cent of the shares of Union International; however, as a result of a voting agreement entered into with Consorcio, it would have the power to vote an additional 15 per cent of the shares of Union International.² Consorcio Financiero would own 90 per cent of the shares of Union International,³ but as a result of the voting agreement would have the power to vote only 75 per cent of Union International shares.

Notice of the applications has been given to the Comptroller of the Currency in accordance with § 3(b) of the Act. The Comptroller has recommended approval of the applications. Published notice of the applications has been dispensed with because of the emergency situation that exists. Such notice is not required by the Act. The Board has considered the applications and the comments received in the light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Banco Union, a Venezuelan commercial bank with total assets of approximately \$1.1 billion and total deposits of approximately \$1 billion, is the second largest commercial bank in Venezuela. Banco Union has 82 offices located throughout Venezuela and has two overseas offices, including an agency in New York City. Consorcio Financiero is a holding company with substantially the same shareholders as Banco Union and was formed to hold interests in mortgage banking and other companies formerly held by Banco Union. Consorcio Financiero has total assets of approximately \$12.7 million. Union International is a

United States company that has been formed for the purpose of holding the shares of Bank. Upon acquisition of Bank (deposits of approximately \$28 million), Applicants would control 0.2 per cent of deposits in commercial banks in the State of New York.⁴

Chelsea Bank, whose assets and liabilities are to be acquired by Bank, is the 78th largest of 122 banking organizations in the relevant market.⁵ Because of the nature of the business conducted at Banco Union's New York agency and the large number of intervening banks, it does not appear that any meaningful competition would be eliminated as a result of the proposals. On the other hand, consummation of the proposals should have a salutary effect on competition by restoring Chelsea Bank to a condition whereby it will be able to compete with other banking organizations in the market. On the basis of the record, the Board concludes that consummation of the proposals would not have a significant adverse effect on existing or potential competition in any relevant area and that competitive considerations are consistent with approval of the applications.

The financial and managerial resources and future prospects of Banco Union are regarded as generally satisfactory. Similar considerations with respect to Consorcio Financiero and Union International appear to be consistent with approval of the subject applications. Bank's financial resources and future prospects, absent consummation of the instant proposals, are unsatisfactory and additional funds are needed in order for Bank to be able to continue its operations. In this connection, Banco Union has agreed to directly or indirectly inject \$6 million of additional capital into Bank. In addition, Banco Union will make a \$6 million line of credit available to Union International to enable Union International to make such additional capital investments in Bank as may be necessary. Thus, banking factors lend weight toward approval of the applications. Although there will be no imme-

¹The Comptroller has declared that an emergency exists with respect to the condition of Chelsea Bank and, acting pursuant to 12 U.S.C. section 181, waived the requirement that the owners of two-thirds of Chelsea Bank's stock vote to approve the transaction.

²Banco Union has undertaken to apply to the proper Venezuelan authorities for permission to acquire all of the shares of Union International.

³Both Banco Union and Consorcio Financiero have agreed to maintain the voting agreement regarding 15 per cent of the shares of Union International, until the Board consents to termination of the arrangement.

⁴All banking data are as of December 31, 1975, unless otherwise indicated.

⁵The metropolitan New York market, the relevant geographic market for purposes of analyzing the competitive effects of the subject proposal, is defined to include the five boroughs of New York City, Nassau County, Westchester County, Putnam County, Rockland County, and western Suffolk County in New York, as well as the northern two-thirds of Bergen County and eastern Hudson County in New Jersey, plus southwestern Fairfield County in Connecticut. Chelsea Bank's rank in the market is as of June 30, 1975.

diate change or increase in the services offered by Bank, consummation of the proposed transactions would preserve Bank as an alternative source of banking services. Thus, convenience and needs considerations lend significant weight toward approval of the applications. Accordingly, it is the Board's judgment that consummation of the proposed transaction would be in the public interest and that the applications should be approved.

Pursuant to section 4(a)(2) of the Act, Applicants would have two years from the date on which they become bank holding companies in which to divest direct or indirect ownership or control of any companies engaged in impermissible non-banking activities. Under section 4(c)(9) of the Act and section 225.4(g) of Regulation Y [12 CFR 225.4(g)] issued pursuant thereto, a "foreign bank holding company," as defined in the regulation,⁶ is eligible for certain exemptions from the non-banking prohibitions of the Act. Specifically, a foreign bank holding company may, without the Board's prior specific consent, retain and acquire shares of any company that is not engaged, directly or indirectly, in any activities in the United States except as shall be incidental to the international or foreign business of such company. It appears that Banco Union would qualify as a foreign bank holding company upon consummation of the proposed transactions. Based on the available information, however, it does not appear that Consorcio Financiero, as presently constituted, would qualify as a foreign bank holding company. Unless Consorcio Financiero can demonstrate to the Board that it is a "foreign bank holding company," and thus qualifies for the exemption of section 4(c)(9), it must, within two years of the date on which it becomes a bank holding company, either reduce its investments in foreign companies to less than 5 per cent⁷ or apply to the Board to retain its foreign investments pursuant to section 4(c)(13) of the Act.⁸

⁶Section 225.4(g)(1)(iii) defines "foreign bank holding company" as a bank holding company "organized under the laws of a foreign country, more than half of whose consolidated assets are located, or consolidated revenues derived, outside the United States."

⁷Pursuant to section 4(c)(6) of the Act a bank holding company may hold up to 5 per cent of the outstanding voting shares of nonbanking companies.

⁸Bank holding companies that do not qualify as foreign bank holding companies under § 225.4(g) of Regulation Y must apply to retain or acquire shares of foreign companies under § 225.4(f) of Regulation Y implementing § 4(c)(13) of the

While Banco Union and Consorcio Financiero are primarily engaged in activities outside the United States, Banco Union presently owns 39 per cent, and Consorcio Financiero owns 45 per cent, of the voting shares of Administradora Union, a Venezuelan company which indirectly engages in real estate management activities in the United States through its wholly-owned subsidiary Administradora Union Management Corp., Coral Gables, Florida ("Management Company"). It does not appear that any of the exemptive provisions of section 4 of the Act, including § 4(c)(9), are applicable to Applicants' indirect investments in Management Company. In accordance with section 4(a)(2) of the Act, Banco Union and Consorcio Financiero have agreed to, within two years from the date on which they become bank holding companies, either divest their ownership of shares of Management Company or Management Company will cease its United States activities.

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

By order of the Board of Governors, effective December 31, 1976.

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

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

Act. In general, under § 225.4(f) of Regulation Y, domestic bank holding companies are limited to owning and controlling shares of foreign companies that are engaged in international or foreign banking and other foreign or international financial operations. In contrast, under § 4(c)(9), a foreign bank holding company can own and control shares of any foreign company, regardless of the activities the company is engaged in, so long as it is only engaged in incidental activities in the United States.

Dakota Bancorporation,
Rapid City, South Dakota

Order Approving Acquisition of Bank

Dakota Bancorporation, Rapid City, South Dakota, a bank holding company within the meaning

of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 per cent of the voting shares of First National Bank of Crosby ("Crosby Bank"), Crosby, North Dakota, a proposed new bank.¹

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

Applicant controls one bank in North Dakota with deposits of \$3.0 million, representing 0.1 per cent of the total commercial bank deposits in the State, and is the 138th largest banking organization in North Dakota.² Since Crosby Bank is a proposed new bank, consummation of the proposed transaction would not immediately increase Applicant's share of commercial bank deposits in North Dakota.

Applicant, a one-bank holding company, presently controls Columbus National Bank ("Columbus Bank"), Columbus, North Dakota. The proposal envisions Crosby Bank purchasing the assets and assuming the liabilities of Columbus Bank. Columbus Bank will then be liquidated with its capital accounts distributed to its shareholders. The Columbus Bank facility and its paying and receiving station in Lignite, North Dakota, will then become paying and receiving stations of Crosby Bank. Columbus Bank, the only bank in Columbus, represents 8.7 per cent of the deposits within the relevant market which contains both Columbus and Crosby.³ Applicant is the smallest of the four banking organizations in the market. Since the proposal would essentially transfer present accounts from Columbus Bank to Crosby Bank, consummation of the proposal would not

eliminate any significant existing competition, increase the concentration of banking resources, or have an adverse effect on the development of future competition in the relevant market. Therefore, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and its existing subsidiary bank are regarded as satisfactory. Crosby Bank, as a proposed new bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Considerations relating to the banking factors are consistent with approval of the application. The additions of a second banking alternative in Crosby should enhance banking competition and increase services to residents of the area. In addition, a paying and receiving station would remain available in Columbus. Furthermore, the relocation of Applicant's subsidiary bank from Columbus to the larger town of Crosby would appear to present the opportunity for Crosby Bank to increase the deposit base assumed from Columbus Bank and, thus, enable it to offer improved services to the market as a whole. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application.

Comments were filed in opposition to this proposal by the Farmers State Bank of Crosby ("Protestant"), the only bank presently located in Crosby. The Board has reviewed Protestant's submission and has concluded that it does not present a basis for denial of this application. It is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) First National Bank of Crosby, Crosby, North Dakota, shall be opened for business not later than six months after the effective date of this Order. Each of the periods described in (b) and (c) may be extended for good cause by the Board, or by the Federal Reserve Bank of Minneapolis pursuant to delegated authority.

By order of the Board of Governors, effective December 13, 1976.

Voting for this action: Chairman Burns and Gover-

¹This application was filed under § 3(a)(3) of the Bank Holding Company Act since the proposal involves the acquisition by Applicant of shares of an additional bank. However, the end result of the proposed transaction is that Applicant will continue to own only one bank whose main office will be simply relocated from Columbus to Crosby, North Dakota.

²Unless otherwise indicated, all banking data are as of December 31, 1975.

³The relevant market is approximated by Divide and Burke Counties.

nors Gardner, Coldwell, Jackson, and Partee. Absent and not voting: Governors Wallich, and Lilly.

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

Evans Insurance Agency, Inc.,
Billings, Oklahoma

Order Approving Retention of Bank Shares

Evans Insurance Agency, Inc., Billings, Oklahoma, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to retain 411 of the outstanding voting shares of The First State Bank in Billings, Billings, Oklahoma ("Bank").

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

Applicant is a one-bank holding company by virtue of its ownership of 41.14 per cent of the outstanding voting shares of Bank. In addition to the ownership of Bank, Applicant is engaged in general insurance agency activities in Billings, a town of less than 5,000 people. In March 1976, Applicant acquired an additional 411 shares of Bank's outstanding voting shares pursuant to a pro rata stock offering. The acquisition was made without the Board's prior approval.¹ Applicant now seeks the Board's approval to retain these shares. Bank (\$5.2 million in deposits) is the 330th largest banking organization in Oklahoma, controlling 0.05 per cent of the total deposits in commercial banks in the State.²

¹Since 1957 the Board has had outstanding an interpretation of the Bank Holding Company Act that states, in part, that the "purchase of bank stock by a bank holding company through the exercise of rights does require the Board's prior approval" (*Interpretations* ¶ 7050, 12 C.F.R. § 225.103). In accordance with the Board's position with respect to violations of the Act, the Board has scrutinized the underlying facts surrounding the acquisition of Bank's shares. Upon an examination of all the facts of record, including Applicant's undertaking to guard against violations in the future, the Board is of the view that the circumstances surrounding the violations are not such as would call for denial of the application.

²All banking data are as of December 31, 1975.

Bank is the smallest of four banking organizations in the relevant market (which is approximated by Noble County) and holds approximately 10 per cent of market deposits. Since Applicant already controls Bank and since the proposal involves only the retention of Bank shares acquired pursuant to a *pro rata* stock offering, which shares did not increase Applicant's percentage ownership of Bank, it does not appear that Applicant's retention of Bank's shares would have any adverse effect on existing or potential competition, nor increase the concentration of banking resources. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Bank are satisfactory. Accordingly, banking factors are consistent with approval. There is no indication that the convenience and needs of the community to be served are not currently being met. Although there will be no immediate increase in the services offered by Bank, convenience and needs considerations are consistent with approval. Therefore, it is the Board's judgment that the retention of the shares of Bank would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective December 1, 1976,

Voting for this action: Chairman Burns and Governors Gardner, Wallich, Coldwell, Jackson, Partee, and Lilly.

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

Falsbuilding, Inc.,
Columbia Falls, Montana

Order Approving Acquisition of Stock Interests in Bank

Falsbuilding, Inc., Columbia Falls, Montana ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire an additional 18.7 per cent of the outstanding voting shares of Bank of Columbia Falls, Columbia Falls, Montana ("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)).

In July of 1971, Applicant, a one-bank holding company by virtue of its ownership of 33.3 per cent of the outstanding voting shares of Bank, acquired an additional 18.7 per cent of Bank's shares without the Board's prior approval. In 1972 Applicant sought to divest itself of the shares and is now seeking to acquire them by cash purchase.¹ Bank (\$13.4 million in deposits) is the 38th largest banking organization in Montana, controlling 0.46 per cent of the total deposits in commercial banks in the State.² Bank ranks fifth in the Flathead County banking market (which is approximated by Flathead County and the northern third of Lake County) and holds 7.8 per cent of market deposits. As Applicant has no other banking subsidiaries, and the proposal involves only the acquisition of additional stock interests in Bank, approval of the application will not result in any adverse competitive effects. It will eliminate neither existing nor potential competition, nor will it increase the concentration of banking resources in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and Bank are satisfactory and it appears that Applicant will be able to service the debt associated with this application while adequately maintaining Bank's capital position. Thus, banking factors are consistent with approval.

There is no indication that the convenience and needs of the community to be served are not currently being met. Although there will be no immediate increase in the services offered by Bank, convenience and needs considerations are consistent with approval. Therefore, it is the

Board's judgment that acquisition of the shares of Bank would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. Acquisition of the shares 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 Minneapolis pursuant to authority hereby delegated.

By order of the Board of Governors, effective December 22, 1976.

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

(Signed) GRIFFITH L. GARWOOD,
Deputy Secretary of the Board.

[SEAL]

The First Arabian Corporation,
Paris, France

*Order Approving
Formation of Bank Holding Company.*

The First Arabian Corporation, Paris, France ("FAC"), 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 77.4 per cent or more of the voting shares of Bank of the Commonwealth, Detroit, Michigan ("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)).

FAC is a foreign corporation (total assets on a parent-only basis of \$27.1 million, as of August 31, 1976) organized under Luxembourg law and acts as a holding company with investments primarily in various overseas business enterprises. Its principal investments are in two English Companies, headquartered in London, Edward Bates & Sons (Holdings), Limited, whose major asset is a London merchant bank, and J. H. Rayner & Company, Limited, whose major interest is in a London based trading company, Rayner & Faure,

¹It appears from the facts of record that the acquisition of the shares of Bank was based on a misunderstanding of the applicable statutes and regulations relating to the acquisition of the voting stock of banks by bank holding companies. Applicant sought to take prompt corrective action to comply with the Act. In accord with the Board's position with respect to violations of the Act, the Board has scrutinized the underlying facts surrounding the acquisition of the shares of Bank. Upon examination of all the facts of record, the Board is of the view that the facts surrounding the violations are not such as would call for denial of the application.

²All banking data are as of December 31, 1975.

Limited. FAC, through Edward Bates & Sons, also has an interest in Edward Bates and Sons North America, Houston, Texas, a company principally engaged in the private placement of debt and securities.¹ With the exception of Bates North America, FAC's operations are conducted overseas.

Upon acquisition of Bank, FAC would control the sixth largest banking organization in Michigan with \$836 million in deposits, representing 2.8 per cent of the total commercial bank deposits in the State.² Bank is the fifth largest of 38 banking organizations operating in the Detroit banking market (the relevant market) and controls 5.3 per cent of total commercial bank deposits in the Detroit market.³ On the basis of the facts of record, consummation of the proposal would have no significant adverse effects on existing or potential competition in any relevant area, therefore, competitive considerations are consistent with approval of the application.

Under the Bank Holding Company Act, the Board must consider the financial and managerial resources and future prospects of both the applicant holding company and the bank to be acquired. In regard to such considerations, it is noted that Bank's condition is of such a nature that the direct financial support of the Federal Deposit Insurance Corporation is required.⁴ While Bank's condition reflects some improvement since 1972, it appears that Bank has inadequate resources to repay the Capital Notes to the FDIC when due and maintain continued operations. As part of this proposal, FAC has agreed to make an equity capital infusion into Bank of \$10 million (less any amounts derived from the exercise of preemptive rights by existing security holders), which will occur as a result of a recapitalization plan to be voted upon by Bank's shareholders on December 20, 1976. At the same time, the FDIC has agreed to extend the maturity

and modify terms of its notes. Such additional capital and the FDIC's proposed action are essential to the Bank's ability to continue functioning. In these circumstances, the Board is of the view that the financial resources and future prospects of Bank are dependent upon the implementation of the recapitalization plan, including FAC's injection of capital into Bank. With respect to Bank's managerial resources, they have shown some improvement, though additional strengthening is required. While FAC cannot be viewed as a significant source of managerial strength and its current financial resources are otherwise limited, FAC's assistance through the recapitalization plan does offer immediate financial strengthening of Bank, which would preserve the opportunity for further improvements. In light of all of the above and other facts of record, it is the Board's view that banking factors associated with this proposal lend significant weight toward approval of the application.

There is no evidence to indicate that the banking needs of the community to be served are not currently being met. However, approval of the proposal will enable Bank to continue to compete in the Detroit banking market as an independent and full-service competitive alternative in that market. Thus, convenience and needs considerations lend weight toward approval. Accordingly, based on the above and all the facts of record, it is the Board's judgment that approval of the application would be in the public interest and the application should be approved subject, however, to the provisions and terms of the agreements and undertakings FAC enters into with the Federal Deposit Insurance Corporation, and on the conditions that the recapitalization plan is approved by the stockholders of Bank and that the plan is in fact implemented.

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

By order of the Board of Governors, December 17, 1976.

Voting for this action: Chairman Burns and Gover-

¹By action of this date, in a separate Order, the Board has denied FAC's application, filed pursuant to § 4(c)(9) of the Act (12 U.S.C. § 1843(c)(9)), to retain Bates & Sons (Holdings), Limited.

²All banking data are as of December 31, 1975, and reflect bank holding company formations and acquisitions approved as of October 30, 1976.

³The Detroit banking market is approximated by Macomb, Oakland and Wayne Counties.

⁴In 1972, the Federal Deposit Insurance Corporation ("FDIC") rendered financial assistance to Bank in the form of \$35.5 million in 5.5 per cent Capital Notes which become due April 1, 1977.

nors Gardner, Wallich, Coldwell, and Partee. Absent and not voting: Governors Jackson and Lilly.

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

*Order Disapproving
Retention of Investment in
Edward Bates & Sons (Holdings), Ltd.*

The First Arabian Corporation, S.A. ("FAC"), Paris, France, has applied for the Board's approval under Section 4(c)(9) of the Bank Holding Company Act of 1956, as amended ("the Act"), 12 U.S.C. § 1843(c)(9), to retain more than five per cent of the voting shares of Edward Bates & Sons (Holdings), Ltd. ("Bates Holdings"), London, England, if FAC becomes a bank holding company. FAC now owns 24.7 per cent of the voting shares of Bates Holdings, but proposes to reduce its ownership to 7.5 per cent of such shares.

FAC today received the Board's approval to become a bank holding company by acquisition of 77.4 per cent of the voting shares of Bank of the Commonwealth ("Bank"), Detroit, Michigan. FAC presently owns 49% of J. H. Rayner & Co., Ltd. ("Rayner"), London, England, and holds an option on an additional 2% of Rayner's voting shares, which it will exercise before acquiring shares of Bank. Upon exercise of this option and consummation of the proposed acquisition of Bank, FAC will be a foreign bank holding company within the meaning of § 225.4(g)(1)(iii) of Regulation Y, and as such can, under § 225.4(g)(2)(v) of Regulation Y, own or control voting shares of a company, organized under the laws of a foreign country, that is engaged directly or indirectly in activities in the United States if (a) such company is not a subsidiary of FAC, (b) more than half of the company's consolidated assets and revenues are located and derived outside the United States, and (c) such company does not engage, directly or indirectly, in the business of underwriting, selling, or distributing securities in the United States.

Bates Holdings, which is organized under the laws of the United Kingdom, meets the first two tests of § 225.4(g)(2)(v) of Regulation Y since it is not a subsidiary of FAC and more than half of its consolidated assets and revenues are located and derived outside the United States. However, Bates Holdings owns 52 per cent of the voting shares of Edward Bates & Sons North America, Ltd. ("Bates North America"), Houston, Texas,

a company, registered as a broker-dealer with the Securities and Exchange Commission, which engages in the business of assisting business enterprises in the private placement of debt and equity. FAC states that Bates North America places securities with large institutional investors in the United States, but does not take an equity position in the businesses it serves, and does not deal with the general public. It further appears that Bates North America in almost all cases participates in negotiations between its clients and prospective purchasers, and in most cases charges a fee that is contingent upon a successful placement.

FAC believes that the activities of Bates North America should not cause Bates Holdings to be deemed to be indirectly engaged in the business of underwriting, selling, or distributing securities in the United States because Bates North America's activities do not present the dangers against which the Glass-Steagall Act and related laws and regulations were designed to protect. Accordingly, FAC believes its investment in Bates Holdings qualifies under § 225.4(g)(2)(v) of Regulation Y. In the alternative, FAC believes that even if its investment in Bates Holdings does not meet the tests for exemption in § 225.4(g)(2)(v) of Regulation Y because of the activities of Bates North America, FAC's investment in Bates Holdings should be specifically approved under § 225.4(g)(3) of Regulation Y. FAC essentially contends that due to its remote and tenuous relationship to Bates North America and its lack of control over Bates Holdings, retention would not be substantially at variance with the purposes of the Act and would be in the public interest. In particular, FAC believes that divestiture of its interest in Bates Holdings below five per cent would not be in the public interest since it could delay FAC's acquisition of Bank.

It is the public policy of this Nation's banking laws, as expressed in the Glass-Steagall Act, 12 U.S.C. §§ 24(7), 78, 377, 378, to separate commercial banking from investment banking, and, in the Board's judgment, Bates North America's participation in negotiations and its contingent fee arrangements infringe upon the area of investment banking to such an extent that it must be considered to be engaged in the business of underwriting, selling, or distributing securities within the meaning of § 225.4(g)(2)(v) of Regulation Y. In this connection, the Board notes that the Deputy Comptroller of the Currency has ruled, in letter

rulings dated November 11, 1974 and January 15, 1975, that national banks and their subsidiaries should not participate in any substantial degree in negotiations between their clients and prospective purchasers of securities, nor should they charge a fee contingent upon a successful placement of securities since such a middleman role "lies at the heart of the investment banking business," and such a fee arrangement is a "strong incentive for the bank to locate a purchaser with whom a deal can be made." It is precisely this promotional interest of the investment banker that the Glass-Steagall Act intended to separate from the commercial banker's interest in acting as an impartial source of credit and providing impartial investment advice.¹ Accordingly, the Board concludes that Bates Holdings is engaged, indirectly through Bates North America, in the business of underwriting, selling, or distributing securities in the United States and that FAC's investment in Bates Holdings therefore is not among the investments permitted by § 225.4(g)(2)(v) of Regulation Y.

Furthermore, the Board has determined that under the circumstances retention of FAC's shares in Bates Holdings is substantially at variance with the purposes of the Act and is not in the public interest, and FAC's request for a specific exemption under § 225.4(g)(3) is denied. The Board notes that FAC's interest in Bates Holdings is 24.7 per cent and may soon be reduced to 7.5 per cent, and that such a reduction would tend to reduce correspondingly the likelihood that abuses will arise from the relationship between Holdings and Bank.² Congress has provided in Section 4(c)(6) of the Act, however, that a bank holding company may own up to five per cent of the voting shares of a company regardless of that company's activities, and, because of the overriding importance to the banking system of the principles enunciated by Congress in the Glass-Steagall Act, the Board concludes that it would be substantially at variance with the purposes of the Act and would not be in the public interest to sanction a closer connec-

tion between commercial banking and investment banking activities than that permitted under the *de minimis* level of § 4(c)(6) of the Act. In addition, FAC's indirect investment in Bates North America is an investment that would not be permitted if FAC were a domestic bank holding company, and the Board believes the principles of Glass-Steagall should apply equally to foreign bank holding companies. Affiliation with a domestic securities company could, in this regard, give a foreign bank holding company a competitive advantage over domestic bank holding companies.³

The Board notes that FAC proposes to reduce its ownership to 7.5 per cent of the outstanding shares of Bates Holdings, and the Board is aware from the facts of record that a further reduction may be difficult.⁴ In recognition of this hardship, however, Congress has allowed bank holding companies from two to five years, depending on the circumstances in individual cases, to accomplish the divestiture of impermissible nonbank companies, and there is accordingly no reason that Applicant's purchase of Bank shares should be delayed on account of the Board's denial of this application.

Based upon the foregoing and other considerations reflected in the record, the Board denies the request of FAC for an exemption under Section 4(c)(9) of the Act for its investment in Bates Holdings. Under Section 4(a)(2) of the Act, if FAC consummates its proposed acquisition of Bank, it will be required by law to divest its ownership of shares of Bates Holdings in excess of five per cent within two years after the date on which it becomes a bank holding company.

By order of the Board of Governors, effective December 17, 1976.

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

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

¹ See *Investment Company Institute v. Camp*, 401 U.S. 617, 631-632 (1971).

² The Board recognizes that measures might be taken to insulate FAC's banking and its indirect securities activities, but believes that to guard comprehensively and effectively against all possible abuses, such measures would be so complex as to be administratively unworkable. See Order disapproving retention by Banco di Roma of investment in Europartners Securities Corporation, 59 Federal Reserve BULLETIN 940 (1972).

³ See Order disapproving retention by Banco di Roma of investment in Europartners Securities Corporation, *supra*, n. 2.

⁴ FAC states that because of its minority interest in Bates Holdings it does not have the ability to effect a divestiture by Bates Holdings of Bates North America.

First Maryland Bancorp,
Baltimore, Maryland

Order Approving Acquisition of Bank

First Maryland Bancorp, Baltimore, Maryland ("Applicant"), a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 51 per cent of the voting shares of The Hancock Bank, Hancock, Maryland ("Bank"). Subsequent to consummation of the proposed transaction, Applicant intends to merge Bank into Applicant's sole subsidiary bank, in the event the Comptroller of the Currency approves an appropriate application under the Bank Merger Act (12 U.S.C. § 1828(c)).

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of Mr. Donald Wolpe, a former stockholder of Bank ("Protestant"), and the Department of Licensing and Regulation of the State of Maryland (which recommended approval of the application), in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the third largest banking organization in Maryland, controls deposits of approximately \$932 million, representing 10.7 per cent of total deposits in commercial banks in the State.¹ Acquisition of Bank (deposits of \$9.5 million) by Applicant would increase Applicant's share of deposits in the State by 0.1 per cent and would not alter Applicant's rank among other banking organizations in the State of Maryland.

Bank's sole office is located in Hancock, Maryland. Hancock is located in Washington County, Maryland, and is only one-half mile north of the West Virginia-Maryland border and one mile south of the Pennsylvania-Maryland border. Protestant contends that the relevant geographic market in which to assess the competitive effects of the proposed acquisition is approximated by Washington County, Maryland. Washington County includes Hagerstown, where six branches of Appli-

cant's only subsidiary bank, The First National Bank of Maryland, Baltimore, Maryland, are located. To support his contention that Hagerstown and the city of Hancock, where Bank is located, are in the same market, Protestant asserts that the two are approximately 25 miles apart and are connected by several roads including a four lane interstate highway. These roads are the only route from eastern Maryland to its four western counties. Protestant characterizes Hancock as a suburb of Hagerstown, and asserts that approximately ten per cent of its workers are employed in Hagerstown. Further, he notes that a large shopping center is located near the Hagerstown exit on the above-mentioned interstate highway and that Hancock residents visit the shopping center and travel to Hagerstown to shop or for entertainment. Finally, noting that standard metropolitan statistical areas ("SMSA's") are often used as the basis for analysis of geographic markets, Protestant states that a publication widely used by advertising and marketing managers treats Washington County as a potential SMSA. According to this source, 80% of the metropolitan areas that it has deemed potential SMSA's in the past eventually have been officially designated SMSA's.

In light of Protestant's assertions, the Federal Reserve Bank of Richmond conducted a field study of the Hancock and Hagerstown areas in order to define the relevant market. This study and other information of record indicate the following: Approximately 83 per cent of the total dollar volume of Bank's demand deposits originates within a nine mile radius of Hancock. Hancock is approximately 27 miles west of Hagerstown. The two are connected primarily by a two lane highway, U.S. 40, and a four-lane highway, Interstate 70. U.S. 40 merges with Interstate 70 approximately 19 miles west of Hagerstown. The area west of Hagerstown beyond Clear Spring, Maryland, (located approximately eight miles to the west of Hagerstown) is mountainous, sparsely populated, and unsuited for development. Although there has been some development immediately to the west of Hagerstown, the majority of growth has been directed to the north, south and east. Similarly, banking and business development in the Hancock area has been concentrated on a north-south axis. Of the banks outside of Hancock, the bank located closest to Hancock is five miles to the south in Berkeley Springs, West Virginia. In the area separating Hancock and Berkeley Springs is a large manufacturing plant. Most of the other businesses in

¹Unless otherwise indicated, all banking data are as of December 31, 1975.

the Hancock area are located on the road to Berkeley Springs, in Hancock itself, or to the north along Interstate 70.² Data generated by the Washington County Economic Development Commission ("Development Commission") indicates that the County's Planning Sector VI, which encompasses the Hancock area and consists of the westernmost 15 miles of Washington County, is the only sector of the county that experienced a decline in population between 1960 and 1970. The total population decrease for Sector VI during that period was 5.5 per cent. By contrast, the population of the sector centered around Clear Spring increased by 7.7 per cent.

The Development Commission has no information regarding commuting patterns in the County.³ Officers of three Hagerstown banks that are major competitors of Applicant's subsidiary bank's branches in Hagerstown have stated that their respective banks derive little business from the Hancock area,⁴ and thus it does not appear that a significant portion of Hancock consumers of banking services turn to Hagerstown banks for those services (other than for loans in excess of the lending limits of the Hancock banks). All three officers regarded Hancock as being outside of their market and felt that Applicant's proposed acquisition of Bank would have no competitive impact on their respective banks. Each of these bankers felt that their primary competitors, outside of the banks in Hagerstown itself, were located in southern Franklin County, Pennsylvania, in an area 10 to 15 miles north of Hagerstown, and thus two of these bankers have recently opened, or are in the process of opening, branch offices north of Hagerstown. Accordingly, it does not appear that the proposed acquisition, if consummated, would have a direct or immediate effect upon competition in Hagerstown.

On the basis of the above and other information of record, the Board concludes that Hancock is located in a banking market separate from Hagerstown. The best approximation of the Hancock Banking Market appears to be the western portion of Washington County (excluding Clear Spring)

and the northern half of Morgan County, West Virginia, including Berkeley Springs (approximately five miles south of Hancock). The Hagerstown Banking Market is approximated by the remainder of Washington County and the extreme southern portion of Franklin County, Pennsylvania.⁵

Bank, with deposits of \$9.5 million, is the second largest of three banks in the Hancock market and holds 30.0 per cent of the total deposits in commercial banks in that market.⁶ Applicant, with total deposits of \$69.9 million in the Hagerstown market, is the largest of 16 banking organizations in that market, and controls 18.6 per cent of market deposits.⁷ Five other banks in the market have deposits in excess of \$30 million.

Bank's sole office is located 25 miles west of the closest branch of Applicant's subsidiary bank. Both Applicant and Bank currently derive negligible amounts of business from the service area⁸ of the other. Applicant's subsidiary bank's Hagerstown offices acquire approximately 0.5 per cent of their deposits and 0.7 per cent of their loans from Bank's service area, while Bank derives approximately 2.8 per cent of its deposits and 9.0 per cent of its loans from Applicant's subsidiary bank's service areas throughout the State. These figures represent less than two per cent in each case of the loans and deposits outstanding in the Hancock market and in the Hagerstown market and suggest that there is little existing competition between Applicant and Bank. On balance the Board concludes that the effects of the proposed transaction on existing competition would, at most, be slightly adverse and that there would be no adverse effects on the concentration of banking resources in any relevant area.

⁵ Although Protestant asserts that Washington County is the relevant market, complete application of Protestant's rationale for placing Hancock and Hagerstown in the same banking market would require the inclusion of additional banks in Franklin County, Pennsylvania, all of the banks in Martinsburg, West Virginia, and several banks in Frederick County, Maryland. Applicant's share of such a market would approximate seven per cent and Bank's would approximate 0.9 per cent. In view of Bank's size and the small amount of competition presently existing between Applicant and Bank, an acquisition of Bank by Applicant if such were the relevant market would not have significant adverse effects on either existing or potential competition or market concentration.

⁶ As of June 30, 1975.

⁷ As of June 30, 1975.

⁸ A service area is that geographic area contiguous to an office from which approximately 80 per cent of the dollar amount of that office's deposits from individuals, partnerships, and corporations is derived.

² Interstate 70 turns north at Hancock.

³ Even if Protestant's unsubstantiated assertion that ten per cent of Hancock's workforce is employed in Hagerstown is accepted, it would be insufficient to establish that Hancock and Hagerstown are in the same market.

⁴ As discussed below, Applicant also derives little banking business from the Hancock area.

Protestant suggests that the Hancock area would not be attractive for *de novo* entry by a new bank unaffiliated with a bank holding company, but that *de novo* entry into the Hancock area could prove profitable for a bank holding company with an established Washington County presence such as Applicant. Moreover, Protestant argues, allowing Applicant to enter the Hancock market will discourage other banks from entering that market and will place the “remaining small competitor”⁹ in Hancock in competition with Applicant’s much larger organization.

The Board is unable to conclude that the Hancock market is attractive for *de novo* entry generally or in the manner described by Protestant. The median family income of the Hancock market in 1970 was \$7,100. This figure compares unfavorably with the \$8,800 median for the Hagerstown market and the State median of \$11,100. More significantly, the population per banking office in the State is approximately 5,200, whereas the Hancock market has only approximately 1200 people per banking office. Coupling this income and population data with the Hancock market’s declining population suggests that the market is quite unattractive for *de novo* entry. This data also undermines Protestant’s tacit assumption that State and Federal bank chartering authorities would readily grant an application to open either a branch office or a new bank in the Hancock market. With regard to Protestant’s assertion that consummation of the proposed transaction will discourage entry by others, it is the Board’s judgment that Applicant’s acquisition of Bank will not raise significant additional barriers to *de novo* entry in view of the fact that the market is already quite unattractive for such entry. In view of the unattractiveness of the Hancock market for *de novo* entry, it does not appear that Applicant is a potential entrant into the market other than by acquisition of Bank.¹⁰ Thus, it does not appear that consummation of the

proposed acquisition would eliminate a substantial prospect for potential competition between Applicant and Bank.¹¹

The financial and managerial resources of Applicant and its subsidiaries are satisfactory and their future prospects appear favorable. The financial resources of Bank are also satisfactory and its future prospects are favorable. It appears, however, that the managerial strength of Applicant could be a significant benefit for Bank and the Board concludes that banking factors lend some weight toward approval of the application.

With regard to the convenience and needs of the community to be served, Protestant states that there is generally no need in the Hancock area for the additional services Applicant proposes to offer. Applicant has submitted additional information regarding these matters and it appears that residents of the Hancock market will benefit from the addition of higher lending limits,¹² trust services, individual retirement accounts, and credit card services, all currently unavailable from Hancock area banks. Accordingly, the Board concludes that considerations related to the convenience and needs of the community to be served lend weight toward approval of the application. Any slight anticompetitive effects associated with the proposed transaction are clearly outweighed by convenience and needs considerations and the Board finds that the application should be approved.

market in which its market share was 49 per cent, as opposed to Applicant’s 18.6 per cent.

Western Michigan Corp./First National Bank of Cassopolis, 62 Federal Reserve BULLETIN 624 (1976) and Alabama Bancorporation/Muscle Shoals National Bank, 61 Federal Reserve BULLETIN 672 (1975), also cited by Protestant, are inapplicable as in each of those cases the Applicant was located in the same market as the bank to be acquired.

¹¹The record in this matter does not indicate whether the smallest bank in the Hancock market is available for acquisition by Applicant. While such availability might initially seem probative of the feasibility of foothold entry into the market, the facts that the smallest bank holds deposits of \$8.3 million compared to Bank’s \$9.2 million, that the market share of the smallest bank is 26.8 per cent while Bank’s is 30 per cent, and that the smallest bank operates two offices in the market to Bank’s one, resolve the foothold entry question in favor of Applicant.

¹²Bank is presently prohibited by law from making loans in excess of \$55,000. The legal lending limit of Applicant’s subsidiary bank is approximately \$8 million. As indicated above, each of the three Hagerstown competitors of Applicant’s subsidiary bank has attempted to meet a need on the part of Hancock customers for loans exceeding the lending limits of the Hancock area banks.

⁹Protestant’s reference to the “remaining small competitor” in Hancock ignores the existence of the third (and largest) bank in the Hancock market which is located five miles to the south of Hancock in Berkeley Springs, West Virginia.

¹⁰Protestant’s reliance on Old Kent Financial Corp./National Lumberman’s Bank and Trust Co., 60 Federal Reserve BULLETIN 133 (1974), reconsideration 61 Federal Reserve BULLETIN 247 (1975) (denied on competitive grounds), is misplaced. In that case the Board found the relevant market to be capable of supporting *de novo* entry and Old Kent was regarded as a likely *de novo* entrant. Old Kent was located in an adjacent

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

By order of the Board of Governors, effective December 29, 1976.

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

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

Freeco, Inc.,
Hermitage, Missouri

Order Approving Retention of Bank Shares

Freeco, Inc., Hermitage, Missouri, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to retain 1,956 of the outstanding voting shares of The Bank of Hermitage, Hermitage, Missouri ("Bank").

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

Applicant is a one-bank holding company by virtue of its ownership of 48.9 per cent of the outstanding voting shares of Bank. In December of 1975, Applicant acquired an additional 1,956 shares of Bank's outstanding voting shares pursuant to a *pro rata* stock offering. The acquisition was made without the Board's prior approval.¹ Applicant now seeks the Board's approval to retain these shares. Bank (\$8.6 million in deposits) is the 415th largest banking organization in Missouri, controlling 0.05 per cent of the total deposits in commercial banks in the State.²

Bank is the only bank in Hickory County, which approximates the relevant geographic market. In view of the fact that Applicant already controls Bank and the proposal involves the retention of Bank shares acquired pursuant to a *pro rata* stock offering without any change in Applicant's percentage ownership of Bank, it does not appear that Applicant's retention of Bank's shares would have any adverse effect on existing or potential competition; nor would it increase the concentration of banking resources in any relevant area. Thus, competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and Bank are generally satisfactory and the future prospects for each appear favorable. Accordingly, banking factors are consistent with approval. Although there will be no immediate increase in the services offered by Bank, convenience and needs considerations are also consistent with approval. Therefore, it is the Board's judgment that the retention of the shares of Bank would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective December 20, 1976.

Voting for this action: Chairman Burns and Governors Gardner, Wallich, Coldwell, Jackson, Partee, and Lilly.

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

¹ Since 1957 the Board has had outstanding an interpretation of the Bank Holding Company Act that states, in part, that the "purchase of bank stock by a holding company through the exercise of rights does require the Board's prior approval." (*Interpretations* ¶ 7050, 12 C.F.R. § 225.103). In accordance with the Board's position with respect to violations of the Act, the Board has scrutinized the underlying facts surrounding the acquisition of Bank's shares. Upon an examination of all the facts of record, including Applicant's undertaking to guard against violations in the future, the Board is of the view that the circumstances surrounding the violation are not such as would call for denial of the application.

² All banking data are as of December 31, 1975.

Gaylord Bankshares, Inc.,
Gaylord, Kansas

Order Denying Formation of Bank Holding Company

Gaylord Bankshares, Inc., Gaylord, 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 The First National Bank of Gaylord, Gaylord, Kansas ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those submitted by the Comptroller of the Currency and Applicant's responses thereto, in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).¹

Applicant is a nonoperating corporation organized under the laws of Kansas for the purpose of becoming a bank holding company through acquisition of Bank (\$2.8 million in deposits).² Upon acquisition of Bank, Applicant would control the 536th largest bank in Kansas, holding approximately .03 of one per cent of the total deposits in commercial banks in the State.

Bank is the seventh largest of eight commercial banks in the relevant market,³ and holds approximately 4.2 per cent of the total deposits in commercial banks in the market. The principal owner of Applicant is also the principal owner of Osborne Bankshares, Inc., a registered one-bank holding company controlling 80 per cent of The First State Bank & Trust Company, Osborne, Kansas ("First"), which is located 18 miles south of Bank in the same banking market. Given the size of the banks involved and the structure of the market, it is the Board's view that the combination of these two banks in the market would have no significant adverse effects on competition. Accordingly, based on the facts of record, the Board concludes that consummation of the proposed transaction would have no significant adverse effect upon either existing or potential competition.

The Board has indicated on previous occasions that it believes that a bank holding company should be a source of financial and managerial strength

to its subsidiary bank(s) and that the Board will closely examine the condition of an applicant in each case with this consideration in mind. As part of this proposal, Applicant would assume \$120,000 of the debt originally incurred by Applicant's principal in acquiring shares of Bank. Applicant proposes to service this debt over a 12-year period through dividends to be declared by Bank and the tax benefits to be derived from filing consolidated tax returns. In the Board's view, the projected earnings of Applicant over the debt-retirement period appear to be somewhat optimistic in view of Bank's previous earnings record and, even if actually realized, would not provide Applicant with the financial flexibility necessary to meet its annual debt service requirements while maintaining adequate capital at Bank. While there has been some improvement in earnings of Bank since its acquisition by Applicant's principal, this improvement has occurred over only one year and does not provide Applicant with a proven record of earnings to support its projections.

The Board is of the opinion that in analyzing the managerial resources of a bank that is part of a chain of one-bank holding companies it should look beyond the subject bank involved in an application to the other banks that are part of that chain. In assessing the managerial resources of Applicant, the Board notes that the overall financial resources of First, the subsidiary bank of the affiliated one-bank holding company, have declined somewhat since First was placed in the holding company. The decline of the financial resources of First does not reflect favorably on Applicant's management capabilities and weighs against approval of this application.

On the basis of the above banking factors and other factors 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 the weakening of Bank's overall financial condition, and the Board concludes that the considerations relating to financial and managerial resources weigh against approval of the application.

As indicated above, the proposed formation essentially involves the reorganization of the ownership interests of Bank. No significant changes in Bank's operations or in the services offered to customers of Bank are anticipated. Consequently, considerations relating to the convenience and needs of the community to be served lend no weight toward approval of the application.

¹In letters dated August 27, 1976 and October 21, 1976, the Comptroller of the Currency recommended denial of the subject application. Applicant responded to the Comptroller in letters dated September 14, 1976 and November 4, 1976.

²All banking data are as of December 31, 1975.

³The relevant market is approximated by Smith and northern Osborne counties.

On the basis of all of the circumstances concerning this application, the Board concludes that the financial and managerial considerations involved in this proposal present adverse circumstances bearing upon the financial resources and future prospects of both Applicant and Bank. Such adverse factors are not outweighed by any pro-competitive 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 record, the application is denied for the reasons summarized above.

By order of the Board of Governors, effective December 13, 1976.

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

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

Manufacturers National Corporation,
Detroit, Michigan

Order Approving Acquisition of Bank

Manufacturers National Corporation, Detroit, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of National Bank of Southfield, Southfield, Michigan ("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, the fourth largest banking organization in Michigan, controls four banks with aggregate deposits of approximately \$2.5 billion, representing 8.3 per cent of the total deposits held by commercial banks in Michigan.¹ Acquisition

of Bank (\$83.4 million in deposits) would increase Applicant's share of Statewide deposits to 8.6 per cent but would not change Applicant's ranking in the State.

Bank, a subsidiary of NBS Financial Corporation, Southfield, Michigan ("NBS"), a registered bank holding company now in the process of liquidating its assets, is located in a northwest suburb of Detroit in the Detroit banking market. Bank controls 0.5 per cent of the total deposits in commercial banks in the relevant market² and, were it an independent institution, would be the 18th largest of 38 banking organizations operating in the market.³ Applicant is the third largest banking organization in the relevant market, controlling two banks (aggregate deposits of approximately \$2.4 billion) and 15.1 per cent of the commercial bank deposits in the market. Consummation of the proposal would increase Applicant's market share to 15.6 per cent.

In view of the already high level of banking concentration existing in the Detroit banking market (the four largest banking organizations control about 71.5 per cent of the deposits), the Board views with serious concern the increase in concentration that would result from the consummation of this proposal, and regards such an increase as a significantly adverse factor in its consideration of this application.

In addition to the effects of the proposal on banking concentration in the Detroit market, the Board is of the view that the proposal would have substantially adverse effects on existing competition between Applicant and Bank. Bank is headquartered in the Detroit suburb of Southfield wherein it operates five of its six banking offices; its other branch is located in a nearby township. Applicant has two subsidiary banks, including its lead bank, in the Detroit market, and many of their offices are located in close proximity to Southfield. Consequently, consummation of this proposal would eliminate a significant amount of existing competition within the Detroit market.

In view of the foregoing discussion and based on the facts of record, the Board concludes that

²The Detroit banking market is the relevant banking market and is approximated by Macomb, Oakland, and Wayne Counties.

³With its two subsidiary banks, NBS has aggregate deposits of approximately \$118.1 million and is the fifteenth largest banking organization in the market with 0.7 per cent of the market's deposits.

¹All banking data are as of December 31, 1975.

the competitive effects of the proposal are substantially adverse. Under the standards set forth in § 3(c) of the Bank Holding Company Act, it is clear that the Board may not approve the subject proposal unless the Board finds that "the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served." In assessing such considerations in light of the facts surrounding this proposal, the Board finds that the anticompetitive effects are clearly outweighed in the public interest.

The financial and managerial resources and future prospects of Applicant and its subsidiaries are considered satisfactory and consistent with approval of this application. Bank's financial and managerial resources, absent consummation of the instant proposal, are less than satisfactory, and its future prospects are uncertain. Bank has suffered losses in its operations and, lacking the internal capability of reversing the adverse trend, it appears unlikely that Bank will be able to continue as a viable organization in serving the public. Under this proposal, Applicant has agreed to inject capital of \$2 million and to provide significant managerial assistance to Bank. These actions would assure bank's continued viability and the availability of Bank as a source of banking services in the Detroit banking market. While the Board would prefer a less anticompetitive acquisition as a means of assuring the continuation of Bank as a vehicle for serving the convenience and needs of the public, it appears that such an alternative is not readily available. Therefore, the Board views the improved financial prospects of Bank and the convenience and needs considerations as lending significant weight toward approval of the application and clearly outweighing the substantially adverse competitive effects that would result from consummation of the proposal. Accordingly, it is the Board's judgment that consummation of the proposal would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective December 30, 1976.

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

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

Scribner Banshares, Inc.,
Scribner, Nebraska

*Order Approving
Formation of Bank Holding Company*

Scribner Banshares, Inc., Scribner, Nebraska, 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 96.1 per cent or more of the voting shares of Scribner Bank, Scribner, Nebraska ("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, a corporation chartered in 1974 under the laws of the State of Nebraska, has been operating as a general insurance agency from the premises of Bank since the date of its organization and currently owns 3.3 per cent of the shares of Bank. Applicant has now applied to the Board for permission to become a bank holding company through acquisition of an additional 96.1 per cent or more of the shares of Bank.¹ Upon acquisition of those shares, Applicant would control the 111th largest banking organization in Nebraska with total deposits of approximately \$12.5 million, representing 0.2 per cent of total deposits held by commercial banks in the State.² Bank is the only bank in Scribner, Nebraska and is the third largest of eight banks in the relevant banking market.³

¹ Applicant will terminate its insurance agency business prior to consummation of the proposed bank holding company formation.

² All banking data are as of December 31, 1975.

³ The relevant banking market is approximated by the boundaries of Dodge County.

controlling approximately 8.3 per cent of the deposits therein.

Five of Applicant's principals are also directors and/or officers of other banks or bank holding companies in Nebraska, Iowa, and South Dakota. However, these banking organizations are located at considerable distances from Bank in different banking markets. Furthermore, inasmuch as the instant proposal to form a bank holding company represents a reorganization of the ownership of Bank by ten individuals to a corporation owned by the same individuals, it appears that the acquisition of Bank by Applicant would have no significant adverse effect upon either existing or potential competition. Accordingly, on the basis of the record, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant and Bank are regarded as satisfactory. The future prospects of Applicant are dependent upon those of Bank, which are also regarded as satisfactory. Although Applicant will incur acquisition debt in connection with this proposal, it appears that it will be able to service this debt adequately without impairing the financial resources of Bank. Furthermore, it appears that the overall financial and managerial considerations with respect to the other one-bank holding companies in which principals of Applicant are involved are generally satisfactory. Therefore, considerations relating to banking factors are consistent with approval of the application.

Although consummation of the proposal would effect no changes in the services offered by Bank, the Board regards considerations relating to the convenience and needs of the community to be served as being consistent with approval. It is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective December 20, 1976.

Voting for this action: Chairman Burns and Governors Gardner, Wallich, Coldwell, Jackson, Partee, and Lilly.

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

Trust Company of Georgia,
Atlanta, Georgia

Order Approving Acquisition of Bank

Trust Company of Georgia, Atlanta, Georgia, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under § 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 80 per cent or more of the voting shares of Security National Bank, Smyrna, Georgia ("Bank").

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

Applicant, the third largest banking organization in Georgia, directly controls Trust Company Bank, Atlanta, Georgia, (deposits of \$796 million) and indirectly controls five other banks (aggregate deposits of approximately \$400 million).¹ The aggregate deposits of Applicant's six subsidiary banks represent about 10 per cent of the total deposits in commercial banks in the State. Acquisition of Bank would increase Applicant's share of State deposits by .14 of one per cent and would neither have a significant effect upon the concentration of banking resources in Georgia nor alter Applicant's State-wide ranking.

Bank is the 24th largest of 36 banking organizations in the Atlanta banking market² and holds deposits of \$17.4 million, representing approximately 0.3 per cent of the total deposits in commercial banks in the market. Trust Company Bank, Applicant's lead bank, also operates in the Atlanta banking market and is the third largest

¹ All banking data are as of December 31, 1975.

² The Atlanta banking market is approximated by Fulton, Dekalb, Cobb, Gwinnett, Clayton, Douglas, Henry, and Rockdale Counties in Georgia.

banking organization in that market with 14 per cent of the total deposits in commercial banks in the market. Trust Company Bank has 37 branches in Dekalb and Fulton Counties, while Bank has two branches in Cobb County. Although it appears that consummation of the proposal would eliminate some existing competition between Bank and Applicant, the Board notes that the competition that would be eliminated is not of a significant magnitude and that numerous independent banking organizations would remain in the Atlanta market following the acquisition. In addition, Georgia law prohibits Applicant from branching into or acquiring a *de novo* bank in Cobb County and, accordingly, Bank is the smallest vehicle which is available to Applicant as a means of entry into that county. Thus, Bank's acquisition by Applicant is regarded as a foothold entry into Cobb County. In view of the foregoing, the Board concludes that the proposed acquisition would have only a slightly adverse effect on competition.

The financial and managerial resources of Applicant and its subsidiaries and their future prospects are regarded as generally satisfactory. Those of Bank are regarded as satisfactory. Considerations relating to the banking factors are consistent with approval of the application. Applicant intends to offer services not presently available to customers of Bank and to reduce the effective cost of other services presently offered by Bank. Following consummation of the acquisition, Bank would make available to its customers free checking accounts, reduced interest rates on consumer loans, and a more favorable method of compounding interest on savings accounts. Additionally, Applicant will cause Bank to increase its hours and to apply for new branches. Considerations relating to convenience and needs of the community to be served lend some weight toward approval of the application and outweigh the slightly adverse effects on competition that might result from consummation of this proposal. Accordingly, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

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

the Federal Reserve Bank of Atlanta pursuant to delegated authority.

By order of the Board of Governors, effective December 7, 1976.

Voting for this action: Chairman Burns and Governors Gardner, Wallich, Jackson, Partee, and Lilly.
Voting against this action: Governor Coldwell.

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

Dissenting Statement of Governor Coldwell

I dissent from the Board's action approving the application of Trust Company of Georgia, to acquire Security National Bank. Applicant, through its lead bank, already has a significant presence in the Atlanta banking market, where it ranks third among the 36 banking organizations operating in the market, with about 14 per cent of the market's bank deposits. Applicant's acquisition of an additional bank in this same market represents a horizontal acquisition which would result in some further concentration and adverse effects on competition. While the acquisition is not a large one, it would remove another competitor and deny to a smaller bank holding company the possibility of a foothold entry using that bank.

The Bank Holding Company Act requires the Board to consider whether such adverse competitive effects are clearly outweighed in the public interest by considerations reflected in the record relating to the convenience and needs of the community to be served. Applicant already serves the relevant banking market through 37 branch offices. Thus, this proposal would not result in the introduction of new services which are not already available in the market, and I do not see how consummation of this proposal would benefit the convenience and needs of the relevant banking market to any important extent. Accordingly, I would find that convenience and needs considerations do not outweigh the adverse competitive effects flowing from Applicant's proposal.

On the basis of the record, it is my judgment that the proposed acquisition would not be in the public interest and that the application should be denied.

Order Under Section 4(a)(2) of Bank Holding Company Act

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

Determination Regarding "Grandfather" Privileges Under Bank Holding Company Act

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

Section 4(a)(2) of the Act provides, *inter alia*, that the Board of Governors of the Federal Reserve System may terminate such grandfather privileges if, having due regard to the purposes of the Act, the Board determines that such action is necessary to prevent an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices.

Notice of the Board's proposed review of grandfather privileges of C.I.T. Financial Corporation, New York, New York, and an opportunity for interested persons to submit comments and views or request a hearing, has been given (37 F.R. 22414 and 37 F.R. 25204). The time for filing comments, views, and requests has expired, and all those received, including those submitted by the Independent Insurance Agents of America (formerly the National Association of Insurance Agents) and the Independent Insurance Agents of North Carolina, have been considered by the Board in light of the factors set forth in § 4(a)(2) of the Act.¹

On the evidence before it, the Board makes the following findings. C.I.T. Financial Corporation

("Registrant" or "C.I.T."), New York, New York, became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the Act and by virtue of Registrant's control of 100 per cent of the voting shares (less directors' qualifying shares) of National Bank of North America ("Bank"), New York, New York (assets of about \$2.1 billion, as of December 31, 1970). Bank, control of which was acquired by Registrant in 1965, has total domestic deposits of approximately \$2.2 billion, representing about 1.6 per cent of the total deposits in commercial banks in New York State and approximately 2.3 per cent of the total deposits in commercial banks in the New York City metropolitan banking market.² Bank, which operates 141 offices in the New York City metropolitan banking market, is the 10th largest bank in New York State and the 35th largest banking organization in the Nation.

The bulk of Registrant's financial resources is concentrated in its nonbanking activities and its financial strength is not dependent upon the resources of Bank. Indeed, Registrant has served as a source of financial strength to Bank and by instituting a conservative dividend policy has enabled Bank to accumulate a very strong capital base. The Board has found no evidence of any unsound banking practices, and furthermore, actions taken by Registrant toward improving various areas of Bank's operations should enhance its prospects and overall performance.

Registrant, organized in 1924, is a diversified conglomerate which engages, either directly or through subsidiaries, in a broad range of activities but primarily banking, consumer financing, business financing, factoring, leasing of personal and real property, and acting as insurance underwriter and agent. It also engages to a lesser extent in manufacturing and merchandising, providing data processing services, making venture capital investments either directly or through limited partnerships, developing and managing real estate

¹During the course of the Board's review of C.I.T.'s grandfather privileges, a petition requesting a hearing on C.I.T.'s insurance activities was filed on behalf of the Independent Insurance Agents of America and the Independent Insurance Agents of North Carolina. Following an exchange of correspondence, the scope of C.I.T.'s insurance activities was clarified for the Petitioners and they subsequently withdrew their request for a hearing.

²Banking data as of December 31, 1975, unless otherwise noted.

through limited partnerships, and controlling charitable foundations. As of December 31, 1975, C.I.T. and all of its subsidiaries had total combined assets of approximately \$7 billion. Approximately 50 per cent of these assets are attributable to C.I.T.'s consumer and business finance activities, while Bank accounts for about 41 per cent of its assets. The balance is divided largely between its manufacturing and insurance subsidiaries.

C.I.T. engages in consumer financing activities (\$3.9 billion of receivables outstanding on December 31, 1975) primarily through direct and indirect subsidiary companies with about 1,000 offices located throughout the United States and in Puerto Rico and Canada, and has been engaged in such activities continuously since June 30, 1968. In addition to the usual forms of consumer lending, some or all of these subsidiaries engage in purchasing retail installment obligations, financing dealers' inventories, and making second mortgage loans. C.I.T. is one of the nation's largest independent finance companies in terms of receivables with receivables of \$5 billion originated during 1975. Since Registrant has been engaged in consumer financing activities continuously since June 30, 1968, these activities appear to be eligible for retention on the basis of grandfather privileges.³

³C.I.T. acquired, as going concerns, certain consumer finance subsidiaries between June 30, 1968 and December 31, 1970. Although C.I.T.'s finance activities appear to be eligible for retention on the basis of grandfather privileges, the provisions of §§ 4(a)(2) and 4(c)(11) of the Act preclude the retention beyond December 31, 1980, of interests in or assets of going concerns acquired by a bank holding company between June 30, 1968 and December 31, 1970. Accordingly, in order for C.I.T. to retain these subsidiaries, Board approval must be obtained pursuant to one of the exemptions provided in § 4(c) of the Act. The Board's determination with respect to C.I.T.'s grandfather privileges does not imply present or future approval of any such application for retention that C.I.T. may file, since each would be separately considered by the Board on the basis of the statutory factors set forth in the Act.

In addition, C.I.T. acquired a number of *de novo* finance company subsidiaries on dates between June 30, 1968 and December 31, 1970. Section 4(c)(11) of the Act, in effect, exempts the creation of *de novo* companies engaged in indefinitely grandfathered activities from the prohibitions of section 4 of the Act. While it may be argued that this section would apply only to *de novo* companies acquired subsequent to the addition of this section of the Act, i.e., subsequent to December 31, 1970, the Board notes that the only distinction between the *de novo* companies acquired prior to December 31, 1970, and the *de novo* companies acquired subsequent to that date is the intervention of the enactment of the 1970

C.I.T. engages in industrial financing and leasing activities (\$1.7 billion of receivables outstanding on December 31, 1975) through a network of offices located throughout the United States and has been engaged in these activities continuously since June 30, 1968. C.I.T.'s industrial financing and leasing business covers heavy construction equipment, commercial air transport, railway rolling stock, marine tankers, material handling machinery, data processing hardware, offshore drilling rigs, and fleets of cars and trucks. These leasing activities are conducted on both a full-payout and non-full-payout basis. During 1975 C.I.T. originated \$0.9 billion of industrial loans and lease receivables. In addition, C.I.T. engages in factoring and commercial financing activities primarily through three subsidiaries and has been engaged in these activities continuously since June 30, 1968. During 1975, C.I.T.'s factoring and commercial finance companies acquired receivables of approximately \$3.0 million, and year-end receivables outstanding were \$509.6 million. Since Registrant has been engaged in these financing, leasing, and factoring activities since June 30, 1968, and continuously thereafter, these activities appear to be eligible for retention on the basis of grandfather privileges.

C.I.T. engages in certain insurance agency and underwriting activities. Through two subsidiaries, C.I.T. underwrites life and health insurance on individuals and groups that is sold through general agents; and underwrites directly and as reinsurer credit life and credit accident and health insurance written in connection with consumer sales finance transactions and consumer personal loans. Total assets of these companies at year-end 1975 were approximately \$225.1 million. C.I.T. also engages, through a subsidiary, in the underwriting of property and casualty insurance against fire, theft, collision and other physical damage risks, primarily on mobile homes, motor vehicles, recreational vehicles, and household goods which are

Amendments and the section 4(c)(11) exemption contained therein. In view of this, the Board believes that a proper interpretation of section 4(c)(11) would apply the exemption of that section to the pre-December 31, 1970 *de novo* companies and that no useful purpose would be served by requiring C.I.T. to apply for retention of those companies. Accordingly, C.I.T. may retain the finance company subsidiaries acquired *de novo* between June 30, 1968 and December 31, 1970.

collateral security for credit extended by subsidiaries of C.I.T. The subsidiary also underwrites such risks on direct sales made by agents and participates in insurance pools involving primary and reinsurance risks for multiple lines of insurance. In addition, C.I.T. engages in the activity of acting as agent for the sale of insurance for C.I.T. and its subsidiaries. C.I.T. does not act as agent with respect to the sale of insurance to the general public except in connection with extensions of credit by C.I.T.'s subsidiaries, and does not hold itself out as a general insurance agent. Since C.I.T. was engaged in the foregoing insurance agency and underwriting/reinsurance activities on June 30, 1968, and continuously thereafter, these activities appear to be eligible for retention on the basis of grandfather privileges.

C.I.T. engages, through subsidiaries, in leasing activities with respect to real property, and had real property lease receivables of \$25.3 million at year-end 1975. The subsidiaries lease, on a full-payout basis, such real property as buildings for hospital, extended care and geriatric use; related medical facilities; and residence and dining halls for educational institutions. C.I.T. was engaged in the leasing of real property on a full-payout basis on June 30, 1968, and has engaged in this activity continuously thereafter. Accordingly, this activity appears to be eligible for retention on the basis of grandfather privileges. While C.I.T. engages to some extent in the leasing of real property on a non-full-payout basis, this activity has not been engaged in continuously since June 30, 1968, and C.I.T. is not entitled to, nor does it make any claim to, grandfather privileges with respect to this activity.

C.I.T. owns subsidiaries that engage in various manufacturing and merchandising activities (combined assets of \$358.8 million at year-end 1975). The Picker Corporation (assets of \$191.6 million as of December 31, 1975), manufactures and supplies to the medical profession, clinics, and hospitals a varied line of x-ray apparatus, equipment and accessories manufactured by others. It also produces ultrasonic devices and nuclear instrumentation and radioactive isotope devices for clinical diagnosis and laboratory and therapy uses. C.I.T. states that the Picker Corporation's executive offices and principal manufacturing facility are located in Cleveland, Ohio; that sales and service facilities include 26 offices located throughout the United States and 12 offices throughout Canada; and that there are wholly-owned subsidiaries, sales

representatives or distributors in more than 70 foreign countries. Gibson Greeting Cards, Inc. (assets of \$121.8 million, as of December 31, 1975), manufactures and distributes greeting cards, gift wrapping, and other assorted related products. The executive offices are located in Cincinnati, Ohio, and the principal manufacturing facilities are located in Cincinnati, Ohio, and Memphis, Tennessee. Sales facilities are located throughout the United States. All-Steel Inc. (assets of \$34.9 million, as of December 31, 1975), manufactures and distributes metal office furniture. Two affiliates of All-Steel Inc. manufacture and distribute metal office furniture and equipment in Canada. The executive offices and principal manufacturing operations of All-Steel Inc. are located in Aurora, Illinois; sales facilities are located throughout the United States. Racor, Inc. (assets of \$20.4 million, as of December 31, 1975), manufactures electrical outlet, junction and switch boxes and related fittings. Its executive offices and principal manufacturing operations are located in South Bend, Indiana; sales representatives and distributors are located throughout the United States. It appears that C.I.T. was engaged in the above-mentioned manufacturing and merchandising activities on June 30, 1968, and has been engaged in these activities continuously thereafter. Accordingly, these activities appear to be eligible for retention on the basis of grandfather privileges.⁴ In addition, one subsidiary of The Picker Corporation, Picker Briggs Corporation, Cleveland, Ohio, was acquired as a going concern after June 30, 1968. Accordingly, pursuant to the provisions of section 4(a)(2) of the Act, C.I.T. may not retain Picker Briggs Corporation beyond December 31, 1980.

C.I.T. engages directly in data processing activities including the sale or sublease of computer time, the provision of payroll processing services, life insurance file processing, accounting and delivery scheduling and similar automated data pro-

⁴This determination is not authority to enter into any new activities that were not engaged in on June 30, 1968, and continuously thereafter. The Board does not regard "manufacturing" as an activity in and of itself for purposes of grandfather privileges pursuant to section 4(a)(2), but rather looks to the product lines of manufacturing in which a Registrant has been continuously engaged since June 30, 1968. While the Board believes that C.I.T. may incorporate technological improvements to existing product lines, C.I.T. may not expand such product lines without Board concurrence that such expansion is consistent with C.I.T.'s grandfather privileges.

cessing services, and the sale or licensing of software initially developed by C.I.T. for its own use. In 1975 C.I.T. had receivables of \$75,179 as a result of the data processing services provided to firms not affiliated with C.I.T. Since C.I.T. has engaged in this activity continuously since June 30, 1968, it appears to be eligible for retention on the basis of grandfather privileges.

C.I.T., directly and through subsidiaries, makes venture capital investments. These venture capital investments are made either directly to the borrowing companies, or indirectly through the medium of limited partnerships in which C.I.T. invests equity capital as a limited partner. C.I.T. does not claim grandfather privileges for the venture capital investments that it makes directly and has stated that all such investments will be brought below 5 per cent of the shares of any company by December 31, 1980. With respect to C.I.T.'s interests in limited partnerships, such activities have not been engaged in continuously since June 30, 1968 and are not eligible for retention on the basis of grandfather privileges.⁵

C.I.T. has invested, since 1970, through its subsidiary C.I.T. Realty Corporation, in two limited partnerships organized to construct and operate moderate and low income apartment projects in New York City under the Private Housing Finance Law of the State of New York. C.I.T. has an aggregate 95 per cent investment in both limited partnerships. In return, C.I.T., through its subsidiary, obtains 90 per cent of the tax benefits accruing to the partnerships, such as interest deductions and depreciation. C.I.T. claims grandfather privileges for these investments on the ground that this is nothing more than a traditional but innovative form of financing; i.e., a business finance transaction similar in substance to those for which C.I.T. has grandfather privileges.⁶ The

Board does not believe that C.I.T.'s investment in these limited partnerships can be properly viewed as a form of general business lending. In particular, it is noted that in a lending transaction, the lender does not receive direct income tax benefits in the form of interest deductions and depreciation, as C.I.T. does in this instance. Accordingly, given the nature of such interests, the Board views C.I.T.'s participation in the development and management of real estate through these limited partnerships as an activity different in form and substance from that of general business lending. Since this activity was commenced after June 30, 1968, C.I.T. is not entitled to indefinite grandfather privileges with respect to it and may not retain such interests beyond December 31, 1980. Of course, this Determination does not preclude C.I.T. from filing an application pursuant to section 4(c)(8) of the Act for retention of such interests nor does it constitute a finding by the Board that such interests would be permissible under that section.

C.I.T. has caused to be created three charitable foundations that are engaged primarily in charitable activities, including making grants to institutions organized exclusively for religious, charitable, scientific, literary, or educational goals. Since these foundations were created prior to June 30, 1968, C.I.T. may continue its relationship with them on the basis of indefinite grandfather authority.

In addition to the above-described activities, C.I.T., from time to time, makes acquisitions in satisfaction of debts previously contracted ("dpc"), which include acquisitions of more than 5 per cent of the shares of stock of certain companies.⁷ C.I.T. asserts a claim to making and holding "dpc" acquisitions as a necessary and incidental part of its indefinitely grandfathered lending activities. Accordingly, C.I.T. asserts that the acquisitions which it makes or holds "dpc" may be retained on the basis of grandfather privileges without limitation or restriction, regardless of whether such acquisitions were made before or

⁵C.I.T. also claims exemptions for holding these limited partnership interests under other provisions of the Act. The question of the applicability of those exemptions to limited partnership interests is under consideration. However, the volume and scope of C.I.T.'s venture capital limited partnership interests amount to approximately \$3.25 million and the Board does not regard them of sufficient magnitude to warrant delay of this Determination pending resolution of that issue.

⁶C.I.T. also claims sections 4(c)(6) and 4(c)(7) as possible exemptions for these limited partnership interests; however, the Board concludes that these exemptions are not available to C.I.T. After examining the nature and scope of C.I.T.'s involvement in the business of these partnerships, the Board has determined that C.I.T. must be deemed to be engaged in that business. Because section 4(a)(2) of the Act prohibits

engaging in an activity without Board approval, the provisions of sections 4(c)(6) and 4(c)(7), which are intended to exempt small passive investments, do not provide authority for this activity.

⁷By virtue of Section 4(c)(6) of the Act, the acquisition of 5 per cent or less of the outstanding voting shares of any company is exempt from the prohibitions of Section 4.

after December 31, 1970. While the Board agrees that a bona fide "dpc" acquisition may be regarded as normal, necessary and incidental to the business of lending, holding such "dpc" interests without restriction or limitation is not integral or necessary to the business of lending. Thus, the Board rejects C.I.T.'s contention that holding such property without restriction or limitation is within the scope of the grandfathered lending activities.⁸

On the basis of the foregoing and all the facts before the Board, it appears that the volume, scope, and nature of the activities of Registrant described herein do not demonstrate an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices.

There appears to be no reason to require Registrant to terminate its grandfathered interests. It is the Board's judgment that, at this time, termination of the grandfather privileges of Registrant described herein is not necessary in order to prevent an undue concentration of resources, decreased or unfair competition, conflicts of interest, or unsound banking practices. This determination is not authority to enter into any new activity or product extension that was not engaged in on June 30, 1968, and continuously thereafter, or any activity that is not the subject of this determination.

A significant alteration in the nature or extent of Registrant's activities or a change in location thereof (significantly different from any described in this determination) will be cause for a reevaluation by the Board of Registrant's activities under the provisions of Section 4(a)(2) of the Act, that is, whenever the alteration or change is such that the Board finds that a termination of the grandfather privileges is necessary to prevent an undue concentration of resources or any of the other adverse consequences at which the Act is directed. No merger, consolidation, acquisition of assets other than in the ordinary course of business, nor acquisition of any interest in a going concern, to which the Registrant or any nonbank subsidiary thereof is a party, may be consummated without prior approval of the Board. Further, the provision of any credit, property, or service by the Registrant

or any subsidiary thereof shall not be subject to any condition which, if imposed by a bank, would constitute an unlawful tie-in arrangement under Section 106 of the Bank Holding Company Act Amendments of 1970.

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

By determination of the Board of Governors, effective December 20, 1976.

Voting for this action: Chairman Burns and Governors Gardner, Wallich, Coldwell, Jackson, Partee, and Lilly.

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

Order Under Bank Merger Act

Bank of New Orleans and Trust Company,
New Orleans, Louisiana

Order Approving Acquisition of Assets

Bank of New Orleans and Trust Company, New Orleans, Louisiana, a State member bank of the Federal Reserve System, has applied, pursuant to the Bank Merger Act (12 U.S.C. 1828 (c)), for the Board's prior approval to acquire certain assets and assume certain liabilities of International City Bank and Trust Company, New Orleans, Louisiana (\$165 million in deposits¹), and, as an incident thereto, to operate the present offices of International City Bank and Trust Company as branch offices.

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

The Board has considered all relevant material contained in the record in the light of the factors

⁸The Board is considering the question of the permissible time period that should be allowed for the holding of "dpc" acquisitions. The Board's determination with respect to that question will be announced at a later date.

¹Deposit data are as of December 31, 1975.

set forth in the Act, including the effect of the proposal on competition, the financial and managerial resources and prospects of the banks involved, and the convenience and needs of the communities to be served and finds that:

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

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

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

By order of the Board of Governors, effective December 4, 1976.

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

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

Statement Regarding an Application to Become a Member of the Federal Reserve System

Citizens Bank and Trust Company,
Alabaster, Alabama

Citizens Bank and Trust Company, Alabaster, Alabama ("Applicant"), a new bank chartered under the laws of the State of Alabama, applied, pursuant to Section 9 of the Federal Reserve Act

(12 U.S.C. 321-338) and the Board's Regulation H (12 CFR 208), to become a member of the Federal Reserve System. On November 10, 1976, the Board notified Applicant that the application was approved and that the Board would issue a statement regarding the approval action.

Applicant, which has not yet opened for business, was organized in 1975 for the purpose of obtaining a State bank charter and engaging in a commercial banking business. It filed a charter application in August 1975, which was approved by the State Banking Department of Alabama by letter dated November 18, 1975. Approximately one year earlier, in December 1974, a charter application filed on behalf of Applicant by substantially the same organizers was denied by the State Banking Department of Alabama. Approval of Applicant's charter in November 1975 was conditioned in part upon Applicant obtaining insurance coverage for its deposits from the Federal Deposit Insurance Corporation ("FDIC"). In anticipation of this requirement, Applicant had filed an application for insurance in August 1975, pursuant to Section 5 of the Federal Deposit Insurance Act (12 U.S.C. 1815). That application was withdrawn by Applicant in March 1976, after a formal hearing was held at the request of persons protesting the application. Consequently, the FDIC ended its consideration of the matter without making a final determination.

Under Section 9 of the Federal Reserve Act, the Board, in acting upon an application to become a member of the Federal Reserve System, is required to consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers of the institution are consistent with the purpose of the Federal Reserve Act. In addition, under Section 4(b) of the Federal Deposit Insurance Act (12 U.S.C. 1814), the admission to membership in the Federal Reserve System of an uninsured State bank automatically confers deposit insurance upon the bank from the time the Board certifies to the FDIC that the bank is a member of the Federal Reserve System. The Board's certificate to the FDIC is required to state that the Board has given consideration to the factors enumerated in Section 6 of the Federal Deposit Insurance Act (12 U.S.C. 1816), namely, the financial history and condition of the bank; the adequacy of the capital structure; the bank's future earnings prospects; the general character of its management;

the convenience and needs of the community to be served by the bank; and whether or not the bank's corporate powers are consistent with the purposes of the Federal Deposit Insurance Act.

The Board has considered the subject application and all comments received with respect thereto, including those submitted in opposition to the application by First Bank of Alabaster, Alabaster, Alabama, First Shelby National Bank and Shelby State Bank, both of Pelham, Alabama, and Merchants and Planters Bank, Montevallo, Alabama (hereinafter referred to as "Protestants").

Alabaster is located in central Alabama, in Shelby County (population 38,037 as of the 1970 census). Applicant's proposed service area is approximated by the northern portion of Shelby County, including Alabaster and the towns of Helena and Pelham. During the past several years, Shelby County has experienced significant population growth and a transition from an agricultural economy to a more diversified economy. The population of Shelby County has grown from 32,132 in 1960 to 38,037 in 1970, and to an estimated 50,000 in 1974. Alabaster itself presently has a population of about 5,200 and a trade area population (not including Helena and Pelham) of approximately 14,000. The trade area of Pelham, Helena and Alabaster represents approximately 50 per cent of Shelby County's population and generally reflects the migration into the county from neighboring Jefferson County and the city of Birmingham, which is approximately 25 miles directly north of Alabaster.

Another indication of the area's growth is the increase in housing starts in Alabaster from 60 in 1972 to 137 in 1975. Also, Alabaster has fourteen businesses and industries with employment of nearly 1,800 and a combined annual payroll of approximately \$12 million. In addition, information from the Alabama Power Company indicates that presently the northern half of Shelby County is adding approximately 100 customers per month, a 10 per cent per annum increase. The record indicates that Route I-65, to the east of and parallel to the site of Applicant's proposed office on Highway 31, is due for completion by 1981. With the completion of Route I-65, the areas in the northern half of Shelby County to be served by Applicant can be expected to experience further development, both residential and industrial.

Presently, Protestants operate six banking offices in Shelby County. Despite the fact that most of the services that would be provided by Applicant are currently being offered by Protestants, the record reflects a desire on the part of a significant number of local residents for a locally owned bank such as Applicant. On the other hand, Protestants have indicated that there is no present need for another bank in Shelby County, particularly in view of the fact that First Shelby National Bank, Pelham, Alabama, opened for business in February 1976, in temporary quarters approximately 3½ miles north of Applicant's proposed location. However, it appears that First Shelby National Bank has experienced reasonable growth, with deposits of \$2.4 million as of June 30, 1976, and that the addition of Applicant as another banking alternative would not significantly affect First Shelby National Bank's future growth prospects. In addition, Applicant has committed to delay opening for business until its permanent quarters have been constructed. Based on the local economic conditions and the apparent local support the Applicant would enjoy, the Board concludes that considerations with regard to the convenience and needs of the community to be served by Applicant are consistent with approval of the subject application.

Applicant has no operating history, and its future earnings prospects are, of course, related to the amount of deposits it will be able to attract. As mentioned above, there are indications in the record of strong community support for a new bank in Alabaster. The initial stock offering of \$1,250,000 by Applicant was fully subscribed, with each subscriber limited to purchasing four percent of the offering. From the list of 85 subscribers submitted by Applicant, it appears that many of the subscribers are owners or presidents of businesses or professionals or other self-employed individuals who will be able to provide Applicant with an initial nucleus of customers to serve. In the Board's judgment, such expressions of local support are a positive factor not only with respect to the convenience and needs of the community but also with respect to the future earnings prospects of Applicant.

In assessing the future earnings prospects of Applicant, the Board also considered the views of the State Banking Department, the Federal Reserve Bank of Atlanta and the Board's staff,

all of which project that Applicant will achieve profitability¹ by the end of its third year of operation.² The Protestants have indicated that Applicant would not achieve profitability in that period due primarily to lower deposit projections than were used by the above organizations and to the fact that a new bank, First Shelby National Bank, recently opened in the Alabaster area and the opening of another bank would have an adverse effect on First Shelby National Bank. In the Board's opinion, Protestants' projections with respect to deposits of Applicant are low and Protestants' concerns about the adverse impact that Ap-

plicant's opening would have on First Shelby National Bank are overly pessimistic, particularly in view of First Shelby National Bank's deposit figures mentioned above and the generally optimistic economic outlook for the Alabaster area. Thus, the Board concluded that Applicant's future earnings prospects are consistent with approval of the subject application.

While Applicant has no operating or financial history, it appears that it would open with adequate capital structure. The general character of Applicant's management also appears satisfactory, and the corporate powers of Applicant are consistent with the Federal Reserve Act and the Federal Deposit Insurance Act.

For the foregoing reasons, the Board approved Applicant's application to become a member bank in the Federal Reserve System.

¹Under applicable State law, the Superintendent of the State Banking Department, before granting a certificate, is required to satisfy himself that there is sufficient business to support the proposed bank in the community, Code of Alabama, Tit. 5 § 88. Approval of Applicant's charter application therefore reflects a favorable determination by State authorities with regard to the future earnings prospects of Applicant.

²Comments on the Applicant were requested of the FDIC regional office in Atlanta, and the response from the FDIC to the Federal Reserve Bank of Atlanta indicated merely that upon Applicant's withdrawal of its earlier insurance application, the FDIC's files were closed.

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

[SEAL]

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

By the Board of Governors

During December 1976, the Board of Governors approved the applications listed below. The orders have been published in the Federal Register, and copies are available upon request to Publications Services, Division of Administration Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

<i>Applicant</i>	<i>Bank(s)</i>	<i>Board action (effective date)</i>	<i>Federal Register citation</i>
Boyden Bancorp, Boyden, Iowa	Farmers Savings Bank, Boyden, Iowa	12/13/76	41 F.R. 55382 12/20/76
Northwest Bancorporation, Minneapolis, Minnesota	First National Bank of Ottumwa, Ottumwa, Iowa	12/27/76	42 F.R. 853 1/4/77

Section 4

<i>Applicant</i>	<i>Nonbanking company (or activity)</i>	<i>Board action (effective date)</i>	<i>Federal Register citation</i>
First National Charter Corporation, Kansas City, Missouri	Charter Bankers Life Insurance City, Missouri	12/8/76	41 F.R. 55239 12/17/76

By Federal Reserve Banks

During December 1976, an application was approved by the Federal Reserve Bank as listed below. The order has been published in the Federal Register, and copies are available upon request to the Reserve Bank.

Section 3

<i>Applicant</i>	<i>Bank(s)</i>	<i>Reserve Bank</i>	<i>Effective date</i>	<i>Federal Register citation</i>
Ameribanc, Inc., St. Joseph, Missouri	Consolidated Bancshares of Missouri, Inc., St. Joseph, Missouri	Kansas City	12/21/76	42 F.R. 853 1/4/77

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

National Automobile Dealers Association, Inc. v. Board of Governors, filed November 1976, U.S.C.A. for the District of Columbia.

Michigan National Corporation v. Board of Governors, filed September 1976, U.S.C.A. for the 6th Circuit.

First Security Corporation v. Board of Governors, filed August 1976, U.S.C.A. for the 10th Circuit.

Anthony R. Martin-Trigona v. Board of Governors, filed August 1976, U.S.C.A. for the District of Columbia.

First State Bank of Clute, Texas, et al. v. Board of Governors, filed July 1976, U.S.C.A. for the 5th Circuit.

International Bank v. Board of Governors, et al., filed July 1976, U.S.D.C. for the District of Columbia.

North Lawndale Economic Development Corporation v. Board of Governors, filed June 1976, U.S.C.A. for the 7th Circuit.

Central Wisconsin Bankshares, Inc. v. Board of Governors, filed June 1976, U.S.C.A. for the 7th Circuit.

National Urban League, et al. v. Office of the Comptroller of the Currency, et al., filed April 1976, U.S.D.C. for the District of Columbia Circuit.

Farmers & Merchants Bank of Las Cruces, New Mexico v. Board of Governors, filed April 1976, U.S.C.A. for the District of Columbia Circuit.

Grandview Bank & Trust Company v. Board of Governors, filed March 1976, U.S.C.A. for the Eighth Circuit.

Association of Bank Travel Bureaus, Inc. v. Board of Governors, filed February 1976, U.S.C.A. for the Seventh Circuit.

Memphis Trust Company v. Board of Governors, filed February 1976, U.S.D.C. for the Western District of Tennessee.

*This list of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

International Bank v. Board of Governors, filed December 1975, U.S.C.A. for the District of Columbia.

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

National Computer Analysts, Inc. v. Decimus Corporation, et al., filed November 1975, U.S.D.C. for the District of New Jersey.

† *Peter E. Blum v. First National Holding Corporation*, filed May 1976, U.S.C.A. for the Fifth Circuit.

† *Peter E. Blum v. Morgan Guaranty Trust Co., et al.*, filed April 1976, U.S.C.A. for the Fifth Circuit.

† *Logan v. Secretary of State, et al.*, filed September 1975, U.S.D.C. for the District of Columbia.

Florida Association of Insurance Agents, Inc., v. Board of Governors, and National Association of Insurance Agents, Inc. v. Board of Gover-

nors, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.

†‡ *David R. Merrill, et al. v. Federal Open Market Committee of the Federal Reserve System*, filed May 1975, U.S.D.C. for the District of Columbia, appeal pending, U.S.D.A. for the District of Columbia.

Curvin J. Trone v. United States, filed April 1975, U.S. Court of Claims.

Louis J. Roussel v. Board of Governors, filed April 1975, U.S.D.C. for the Eastern District of Louisiana.

Georgia Association of Insurance Agents, et al. v. Board of Governors, filed October 1974, U.S.C.A. for the Fifth Circuit.

Alabama Association of Insurance Agents, et al. v. Board of Governors, filed July 1974, U.S.C.A. for the Fifth Circuit.

† *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.

† *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.

† 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 announced on December 17, 1976, a structural adjustment in reserve requirements on demand deposits. Required reserves will be reduced by about \$550 million as a result of the move, which will reduce reserve requirements of member banks by $\frac{1}{2}$ of a percentage point on their demand deposits up to \$10 million and by $\frac{1}{4}$ of a percentage point on their demand deposits above that amount. This action will tend to increase the supply of bank credit.

The reserve requirement percentages will be as follows:

Net demand deposits (in millions of dollars)	Old	New
0-2	7½	7
2-10	10	9½
10-100	12	11¾
100-400	13	12¾
Over 400	16½	16¼

The Board's action would apply to net demand deposits held by member banks during the week of December 16-22. Under the lagged reserve system currently in effect, the reserves required would decline 2 weeks later, during the week of December 30-January 5.

REGULATION B: Amendment

The Board of Governors on December 29, 1976, announced revision of its Regulation B (Equal Credit Opportunity) to carry out the 1976 amendments to the Equal Credit Opportunity Act (ECOA).

The revised act and the revised regulation will become effective March 23, 1977. At that time the revised regulation will supersede the existing Regulation B in its entirety. The existing regulation, like the original ECOA, deals only with discrimination in the extension of credit on the basis of sex or marital status. The requirements

of the existing regulation remain in effect until March 23, 1977.

The amendments by the Congress in 1976 broadened the scope of the act to prohibit discrimination in credit transactions on seven new bases:¹ race, color, religion, national origin, age, receipt of income from public assistance programs, and good faith exercise of rights under the Consumer Protection Act of 1968 (which includes the Truth in Lending, Fair Credit Billing, Equal Credit Opportunity, Fair Credit Reporting, and Consumer Leasing Acts).

The act directs the Federal Reserve to write regulatory rules to execute it. The Board's rules on equal credit opportunity are enforced by 12 Federal agencies, including the Board. Consumers with complaints of discriminatory treatment in credit transactions should inform the appropriate Federal agency in writing, by telephone, or in person.

The Board adopted the revised Regulation B after extensive consultations with consumer and creditor groups and a 2-day hearing at which testimony was presented by 33 individuals, consumer and creditor representatives, the Department of Justice, and other governmental agencies. The Board published for public comment proposed new equal credit opportunity regulations to implement the 1976 amendments to the act on July 15 and a revision of these proposals on November 3. The revised Regulation B takes account of some 1,100 comments received on the Board's proposals, and of suggestions made at a meeting of the Board's Consumer Advisory Council on November 10 and 11.

The principal features of Regulation B, as revised to carry out the 1976 amendments to the Equal Credit Opportunity Act, are as follows.

¹ A footnote in the regulation (Sec. 202.6 (a)) notes that the legislative history of the act indicates that the Congress intended that an "effects text," such as has been developed in application of equal employment opportunity law, be applicable in determining whether a creditor's judgment of creditworthiness is or is not discriminatory.

GENERAL RULE PROHIBITING DISCRIMINATION

The regulation specifies that "a creditor shall not discriminate against an applicant on a prohibited basis regarding any aspect of a credit transaction."

Discrimination is defined as "to treat an applicant less favorably than other applicants."² This general rule applies to everyone who is a creditor. Creditors are relieved from some of the mechanical requirements of the regulation, however, when extending certain types of credit, as presented later under the discussion of special treatment and special-purpose programs. A creditor is "a person who, in the ordinary course of business, regularly participates in the decision of whether or not to extend credit."

ADVERSE ACTION

Regulation B, as revised, defines what does and does not constitute adverse action on an application for credit.³ The main features of the definition are:

Adverse action *has been taken* when a creditor—

1. Has declined to grant credit in substantially the amount or on substantially the terms requested by the applicant, unless the applicant accepts a counter offer by the creditor.
2. Terminates an account, or makes an unfavorable change in terms (such as the interest rate, number of payments, and so forth) that does not apply to all or most of that creditor's accounts.

²A footnote in the section of the regulation (Sec. 202.2 (z)) dealing with the prohibited bases of discrimination says in part:

The definition (of prohibited bases) is not limited to characteristics of the applicant . . . but refers also to the characteristics of individuals with whom the applicant deals. This means, for example, that, under the general rule (against discrimination) a creditor may not discriminate against a non-Jewish applicant because of that person's business dealings with Jews, or discriminate against an applicant because of the characteristics of persons to whom the extension of credit relates (for example, the prospective tenants in an apartment complex to be constructed with the proceeds of the credit requested), or because of the characteristics of other individuals residing in the neighborhood where the property offered as collateral is located. . . .

³Not in existing Regulation B but similar to the November proposal for amending the regulation.

Adverse action *has not occurred* when the creditor—

1. Makes a change in the terms of an account that is expressly agreed to by the applicant.
2. Takes any action, or forbears to take an action, in connection with inactivity, default, or delinquency in the account.
3. Refuses to extend credit requested at the point of sale or of making of a loan because the credit requested would exceed a previously established credit limit. (A point-of-sale refusal is an adverse action if it is made for any reason except for exceeding the previously established credit limit.)
4. Refuses to extend credit not allowed by applicable law.
5. Refuses to extend a type of credit the creditor does not offer.

After taking adverse action, the creditor must send the applicant a written notice as specified in the regulation (Section 202.9) and in this announcement under the headings Notice of Action Taken and Statement of Specific Reasons.

DATA NOTATION FOR ENFORCEMENT PURPOSES

The Board adopted, almost unchanged, the proposal it made in November to add a new section to Regulation B requiring creditors to inquire as to the sex, marital status, race-national origin, and age of applicants for residential mortgage credit, but with the proviso that applicants have the right to decline to supply such information if they wish. The inquiries are to be made only with respect to applications for the purchase of mortgage credit on 1- to 4-family residences. The race or national origin categories to be used are: American Indian or Alaskan Native, Asian or Pacific Islander, Black, White, Hispanic, or Other. If the applicant elects to use "Other," the applicant may specify any desired category. The marital status categories to be requested are married, unmarried, or separated. The questions, at the creditor's option, may be listed on the application form or on a separate form that refers to the application. This information may be used for enforcement purposes only.

The Board added a provision⁴ that any agency with enforcement responsibilities under the act may substitute its own monitoring program for that in Regulation B.

⁴Not in the Board's July or November proposals.

MEASURES TO AVOID DISCRIMINATION ON THE BASIS OF AGE

The amended act provides that it is not discriminatory to consider age in a credit-scoring system based on experience if the system is demonstrably and statistically sound in accordance with the Board's regulations, so long as the system does not operate to assign the age of an elderly applicant a "negative factor of value."

To implement this new provision of the act the Board:

1. Added a new definition in Regulation B, stating that a negative factor or value, in relation to age in a credit-scoring system, would be one that gives an elderly applicant for credit an age score less favorable than the creditor's experience warrants, or less favorable than the score, on account of age, given by the creditor to any age group that is not elderly.

2. Defined elderly as age 62 or over.

Thus, applicants age 62 or older may not be given a score for their age that is lower than the best score assigned to any nonelderly group.

For ages 62 and above, scores may vary according to the creditor's experience, so long as they are not less than the best score assigned any group below 62.

MAIN CHARACTERISTICS OF A NONDISCRIMINATORY CREDIT-SCORING SYSTEM

One, it must be empirically derived. Regulation B describes this as meaning a credit-scoring system that evaluates creditworthiness primarily by allocating points (or some other means of assigning weights) to key attributes of the applicant and the credit.

Two, it must also be demonstrably and statistically sound. Regulation B requires that such a system: (1) be developed by using either the creditor's entire population of applicants or data groups obtained by properly sampling that population; (2) predict creditworthiness with respect to the business interests of the creditor; (3) be validated during the development process as to its predictive ability; and (4) be thereafter revalidated at whatever regular intervals are necessary.

A creditor may borrow a demonstrably and statistically sound, empirically derived credit-scoring system, or the credit experience on which

such a system may be based, but the borrowed system must be validated from the creditor's own experience, at once or as soon as the creditor's own experience is available.

A system that is not proved valid by using the creditor's own experience shall not be considered a demonstrably and statistically sound, empirically derived, credit-scoring system from that point in time.

JUDGMENTAL EVALUATION OF APPLICANTS

The act permits creditors to use, instead of a credit-scoring system, their own judgment as to the creditworthiness of an applicant. This may include inquiries by the creditor as to the applicant's age and whether the applicant's income comes from a public assistance program. These inquiries may be made by a creditor making a judgmental evaluation of an applicant, but only as a means of determining pertinent facts about the applicant's ability to repay the credit applied for; that is, creditworthiness. Thus, a creditor using a judgmental system may not use elderliness or the fact that an applicant's income comes from public assistance as sufficient factors, in themselves, to deny credit.⁵

CREDIT-RELATED INSURANCE

Regulation B permits differentiation in the availability, rate, and terms of credit-related insurance (casualty, life, health, accident, and disability) offered to applicants for credit.

However, the regulation also provides that creditors may not deny credit or terminate an account because such insurance is not available due to an applicant's age.

In applications for such insurance, information may be requested about the applicant's age, sex, and marital status.⁶

⁵This section is new in Regulation B. It varies from the Board's November proposal chiefly in making it clear that the definition of pertinent element of creditworthiness applies only where a judgmental evaluation of an applicant's creditworthiness is being made.

⁶The proviso forbidding creditors to deny or terminate credit because credit-related insurance is not available due to the applicant's age, and the admissibility of questions on insurance application regarding age, sex, and marital status were not part of the November proposal.

SPECIAL-PURPOSE CREDIT PROGRAMS⁷

This section of Regulation B is meant to make room, under the law, for credit programs designed—without intent to evade the Equal Credit Opportunity Act—to benefit special groups of economically disadvantaged persons or to meet special social needs even though such programs may exclude some groups that the act protects from discrimination in the extension of credit. For example, a program designed to benefit disadvantaged American Indians may exclude non-Indians. But such a program may not discriminate on the basis of marital status.

Such programs may not discriminate on any of the bases prohibited under the act and Regulation B, except that all participants in a special-purpose credit program may be required to have in common one or more characteristics, so long as this exclusion of other characteristics was not designed to circumscribe equal credit opportunity laws.

Special-purpose credit programs eligible under this provision of Regulation B are:

1. Any credit assistance program expressly authorized by Federal or State law for the benefit of an economically disadvantaged class of persons.
2. Any credit assistance program operated by a not-for-profit organization, as defined by the Internal Revenue Code of 1954, for the benefit of its members or of an economically disadvantaged class of persons.
3. Any special-purpose program in which a for-profit organization participates to meet social needs, provided the program has a written plan that identifies those it is designed to benefit and sets forth procedures and standards for helping them with credit, and provided the program makes credit available to a class of persons who probably would not otherwise get it or would get it on less favorable terms.

Solicitation and consideration of information pertinent to establishing whether applicants share a common characteristic required by a special-purpose credit program are not unlawful discrimination.

When financial need is a criterion for the extension of credit under a special-purpose program, inquiries otherwise not permissible concerning

⁷This section has been considerably revised in detail from the November proposal, although it remains basically the same. It is not a part of existing Regulation B.

marital status, income from alimony, child support, separate maintenance, and the spouse's financial resources may be made and considered in determining eligibility of applicants to participate in the program.

RELATION TO STATE LAW⁸

The regulation states as a general rule that it alters, affects, or pre-empts only those State laws that are inconsistent with the regulation and then only to the extent of the inconsistency. A State law is not inconsistent with the regulation if it differs by being more protective of the applicant than is Federal law.

Together with Regulation B, the Board issued a supplement to the regulation setting forth in detail the procedures and criteria under which a State may seek an exemption.

SPECIAL TREATMENT OF SOME TYPES OF CREDIT⁹

Regulation B permits partial exemptions from the general prohibitions of the regulation for transactions involving public utilities credit, securities credit, incidental credit,¹⁰ business credit, and credit extended to governments. These are set forth in Section 202.8 of the regulation.

REQUIRED NOTIFICATIONS

Regulation B requires four types of notifications to applicants for credit. The first three, which must

⁸This section is generally the same as in the Board's November proposal but is derived from the amended act and therefore differs from existing Regulation B. The Board deleted from this section a part of the November proposal but is derived from the amended laws that did not permit inquiries permitted on model Federal Reserve forms, since such State laws may be more protective than the Federal law.

⁹This section was adopted by the Board with little change from the November proposal; the chief exception was that in some cases the general prohibition on inquiries about sex has been deleted. Also, business credit applicants may request an explanation of adverse action and request that records of an adverse action be retained.

¹⁰Incidental credit is credit extended for the convenience of the consumer on an informal basis by those who are not regularly in the business of being creditors, and that does not involve a finance charge or more than four payments. Incidental credit may be extended through the use of a credit card by other than the issuer of the card.

be supplied together when adverse action occurs, are notification of action taken, notification of rights under the Equal Credit Opportunity Act, and either a statement of specific reasons for adverse action or a written statement of the right to such reasons. The fourth, called "Credit History for Married Persons" is notice to married couples of their right to have credit information included in credit reports in both names under certain conditions.

NOTICE OF ACTION TAKEN. A creditor must notify an applicant of action taken on an application either implicitly (for example, when an applicant gets a requested credit card or a loan) or explicitly—

Within 30 days: (1) after receiving a completed application; (2) after taking adverse action before an application is completed; (3) after taking adverse action in connection with an existing account.

Within 90 days: after an applicant has been notified by the creditor of an offer of credit substantially different from the request made by the applicant, and the applicant has not expressly accepted or used the credit offered.

A notice to an applicant that adverse action has been taken must be in writing and it shall contain a statement of the action taken, a notice of rights under ECOA, the name and address of the Federal agency responsible for compliance, and a statement of specific reasons for adverse action, or disclosure of the applicant's right to have such a statement. This notification must be made within 30 days after the creditor receives a request for a statement. The applicant must file a request within 60 days after notice of the action taken.

STATEMENT OF SPECIFIC REASONS. The regulation specifies that a statement of reasons for adverse action must be specific—a general statement such as that the applicant did not score high enough on a credit-scoring system does not suffice.

A creditor may use a statement or checklist of his own devising of reasons for adverse action, or he may use all or part of a sample form supplied by the Board in the regulation (in Sec. 202.9(b)(2)). Use of the sample form, when properly completed, will satisfy the requirements of the regulation. A statement of reasons for adverse action may be given orally but, if so, the creditor shall notify the applicant of the applicant's right to receive a statement of reasons in writing.

NOTICE OF RIGHTS UNDER ECOA. The Board has supplied in Regulation B a model notice of rights of applicants for credit under the ECOA. It provided that a creditor complies by supplying a notice that adheres substantially to the content of the Board's model notice, and that the creditor may include a reference in the notice to any similar State statute or regulation. The model notice, revised to take account of the 1976 amendments to the Equal Credit Opportunity Act, is as follows:

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A of Regulation B, p. 48 of this BULLETIN).

CREDIT HISTORY FOR MARRIED PERSONS. For accounts established *on or after* June 1, 1977, a creditor who furnishes credit information to other creditors shall:

1. Determine whether both spouses can use an account or are contractually liable.
2. Designate any such account in a way to reflect the participation of both spouses.
3. Furnish information so as to enable the agency to provide access to the information about the account in the names of both spouses.
4. Where credit information is furnished in response to an inquiry regarding a particular applicant, furnish it only about the spouse concerned in the inquiry.

For accounts established *before* June 1, 1977, a creditor furnishing credit information to another creditor shall either:

1. Not later than June 1, 1977, determine if it is an account usable by both spouses or on which both are contractually liable, and if so, designate it in a manner to reflect the participation of both spouses, and comply with the reporting requirements above.
2. Before October 1, 1977, mail or deliver to all applicants in whose name an account is carried on the creditor's records one copy of the notice "Credit History for Married Persons."

For open-end accounts (such as credit-card accounts) this requirement may be satisfied by mailing one notice at any time before October 2, 1977, to all accounts for which any billing statement is sent between June 1 and October 1, 1977. For closed-end accounts a creditor may delete from the "Credit History for Married Persons" references to who may use the account.

The text of the notice to married persons follows:

CREDIT HISTORY FOR MARRIED PERSONS

The Federal Equal Credit Opportunity Act prohibits credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age (provided that a person has the capacity to enter into a binding contract); because all or part of a person's income derives from any public assistance program; or because a person in good faith has exercised any right under the Federal Consumer Credit Protection Act. Regulations under the Act give married persons the right to have credit information included in credit reports in the name of both the wife and the husband if both use or are responsible for the account. This right was created, in part, to insure that credit histories will be available to women who become divorced or widowed.

If your account with us is one that both husband and wife signed for or is an account that is being used by one of you who did not sign, then you are entitled to have us report credit information relating to the account in both your names. If you choose to have credit information concerning your account with us reported in both your names, please fill in and sign the statement below and return it to us.

Federal regulations provide that signing your name below will not change or increase your or your spouse's legal liability on the account. Your signature will only request that credit information be reported in both your names.

If you do not complete and return the form below, we will continue to report your credit history in the same way that we do now.

When you furnish credit information on this account, please report all information concerning it in both our names.

Account number	_____	Print or type name
	_____	Print or type name
	_____	Signature of either spouse

The Board provided that the signature of either spouse is sufficient to avoid permitting one spouse to exercise a veto over access to the credit history of the account.

Provisions regarding information that may be or may not be requested or obtained on applications, rules regarding evaluation of applications, and specific rules on extensions of credit are substantially similar to those in the existing Regulation B.

The Board intends to publish in the near future sample model application forms to aid in compliance.

RECORD RETENTION

A creditor may retain any information prohibited by the act or regulation when such information was obtained from any source before March 23, 1977, or at any time from credit-reporting agencies or from the applicant or others without specific request by the creditor or to monitor compliance with the act.

Creditors shall retain for 25 months after notifying an applicant of action taken in connection with an application:

—any application form received; other information concerning the applicant's characteristics or for enforcement purposes and copies of notification of action taken, statement of specific reasons for adverse action, and any written statement by the applicant alleging violation of the Act or Regulation B.

When a creditor has notification that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the act or Regulation B, the information cited above shall be retained until final disposition of the matter.

PENALTIES

Creditors other than governmental entities who fail to comply with the act or Regulation B are subject to civil liability for actual and punitive damages in individual or class actions. Liability for punitive damages is limited to \$10,000 in individual actions and to the lesser of \$500,000 or 1 per cent of the creditor's net worth in class actions.

Infractions resulting from inadvertent error—a mechanical, electronic, or clerical error that a creditor demonstrates was not intentional and occurred despite procedures reasonably adapted to

avoid such error—are not violations of Regulation B or of the act.

REGULATION F: Amendment

The Board of Governors on January 4, 1977, announced the revision of its Regulation F, which governs disclosures to shareholders by member State banks with more than 500 shareholders. There are currently 61 such banks subject to the regulation.

The revision affects a guideline form and accompanying instructions that set forth the form and content of financial statements to be filed with the Board of Governors.

The changes conform to a recent amendment of the format of financial statements that all member State banks must publish and file with the Board for supervisory purposes (the call report).

REGULATION L: Amendment

The Board of Governors on January 5, 1977, announced an easing of its rules to permit interlocking relationships, under specified conditions, between a member bank and a minority or a women's bank.

The purpose of the amendment to the Board's Regulation L is to assist the development of minority or women's banks by making it easier for them to obtain needed management or operating expertise on their boards of directors.

Interlocking relationships between member banks and other banks in the same city, town, or village are generally prohibited by Regulation L, under the Clayton Antitrust Law. However, the law allows the Board, by regulation, to permit exceptions.

The Board has previously permitted banks in low-income areas to place on their boards a director, officer, or employee of a member bank in the same city, town, or village. Board approval is required in each case.

The amendment to Regulation L extends the exception to such interlocks between a member bank and banks controlled or managed by members of a minority group or women.

The Board established the following conditions for interlocks between a member bank and nearby minority or women's banks:

1. The interlocking relationship must be determined by the Federal Reserve Board to be neces-

sary to provide management or operating expertise to minority or women's banks.

2. There may be no more than three interlocks between any two such banks, and the interlocks may not represent a majority of the board of the bank being assisted.

3. No interlock may continue for more than 5 years.

The new rule, substantially the same as a change in Regulation L proposed in October, is effective immediately.

REGULATION T: Suspension of Provision

The Board of Governors on December 29, 1976, suspended until further notice—for options specialists—a provision of Regulation T (Credit by Brokers and Dealers) that provides a uniform margin for the writing of options.

The uniform margin rule went into effect for others, as scheduled, on January 1, 1977.

On December 15 the Board had published for comment—to be received by January 17, 1977—a proposed amendment to Regulation T that, among other things, would allow an option specialist to use an alternative method of calculating the required margin from that provided in the uniform rules to be effective January 1. Since the Board would not be able to conclude action on its proposed alternative method of calculation by January 1, it suspended the effective date of the uniform rules, as they apply to options specialists, pending further announcement.

PROPOSED INTERPRETATION AND AMENDMENTS

The Board of Governors on December 23, 1976, published for public comment proposed sample forms and instructions that could be used by lessors to comply with the Board's regulations implementing the Consumer Leasing Act of 1976 (Regulation Z). The Board requested comment through January 21, 1977.

In addition, the Board of Governors on December 28, 1976, issued for public comment a proposed amendment to Regulation Z (Truth in Lending) to clarify provisions that permit discounts for cash customers. Comment should be received by February 4, 1977.

The Board on December 30, 1976, issued for comment a proposal to amend Regulation Z (Truth in Lending) to require disclosure of a dealer participation in a consumer credit contract. Comment should be received by the Board by February 4, 1977.

PARTICIPATION IN STANDBY FACILITY

The Treasury Department and the Federal Reserve on January 10, 1977, announced that the United States would participate in the arrangements agreed upon in principle at Basle for a medium-term facility in the amount of \$3 billion relating to official sterling balances. The U.S. participation in this standby facility will be in the amount of \$1 billion. It will be provided through the Federal Reserve System and the U.S. Treasury Exchange Stabilization Fund.

The purpose of these arrangements is to reinforce the international monetary system by helping the United Kingdom to achieve an orderly reduction in the reserve currency role of sterling and in this connection to facilitate the funding of a portion of Britain's external liabilities. The Bank for International Settlements will cooperate in the arrangements and the Managing Director of the International Monetary Fund is being asked to assist in their implementation. These sterling balance arrangements will reinforce the economic program undertaken by the United Kingdom in connection with the \$3.9 billion standby agreement with the IMF on January 3, 1977.

The press announcement made by the central bank group in Basle is as follows:

Discussions have recently been taking place between the United Kingdom and the other Group of Ten countries and Switzerland on the subject of sterling balances. These discussions follow the successful conclusion of the United Kingdom's application to the International Monetary Fund and were prompted by a shared determination to make a joint contribution to greater international monetary stability.

Fluctuations in the official sterling balances have at times in the past been disruptive to the United Kingdom's economic policies and to the international monetary system. The aim in the discussions has therefore been to prevent such instability in the future. In these circumstances, there was general welcome to the United Kingdom's declared

policy to achieve an orderly reduction in the reserve currency role of sterling. To support these aims, agreement in principle has been reached by governors of the central banks concerned, on a medium-term financing facility in the amount of \$3 billion related to the official sterling balances, which at the end of September were valued at \$3.8 billion. This standby facility will be provided to the Bank of England by the BIS, backed up by the participating countries. The Managing Director of the International Monetary Fund is being requested to assist in the implementation of the agreement.

The participating countries are Belgium, Canada, Germany, Japan, the Netherlands, Sweden, Switzerland, and the United States of America. Other countries may wish to participate later.

As part of the operation the United Kingdom intends to offer securities in the form of foreign currency bonds to present official sterling holders.

BANK AND BRANCH DIRECTORS

The Board of Governors announced on January 10, 1977, that 50 new directors would serve on boards of directors of the Federal Reserve Banks and branches this year. Of these, 11 are women.

Over all, the boards of directors of the Reserve Banks and their branches will include 17 women and 16 members of minority groups this year. Of the women directors, 4 will serve on head office boards and 13 on branch boards. Minorities represented include six blacks, seven Hispanics, two American Indians, and one Oriental. Three of the blacks will serve on head office boards.

During 1976 there were seven women directors in the System, all at branch offices. In addition, last year's directors included five blacks—two at head offices, five Hispanics, two American Indians, and one Oriental. One of the new women directors at a head office this year formerly chaired the branch board at San Antonio.

There are 269 directors in the Federal Reserve System, 108 of them at the 12 Federal Reserve Banks and 161 at the 25 branches.

Each of the 12 Federal Reserve Banks has a board of directors of 9 members. Three members represent member banks and are bankers (Class A); three other members represent business, industry, and commerce in the district (Class B); and three members are appointed by the Board of Governors in Washington to represent the public

(Class C). Class A and Class B directors are elected to their posts by the member banks in the Federal Reserve district.

Of the four women directors at head offices, three are Class C directors (at Philadelphia, Dallas, and San Francisco) and one is a Class B director (at St. Louis).

Branch boards consist of either five or seven members. Appointments to those boards are made by the boards of directors of the individual Reserve Banks and by the Board of Governors in Washington.

RESERVE BANK EARNINGS

Preliminary figures indicate that gross current earnings of the Federal Reserve Banks amounted to \$6,623 million during 1976, a 5.8 per cent increase from a year earlier. Net expenses, including assessment for expenditures of the Board of Governors, totaled \$649 million, leaving current net earnings of \$5,974 million.

With a \$7 million net addition to the profit and loss account, net earnings before payments to the U.S. Treasury were \$5,981 million. Payments to the Treasury as interest on Federal Reserve notes amounted to \$5,870 million; statutory dividends to member banks, \$57 million; and additions to Reserve Bank surplus, \$54 million.

Under the policy adopted by the Board of Governors at the end of 1964, all net earnings after the statutory dividend to member banks and additions to surplus to bring it to the level of paid-in capital were paid to the U.S. Treasury as interest on Federal Reserve notes.

Compared with 1975, gross earnings were up \$365 million. The principal changes in earnings were as follows: U.S. Government securities, an increase of \$407 million; loans, a decrease of \$8 million; and acceptances, a decrease of \$20 million.

BANK HOLDING COMPANIES: Revised Reports

The Board of Governors on December 27, 1976, approved revisions of the bank holding company annual report (F.R. Y-6) and the bank holding company financial supplement (F.R. Y-6 Supplement), effective with reporting of year-end 1976 data.

The revisions are part of a broad effort by the Board to refine reports from bank holding companies to increase the effectiveness of Federal Reserve supervision of bank holding companies and at the same time to reduce their reporting burdens. Under the Bank Holding Company Act the Federal Reserve is responsible for supervision of bank holding companies. A bank holding company is a company controlling one or more banks.

The bank holding company annual report requires filing of detailed information annually soon after the year-end on the ownership, structure, activities, and financial condition of bank holding companies. This report also collects information the Federal Reserve needs for analysis of bank holding companies, individually or in aggregates.

The revisions adopted by the Board, for use in reporting 1976 data, include: requirements for new information and detail to strengthen use of the report for supervisory purposes; elimination of some items regarded as unnecessary; and consolidation and reorganization of the information collected to ease the reporting burden.

The financial supplement provides information in a form that can be used by computers for quick monitoring of changes in the financial condition of bank holding companies, individually or in aggregates.

The changes in the supplement are designed to expedite the receipt of timely information on the financial condition of consolidated bank holding companies and parent organizations. The 1976 supplement is required to be filed within 45 days after the close of the bank holding company's fiscal year, instead of 90 days as at present.

In 1975 all bank holding companies (about 1,900) were required to file the supplement. For 1976 the requirement is limited to about 750 medium and large bank holding companies, those with assets of \$50 million or more in total banking assets.

CHANGES IN BOARD STAFF

The Board of Governors announced on January 3, 1977, a reorganization of functions within the Division of Consumer Affairs.

Nathaniel E. Butler, Chief of the Equal Credit Opportunity Section, and Jerauld C. Kluckman, Assistant Director, were named to fill two newly created Associate Director positions in the Division.

Before joining the Board's staff in March 1976, Mr. Butler had served as acting administrator of the Colorado Uniform Consumer Credit Code. He is a graduate of Colby College in Waterville, Maine, and the University of Chicago Law School.

The Board of Governors has also announced the temporary appointment of Ruth A. Reister, Assistant Vice President and Assistant Counsel at the Federal Reserve Bank of Minneapolis, as Assistant Secretary of the Board for a 6-month period beginning February 1, 1977.

On the staff of the Minneapolis Reserve Bank since 1970, Ms. Reister holds an A.B. and J.D. from the University of Michigan and a Business Administration Certificate from Harvard-Radcliffe. She replaces Richard D. Abrahamson, who is returning to the Federal Reserve Bank of Chicago.

CHANGES IN BULLETIN TABLES

With this issue of the BULLETIN a major revision of the statistical section has been implemented. In order to strengthen the form and content of that section, a number of tables have been dropped, several new series have been introduced, and most of the tables have been substantially redesigned. Fewer retrospective data are being shown for almost all series, and the new formats are such that the tables can eventually be produced by automated processes. The new structure continues to reflect the emphasis on financial developments that has always characterized the statistical section.

The Board recognizes the importance of having readily available to the public adequate amounts of the back data for the many series on financial and economic developments. Because of the cut-backs in the amount of data being published regularly in the BULLETIN, the Board inaugurated the *Annual Statistical Digest*. The first issue of the

Digest, which was announced in the BULLETIN for October 1976, covers the period 1971-75, and insofar as possible, it ties in with series published in *Banking and Monetary Statistics, 1941-1970*. Some of the series that are no longer published in the BULLETIN will still appear in the *Digest* because they are believed to be of some historical interest.

REVISED OTC STOCK LIST

The Board of Governors published a revised list of over-the-counter (OTC) stocks that are subject to its margin regulations, effective December 29, 1976.

The revised list, which supersedes the revised list of OTC margin stocks that was issued on May 24, 1976, incorporates the newly amended criteria for inclusion and continued inclusion of stocks on the list. It is available on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

SYSTEM MEMBERSHIP:

Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period November 16, 1977, through January 15, 1977:

Massachusetts

Boston New England Securities
Depository Trust Company

Ohio

Alexandria .. The Alexandria Bank Company

South Dakota

Sioux Falls First Northwestern Trust Co.
of South Dakota

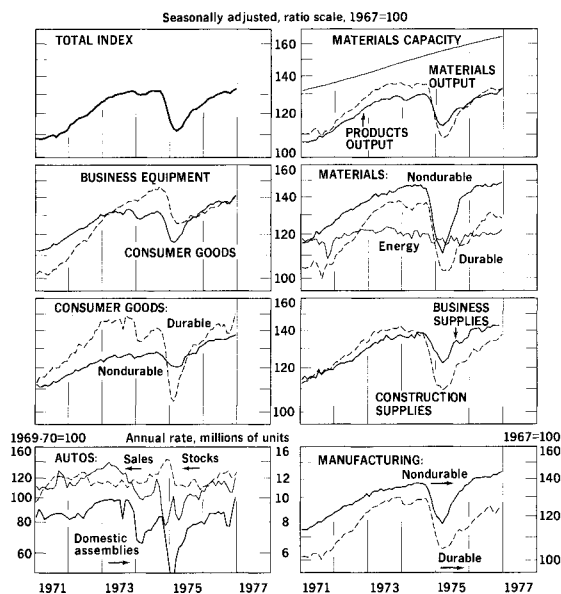
Industrial Production

Released for publication January 17

Industrial production increased by an estimated 0.7 per cent in December to 132.8 per cent of the 1967 average. This increase followed a 1.2 per cent rise in the index for November. About one-third of the December advance was attributed to higher motor vehicle production. Additional increases were widespread among final products and materials other than metals. During 1976, industrial production increased 6.8 per cent, with most of the growth occurring in the first half of the year.

Output of durable consumer goods advanced 4.5 per cent during the month, reflecting a 14 per cent jump in auto and utility vehicle production after allowance for seasonal adjustment. Auto assemblies during December were at a seasonally adjusted annual rate of 10.0 million units, as companies sought to replenish and build stocks—particularly of the faster-selling intermediate- and full-size models. Production of home goods, such as appliances and carpeting and furniture, increased about 0.6 per cent, while the December output of nondurable consumer goods increased 0.4 per cent. Business equipment output is estimated to have increased an additional 1.0 per cent, following a sharp rise in November that stemmed in part from a strike settlement.

Total output of materials is estimated to be unchanged in December, as increases in nondurable and energy materials were offset by decreased output of basic metal materials, primarily steel.



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

Industrial production	Seasonally adjusted, 1967 = 100				Per cent changes from—		
	1976						
	Sept.	Oct.	Nov. ^p	Dec. ^e	Month ago	Year ago	Q3 to Q4
Total	130.8	130.4	131.9	132.8	.7	6.8	.6
Products, total	129.7	129.7	131.6	133.1	1.1	6.6	1.2
Final products	127.4	127.3	129.5	131.2	1.3	6.2	1.2
Consumer goods	136.2	136.9	138.7	141.1	1.7	6.7	1.5
Durable goods	138.4	138.6	143.7	150.1	4.5	12.0	2.0
Nondurable goods	135.3	136.3	136.8	137.4	.4	4.5	1.3
Business equipment	137.5	136.0	139.5	140.9	1.0	7.1	1.0
Intermediate products	138.7	138.4	139.3	140.4	.8	8.1	1.0
Construction supplies	134.3	134.1	135.5	137.4	1.4	10.7	1.4
Materials	132.5	131.6	132.3	132.3	.0	7.3	-.4

^pPreliminary.

^eEstimated.

Financial and Business Statistics

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1976				1976			
	Q 1	Q 2	Q 3	Q 4	Sept.	Oct.	Nov.	Dec.
Monetary and credit aggregates, (Annual rates of change, seasonally adjusted in per cent) ¹²								
Member bank reserves:								
1 Total Reserves.....	-6.3	3.9	0.2	8.2	-5.8	4.5	13.6	6.3
2 Required Reserves.....	-5.8	4.0	0.4	7.0	-5.6	3.8	12.3	4.9
3 Nonborrowed.....	-5.4	3.0	1.0	8.3	-4.4	3.3	14.4	7.0
Concepts of money: ¹								
4 M-1.....	2.7	8.4	4.1	6.0	-0.4	13.7	.....	8.1
5 M-2.....	9.7	10.8	9.2	12.1	9.5	15.7	10.3	12.3
6 M-3.....	11.2	12.0	11.6	14.0	13.2	16.5	11.6	12.7
Time and savings deposits:								
Commercial banks:								
7 Total.....	7.2	5.3	7.1	12.1	9.7	14.0	15.6	18.1
8 Other than large CD's.....	15.3	12.5	13.2	16.7	16.9	17.3	17.9	15.3
9 Thrift institutions ²	13.7	14.0	15.4	16.7	18.8	17.1	13.7	13.0
10 Total loans and investments at commercial banks ³	3.8	5.4	5.9	8.7	5.9	12.2	9.4	1.9
Interest rates (levels, per cent per annum)								
Short-term rates:								
11 Federal funds ⁴	4.83	5.19	5.28	4.88	5.25	5.03	4.95	4.65
12 Treasury bills (3-month market yield) ⁵	4.92	5.16	5.15	4.67	5.08	4.92	4.75	4.35
13 Commercial paper (90- to 119-day) ⁶	5.18	5.45	5.41	4.91	5.33	5.10	4.98	4.66
14 Federal Reserve discount ⁷	5.59	5.50	5.50	5.39	5.50	5.50	5.43	5.25
Long-term rates:								
Bonds:								
15 U.S. Government ⁸	8.00	8.01	7.90	7.55	7.78	7.70	7.64	7.31
16 Aaa utility (new issue) ⁹	8.65	8.67	8.48	8.12	8.29	8.25	8.17	7.94
17 State and local government ¹⁰	6.98	6.78	6.64	.....	6.51	6.30	6.29	.....
18 Conventional mortgages ¹¹	9.00	8.98	9.03	.....	9.00	9.00	8.95	.....

¹ M-1 equals currency plus private demand deposits adjusted.² M-2 equals M-1 plus bank time and savings deposits adjusted other than large CD's.³ M-3 equals M-2 plus deposits at mutual savings banks and savings and loan associations and credit union shares.⁴ Savings and loan associations, mutual savings banks, and credit unions.⁵ Quarterly changes calculated from figures shown in Table 1.23 for last month of current and preceding quarters.⁶ Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).⁷ Quoted on a bank-discount rate basis.⁸ Most representative offering rate quoted by five dealers.⁹ Rate for the Federal Reserve Bank of New York.¹⁰ Market yields adjusted to a 20-year maturity by the U.S. Treasury.¹¹ Weighted averages of new publicly offered bonds rated Aaa, Aa, and A by Moody's Investors Service and adjusted to an Aaa basis. Federal Reserve compilations.¹² Bond Buyer series for 20 issues of mixed quality.¹³ Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.¹⁴ Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

1.11 MEMBER BANK RESERVES Factors Supplying and Factors Absorbing

Millions of dollars

Factor	Monthly averages of daily figures							End-of-month figures		
	1976							1976		
	June	July	Aug.	Sept.	Oct.	Nov.	Dec. ^p	Oct.	Nov.	Dec. ^p
SUPPLYING RESERVE FUNDS										
1 Reserve Bank credit outstanding.....	103,106	104,799	105,393	105,880	107,270	106,522	107,757	108,839	104,741	110,793
2 U.S. Government securities, ¹	88,704	90,256	91,583	91,966	93,535	92,659	93,412	95,839	91,660	97,021
3 Bought outright.....	87,477	89,405	89,259	89,926	91,886	91,527	91,031	93,278	91,660	93,268
4 Held under repurchase agreement.....	1,227	851	2,324	2,040	1,649	1,132	2,381	2,561	.....	3,753
5 Federal agency securities,.....	6,888	6,849	6,875	6,831	6,839	6,848	6,916	6,836	6,857	7,072
6 Bought outright.....	6,812	6,805	6,799	6,763	6,757	6,804	6,805	6,757	6,857	6,794
7 Held under repurchase agreement.....	76	44	76	68	82	44	111	79	.....	278
8 Acceptances.....	647	475	580	447	323	326	457	337	188	991
9 Loans.....	120	123	104	75	66	84	62	44	40	26
10 Float.....	2,678	2,721	2,512	2,880	2,763	3,094	3,656	2,013	2,635	2,501
11 Other Federal Reserve assets.....	4,069	4,375	3,739	3,681	3,744	3,511	3,254	3,770	3,361	3,182
12 Gold stock.....	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598
13 Special Drawing Rights certificate account.....	530	700	700	703	1,123	1,200	1,200	1,200	1,200	1,200
14 Treasury currency outstanding.....	10,623	10,648	10,690	10,737	10,778	10,826	10,867	10,729	10,779	10,884
ABSORBING RESERVE FUNDS										
15 Currency in circulation.....	88,547	89,423	89,548	89,863	90,312	91,988	93,734	90,285	93,003	93,790
16 Treasury cash holdings.....	510	467	454	442	482	458	466	453	469	460
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury.....	6,778	7,404	7,797	8,270	9,199	6,709	6,138	10,238	6,766	10,393
18 Foreign.....	252	262	275	249	266	259	306	362	305	352
19 Other.....	784	945	979	1,071	1,012	947	974	953	1,022	1,357
20 Other F.R. liabilities and capital....	3,275	3,310	3,326	3,315	3,372	3,326	3,253	3,615	3,514	3,063
21 Member bank reserves with F.R. Banks.....	25,711	25,933	26,001	25,708	26,127	26,458	26,550	26,461	23,239	25,059
Weekly averages of daily figures for weeks ending—										
1976										
Wednesday figures										
1976										
SUPPLYING RESERVE FUNDS										
22 Reserve Bank credit outstanding.....	107,590	103,527	104,725	108,600	112,778	104,645	105,591	109,415	113,796	115,810
23 U.S. Government securities, total ¹	93,225	89,543	91,544	94,495	97,278	89,535	91,612	94,313	98,162	100,959
24 Bought outright.....	91,593	89,543	90,761	91,811	91,791	89,535	91,612	91,379	91,687	91,505
25 Held under repurchase agreement.....	1,632	.....	783	2,684	5,487	.....	.....	2,934	6,475	9,454
26 Federal agency securities, total.....	6,915	6,833	6,825	6,883	7,076	6,833	6,833	6,894	7,012	7,203
27 Bought outright.....	6,856	6,833	6,800	6,794	6,794	6,833	6,833	6,794	6,794	6,794
28 Held under repurchase agreement.....	59	.....	25	89	282	.....	.....	100	218	409
29 Acceptances.....	401	195	258	440	810	197	189	544	708	1,017
30 Loans.....	87	26	69	37	82	349	24	329	75	375
31 Float.....	3,556	3,530	2,826	3,586	4,340	4,093	3,610	4,175	4,721	3,014
32 Other Federal Reserve assets.....	3,407	3,400	3,203	3,158	3,191	3,638	3,323	3,160	3,118	3,242
33 Gold stock.....	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598
34 Special Drawing Rights certificate account.....	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
35 Treasury currency outstanding.....	10,843	10,848	10,862	10,874	10,881	10,843	10,848	10,864	10,879	10,884
ABSORBING RESERVE FUNDS										
36 Currency in circulation.....	92,781	93,019	93,660	93,953	94,282	93,075	93,641	94,092	94,519	94,545
37 Treasury cash holdings.....	463	477	465	475	475	479	464	447	475	475
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury.....	6,531	3,708	3,442	6,478	9,781	6,189	3,011	3,328	8,632	9,684
39 Foreign.....	280	258	271	305	385	312	292	335	287	257
40 Other.....	1,133	982	1,046	916	882	1,176	970	885	840	932
41 Other F.R. liabilities and capital....	3,470	3,069	3,134	3,263	3,492	3,488	3,025	3,219	3,367	3,567
42 Member bank reserves with F.R. Banks.....	26,573	25,660	26,365	26,881	27,159	23,567	27,834	30,770	29,352	30,031

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

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

1.12 RESERVES AND BORROWINGS of Member Banks

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1975	1976								
	Dec.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec. ^p
All member banks:										
Reserves:										
1 At F.R. Banks.....	27,215	26,345	26,236	25,711	25,933	26,001	25,708	26,127	26,458	26,550
2 Currency and coin.....	7,773	7,568	7,838	7,903	8,064	7,989	8,113	8,025	8,180	8,550
3 Total held ¹	34,989	34,063	34,228	33,774	34,146	34,141	33,979	34,305	34,797	35,258
4 Required.....	34,727	33,974	33,846	33,637	34,076	33,844	33,692	34,116	34,433	34,967
5 Excess ¹	262	89	382	117	70	297	287	189	364	291
Borrowings at F.R. Banks: ²										
6 Total.....	127	44	121	120	123	104	75	66	84	62
7 Seasonal.....	13	11	11	20	24	28	31	32	21	13
Large banks in New York City:										
8 Reserves held.....	6,812	6,670	6,672	6,546	6,507	6,559	6,372	6,374	6,589	6,465
9 Required.....	6,748	6,668	6,659	6,524	6,548	6,501	6,308	6,346	6,485	6,602
10 Excess.....	64	2	13	22	-41	58	64	28	104	-137
11 Borrowings ²	63	.....	29	26	37	28	22	.....	36	15
Large banks in Chicago:										
12 Reserves held.....	1,740	1,702	1,578	1,767	1,672	1,684	1,615	1,648	1,621	1,619
13 Required.....	1,758	1,706	1,647	1,676	1,690	1,625	1,617	1,635	1,602	1,641
14 Excess.....	-18	-4	-69	91	-18	59	-2	13	19	-22
15 Borrowings ².....	.....	8	2	7	13	6	3	3	.....	4
Other large banks:										
16 Reserves held.....	13,249	12,597	12,829	12,318	12,633	12,610	12,584	12,704	12,889	12,839
17 Required.....	13,160	12,644	12,532	12,443	12,660	12,549	12,521	12,706	12,802	13,052
18 Excess.....	89	-47	297	-125	-27	61	63	-2	87	-213
19 Borrowings ²	26	15	33	22	11	20	3	17	7	14
All other banks:										
20 Reserves held.....	13,188	13,094	13,149	13,143	13,334	13,288	13,408	13,579	13,698	13,844
21 Required.....	13,061	12,956	13,008	13,014	13,178	13,169	13,246	13,429	13,544	13,672
22 Excess.....	127	138	141	129	156	119	162	150	154	172
23 Borrowings ²	38	21	57	65	62	50	47	46	41	29
Weekly averages of daily figures for weeks ending—										
	1976									
	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22 ^p	Dec. 29 ^p
All member banks										
Reserves:										
24 At F.R. Banks.....	26,184	26,343	25,417	26,777	26,596	26,573	25,660	26,365	26,881	27,159
25 Currency and coin.....	7,844	8,277	8,452	8,235	7,637	8,381	8,494	8,931	8,151	8,624
26 Total held ¹	34,184	34,778	34,027	35,171	34,392	35,113	34,313	35,456	35,190	35,941
27 Required.....	34,073	34,317	34,005	34,818	34,272	34,729	34,188	34,989	35,086	35,494
28 Excess ¹	111	461	22	353	120	384	125	467	104	447
Borrowings at F.R. Banks: ²										
29 Total.....	119	202	50	54	44	87	26	69	37	82
30 Seasonal.....	33	29	23	21	21	18	14	13	11	11
Large banks in New York City										
31 Reserves held.....	6,122	6,472	6,338	6,875	6,316	6,541	6,467	6,775	6,682	6,563
32 Required.....	6,134	6,362	6,349	6,803	6,320	6,526	6,406	6,763	6,570	6,628
33 Excess.....	-12	110	-11	72	-4	15	61	12	112	-65
34 Borrowings ².....	.....	128	14	14	.....	44	.....	16	.....	6
Large banks in Chicago										
35 Reserves held.....	1,654	1,626	1,584	1,655	1,551	1,669	1,556	1,689	1,647	1,619
36 Required.....	1,651	1,619	1,576	1,658	1,521	1,654	1,586	1,660	1,630	1,674
37 Excess.....	3	7	8	-3	30	15	-30	29	17	-55
38 Borrowings ²	13	.....	.....	.....	.....	.....	.....	18	.....	.....
Other large banks										
39 Reserves held.....	12,703	12,936	12,649	12,967	12,746	13,020	12,588	13,245	13,096	12,985
40 Required.....	12,693	12,805	12,726	12,895	12,735	12,857	12,655	13,008	13,158	13,339
41 Excess.....	10	131	-77	72	11	163	-67	237	-62	-354
42 Borrowings ²	60	17	.....	3	6	5	.....	9	10	45
All other banks										
43 Reserves held.....	13,705	13,744	13,456	13,674	13,779	13,883	13,702	13,747	13,815	14,012
44 Required.....	13,595	13,531	13,354	13,462	13,696	13,692	13,541	13,558	13,728	13,853
45 Excess.....	110	213	102	212	83	191	161	189	87	159
46 Borrowings ²	46	57	36	37	38	38	26	26	27	31

¹ Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merges into an existing member bank, or when a

nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

² Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS of Money Market Banks

Millions of dollars, except as noted

Type	1976, week ending—								
	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
Total, 46 banks									
Basic reserve position:									
1 Excess reserves ¹	194	28	163	114	34	46	237	71	31
2 LESS:									
3 Borrowings at F.R. Banks.....	132	14	17	.....	44	.....	41	4	15
Net interbank Federal funds transactions.....	16,086	20,680	19,191	17,257	15,990	19,282	20,453	19,521	16,472
EQUALS: Net surplus, or deficit (—):									
4 Amount.....	—16,024	—20,666	—19,044	—17,143	—16,000	—19,236	—20,257	—19,454	—16,457
5 Per cent of average required reserves.....	107.8	139.9	123.8	117.0	105.5	130.3	131.2	127.5	106.7
Interbank Federal funds transactions:									
Gross transactions:									
6 Purchases.....	23,762	26,748	25,525	23,167	22,611	24,866	26,820	26,662	24,354
7 Sales.....	7,676	6,068	6,335	5,910	6,621	5,584	6,367	7,142	7,882
8 Two-way transactions ²	5,085	4,224	4,841	4,494	4,795	4,517	4,686	4,942	5,191
Net transactions:									
9 Purchases of net buying banks... ..	18,677	22,524	20,685	18,673	17,816	20,349	22,134	21,721	19,164
10 Sales of net selling banks.....	2,591	1,843	1,494	1,417	1,826	1,068	1,682	2,199	2,691
Related transactions with U.S. Government securities dealers:									
11 Loans to dealers ³	3,501	4,888	3,714	3,047	3,436	4,680	4,413	4,173	3,305
12 Borrowing from dealers ⁴	1,292	917	1,155	1,490	1,552	1,496	1,359	2,034	2,574
13 Net loans.....	2,208	3,970	2,559	1,557	1,885	3,184	3,055	2,139	731
8 banks in New York City									
Basic reserve position:									
14 Excess reserves ¹	106	—8	70	47	—57	57	30	34	4
15 LESS:									
16 Borrowings at F.R. Banks.....	128	14	14	.....	44	.....	16	.....	.....
Net interbank Federal funds transactions.....	5,708	8,009	7,115	5,526	5,045	6,930	7,922	7,760	6,410
EQUALS: Net surplus, or deficit (—):									
17 Amount.....	—5,730	—8,030	—7,059	—5,479	—5,146	—6,873	—7,908	—7,726	—6,407
18 Per cent of average required reserves.....	98.6	138.2	113.2	94.9	85.0	117.3	127.5	128.9	106.1
Interbank Federal funds transactions:									
Gross transactions:									
19 Purchases.....	6,739	8,450	7,830	6,238	5,865	7,555	8,548	8,505	7,463
20 Sales.....	1,031	442	714	712	820	625	626	745	1,053
21 Two-way transactions ²	1,031	442	715	712	820	625	626	745	841
Net transactions:									
22 Purchases of net buying banks... ..	5,708	8,009	7,115	5,526	5,045	6,930	7,922	7,760	6,622
23 Sales of net selling banks.....	.....	.....	.....	.....	.....	.....	.....	.....	212
Related transactions with U.S. Government securities dealers:									
24 Loans to dealers ³	2,278	2,440	2,115	1,834	1,966	2,407	2,542	2,573	1,813
25 Borrowing from dealers ⁴	158	143	241	296	364	389	367	375	437
26 Net loans.....	2,120	2,297	1,874	1,538	1,602	2,018	2,175	2,198	1,377
38 banks outside New York City									
Basic reserve position:									
27 Excess reserves ¹	88	35	93	67	91	—11	207	37	27
28 LESS:									
29 Borrowings at F.R. Banks.....	4	.....	3	.....	.....	.....	25	4	15
Net interbank Federal funds transactions.....	10,378	12,671	12,075	11,731	10,945	12,352	12,531	11,761	10,062
EQUALS: Net surplus, or deficit (—):									
30 Amount.....	—10,294	—12,636	—11,985	—11,665	—10,854	—12,363	—12,349	—11,729	—10,050
31 Per cent of average required reserves.....	113.8	141.0	131.1	131.4	119.1	138.9	133.6	126.6	107.1
Interbank Federal funds transactions:									
Gross transactions:									
32 Purchases.....	17,023	18,298	17,696	16,929	16,746	17,311	18,272	18,158	16,891
33 Sales.....	6,645	5,626	5,621	5,198	5,801	4,959	5,741	6,397	6,829
34 Two-way transactions ²	4,055	3,783	4,126	3,782	3,975	3,892	4,060	4,197	4,350
Net transactions:									
35 Purchases of net buying banks... ..	12,969	14,515	13,569	13,148	12,771	13,419	14,212	13,961	12,542
36 Sales of net selling banks.....	2,591	1,843	1,494	1,417	1,826	1,068	1,682	2,199	2,480
Related transactions with U.S. Government securities dealers:									
37 Loans to dealers ³	1,223	2,448	1,599	1,213	1,470	2,272	1,872	1,600	1,492
38 Borrowing from dealers ⁴	1,134	774	915	1,194	1,188	1,107	992	1,659	2,138
39 Net loans.....	89	1,673	685	19	282	1,165	880	—60	—646

For notes see end of table.

1.13 Continued

Type	1976, week ending—								
	Nov. 3	Nov. 10	Nov. 17	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
5 banks in City of Chicago									
Basic reserve position:									
40 Excess reserves ¹	10	27	68	41	30	-20	25	42	9
LESS:									
41 Borrowings at F.R. Banks.....							18		
42 Net interbank Federal funds transactions.....	6,170	6,950	6,681	6,131	5,764	5,765	6,140	6,176	5,483
EQUALS: Net surplus, or deficit (-):									
43 Amount.....	-6,159	-6,924	-6,614	-6,090	-5,735	-5,785	-6,133	-6,134	-5,474
44 Per cent of average required reserves.....	408.0	472.4	427.4	430.9	371.3	391.5	396.5	403.9	350.6
Interbank Federal funds transactions:									
Gross transactions:									
45 Purchases.....	6,819	7,383	7,238	6,703	6,479	6,372	6,786	7,044	6,512
46 Sales.....	650	433	557	573	714	607	646	868	1,029
47 Two-way transactions ²	650	433	557	573	714	607	646	856	1,029
Net transactions:									
48 Purchases of net buying banks.....	6,170	6,950	6,681	6,131	5,764	5,765	6,140	6,188	5,483
49 Sales of net selling banks.....								12	
Related transactions with U.S. Government securities dealers:									
50 Loans to dealers ³	390	703	573	389	365	508	565	500	308
51 Borrowing from dealers ⁴	316	127	392	396	390	395	387	299	515
52 Net loans.....	74	576	182	-7	-24	114	178	201	-207
33 other banks									
Basic reserve position:									
53 Excess reserves ¹	78	9	26	26	61	9	182	-6	18
LESS:									
54 Borrowings at F.R. Banks.....	4		3				7	4	15
55 Net interbank Federal funds transactions.....	4,208	5,721	5,394	5,601	5,181	6,587	6,391	5,585	4,579
EQUALS: Net surplus, or deficit (-):									
56 Amount.....	-4,134	-5,712	-5,372	-5,575	-5,120	-6,578	-6,216	-5,595	-4,576
57 Per cent of average required reserves.....	54.8	76.2	70.7	74.7	67.7	88.6	80.8	72.2	58.5
Interbank Federal funds transactions:									
Gross transactions:									
58 Purchases.....	10,204	10,915	10,458	10,226	10,268	10,939	11,486	11,114	10,380
59 Sales.....	5,996	5,194	5,064	4,625	5,087	4,353	5,095	5,529	5,801
60 Two-way transactions ²	3,405	3,350	3,570	3,209	3,261	3,285	3,414	3,341	3,321
Net transactions:									
61 Purchases of net buying banks.....	6,799	7,565	6,888	7,017	7,007	7,654	8,072	7,773	7,058
62 Sales of net selling banks.....	2,591	1,843	1,494	1,417	1,826	1,068	1,682	2,188	2,480
Related transactions with U.S. Government securities dealers:									
63 Loans to dealers ³	833	1,745	1,026	824	1,105	1,764	1,307	1,100	1,183
64 Borrowing from dealers ⁴	818	647	523	798	798	712	604	1,361	1,623
65 Net loans.....	15	1,098	503	26	307	1,052	703	-261	-439

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

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

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

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

NOTE.—Weekly averages of daily figures. For description of series, see Federal Reserve *Bulletin* for August 1964, pp. 944-53. Back data for 46 banks appear in the Board's *Annual Statistical Digest, 1971-1975*, Table 3.

1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and recent levels												
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 12/31/76	Effective date	Previous rate	Rate on 12/31/76	Effective date	Previous rate	Rate on 12/31/76	Effective date ³	Previous rate	Rate on 12/31/76	Effective date	Previous rate
Boston	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
New York	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Philadelphia	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Cleveland	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Richmond	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Atlanta	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Chicago	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
St. Louis	5¼	11/26/76	5½	5¾	11/26/76	6	6¼	11/26/76	6½	8¼	11/26/76	8½
Minneapolis	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Kansas City	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½
Dallas	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/65	6½	8¼	11/22/76	8½
San Francisco	5¼	11/22/76	5½	5¾	11/22/76	6	6¼	11/22/76	6½	8¼	11/22/76	8½

Range of rates in recent years⁵

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

¹ Discounts of eligible paper and advances secured by such paper or by U.S. Govt. obligations or any other obligations eligible for F.R. Bank purchase.

² Advances secured to the satisfaction of the F.R. Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the Section 13 rate.

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

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

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

1.15 MEMBER BANK RESERVE REQUIREMENTS

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect Dec. 31, 1976		Previous requirements ¹	
	Per cent	Effective date	Per cent	Effective date
Net demand: ²				
0-2.....	7	12/30/76	7½	2/13/75
2-10.....	9½	12/30/76	10	2/13/75
10-100.....	11¾	12/30/76	12	2/13/75
100-400.....	12¾	12/30/76	13	2/13/75
Over 400.....	16¼	12/30/76	16½	2/13/75
Time: ^{2,3}				
Savings.....	3	3/16/67	3½	3/2/67
Other time:				
0-5, maturing in—				
30-179 days.....	3	3/16/67	3½	3/2/67
180 days to 4 years.....	42½	1/8/76	3	3/16/67
4 years or more.....	41	10/30/75	3	3/16/67
Over 5, maturing in—				
30-179 days.....	6	12/12/74	5	10/1/70
180 days to 4 years.....	42½	1/8/76	3	12/12/74
4 years or more.....	41	10/30/75	3	12/12/74
Legal limits, Dec. 31, 1976				
	Minimum		Maximum	
Net demand:				
Reserve city banks.....	10		22	
Other banks.....	7		14	
Time.....	3		10	

For changes beginning 1963, see Board's *Annual Statistical Digest, 1971-1975* and for prior changes, see Board's *Annual Report for 1975*, Table 13.

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

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

(c) Member banks are required under the Board's Regulation M to maintain reserves against foreign branch deposits computed on the basis of net balances due from domestic offices to their foreign branches and against foreign branch loans to U.S. residents. Loans aggregating \$100,000 or less to any U.S. resident are excluded from computations, as are total loans of a bank to U.S. residents if not exceeding \$1 million. Regulation D imposes a similar reserve requirement on borrowings from foreign banks by domestic offices of a member bank. A reserve of 4 per cent is required for each of these classifications.

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

⁴ The average of reserves on savings and other time deposits must be at least 3 per cent, the minimum specified by law.

NOTE.—Required reserves must be held in the form of deposits with F.R. Banks or vault cash.

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

Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Dec. 31, 1976		Previous maximum		In effect Dec. 31, 1976		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
Savings	5	7/1/73	4½	1/21/70	5¼	(4)	5	(5)
Negotiable order of withdrawal (NOW) accounts ¹	5	1/1/74			5	1/1/74		
Time (multiple- and single-maturity unless otherwise indicated): ²								
30-89 days:								
Multiple-maturity	5	7/1/73	4½	1/21/70	(6)		(6)	
Single-maturity			5	9/26/66				
90 days to 1 year:								
Multiple-maturity	5½	7/1/73	5	7/20/66	5¾	(4)	5¼	1/21/70
Single-maturity				9/26/66				
1 to 2 years ³	6	7/1/73	5½	1/21/70	6½	(4)	5¾	1/21/70
2 to 2½ years ³	6½	7/1/73	5¾	1/21/70	6¾	(4)	6	1/21/70
2½ to 4 years			5¾	1/21/70			6	1/21/70
4 to 6 years	7¼	11/1/73	(7)		7½	11/1/73	(7)	
6 years or more	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
Governmental units (all maturities)	7¾	12/23/74	7½	11/27/74	7¾	12/23/74	7½	11/27/74

¹ For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer NOW accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976.

² For exceptions with respect to certain foreign time deposits see the Federal Reserve BULLETIN for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).

³ A minimum of \$1,000 is required for savings and loan associations, except in areas where mutual savings banks permit lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year effective Nov. 1, 1973.

⁴ July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations.

⁵ Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.

⁶ No separate account category.

⁷ Between early July 1973 and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of \$1,000; however, the amount of such certificates that an institution could issue was limited to 5 per cent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than \$1,000,

were limited to the 6½ per cent ceiling on time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, the present ceilings were imposed on certificates maturing in 4 years or more with minimum denominations of \$1,000. There is no limitation on the amount of these certificates that banks can issue. In December 1975 the Federal regulatory agencies removed the minimum-denomination requirement on time deposits representing funds contributed to an individual retirement account (IRA) established pursuant to the Internal Revenue Code. Similar action was taken for Keogh (H.R. 10) plans in November 1976.

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

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction		1973	1974	1975	1976						
					May	June	July	Aug.	Sept.	Oct.	Nov.
U.S. Govt. securities											
Outright transactions (excl. matched sale-purchase transactions):											
Treasury bills:											
1	Gross purchases	15,517	11,660	11,562	1,335	2,719	279	1,100	1,125	618	346
2	Gross sales	4,880	5,830	5,599	1,224	524	1,413	171	171	.....	480
3	Redemptions	3,405	4,550	26,431	403	350	875	.....	.....	200	600
Others within 1 year: ¹											
4	Gross purchases	1,396	450	3,886	.....	83	.....	42	129	.....	18
5	Gross sales .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
6	Exchange, or maturity shift	1,047	-1,183	-4	2,602	-449	59	-1,525	-285	66	1,047
7	Redemptions	1,187	131	3,549	.....	.....	.....	.....	.....	.....	.....
1 to 5 years:											
8	Gross purchases	579	797	23,284	.....	617	.....	301	580	.....	113
9	Gross sales .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
10	Exchange, or maturity shift	-2,028	-697	3,854	-3,105	449	-59	-79	285	-66	430
5 to 10 years:											
11	Gross purchases	500	434	1,510	.....	195	.....	72	272	.....	62
12	Gross sales .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
13	Exchange, or maturity shift	895	1,675	-4,697	418	.....	.....	1,354	.....	.....	-1,167
Over 10 years:											
14	Gross purchases	129	196	1,070	.....	96	.....	65	95	.....	73
15	Gross sales .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
16	Exchange, or maturity shift	87	205	848	85	.....	.....	250	.....	.....	-310
All maturities: ¹											
17	Gross purchases	18,121	13,537	221,313	1,335	3,709	279	1,579	2,202	618	612
18	Gross sales	4,880	5,830	5,599	1,224	524	1,413	171	171	.....	480
19	Redemptions	4,592	4,682	29,980	403	350	875	.....	.....	200	600
Matched sale-purchase transactions:											
20	Gross sales	45,780	64,229	151,205	12,417	20,973	10,522	16,389	19,828	23,289	22,675
21	Gross purchases	45,780	62,801	152,132	12,355	21,205	10,468	16,180	19,563	24,501	21,525
Repurchase agreements:											
22	Gross purchases	74,755	71,333	140,311	20,355	14,409	12,947	26,641	24,108	16,603	17,612
23	Gross sales	74,795	70,947	139,538	21,203	13,643	14,657	24,655	23,477	18,821	20,173
24	Net change	8,610	1,984	7,434	-1,202	3,834	-3,773	3,357	2,397	-588	-4,179
Federal agency obligations											
Outright transactions:											
25	Gross purchases	865	3,087	1,616	240	.....	.....	.....	.....	.....	115
26	Gross sales .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
27	Redemptions	239	322	246	20	22	.....	27	22	.....	14
Repurchase agreements:											
28	Gross purchases	11,022	23,204	15,179	945	699	495	769	1,071	705	897
29	Gross sales	10,993	22,735	15,566	923	576	726	674	889	949	976
Bankers acceptances											
30	Outright transactions, net	-2	511	163	-51	-78	-31	-68	-55	-9	-9
31	Repurchase agreements, net	-36	420	-35	-69	229	-339	220	85	-492	-140
32	Net change in System Account	9,227	6,149	8,539	-1,080	4,086	-4,375	3,577	2,587	-1,332	-4,307

¹ Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1973, 1,187; 1974, 131; and 1975, 3,549.

² In 1975, the System obtained \$421 million of 2-year Treasury notes

in exchange for maturing bills of the Federal Financing Bank. Acquisition of these notes is treated as a purchase; the run-off of bills, as a redemption.

NOTE.—Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not add to totals because of rounding.

1.18 FEDERAL RESERVE BANKS Condition and F.R. Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1976					1976		
	Dec. 1	Dec. 8	Dec. 15	Dec. 22 ^p	Dec. 29 ^p	Oct. 31	Nov. 30	Dec. 31 ^p
Consolidated condition statement								
ASSETS								
1 Gold certificate account.....	11,598	11,598	11,598	11,598	11,598	11,598	11,598	11,598
2 Special Drawing Rights certificate account.....	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
3 Cash.....	357	356	358	361	357	381	362	364
Loans:								
4 Member bank borrowings.....	349	24	329	75	375	44	40	26
5 Other.....								
Acceptances:								
6 Bought outright.....	197	189	195	195	196	197	188	196
7 Held under repurchase agreements.....			349	513	821	140		795
Federal agency obligations:								
8 Bought outright.....	6,833	6,833	6,794	6,794	6,794	6,757	6,857	6,794
9 Held under repurchase agreements.....			100	218	409	79		278
U.S. Govt. securities:								
Bought outright:								
10 Bills.....	35,867	37,944	37,711	37,527	37,345	39,875	37,992	38,571
11 Certificates—Special.....								
12 Other.....								
13 Notes.....	47,089	47,089	47,089	47,470	47,470	46,897	47,089	47,972
14 Bonds.....	6,579	6,579	6,579	6,690	6,690	6,506	6,579	6,725
15 Total ¹	89,535	91,612	91,379	91,687	91,505	93,278	91,660	93,268
16 Held under repurchase agreements.....			2,934	6,475	9,454	2,561		3,753
17 Total U.S. Govt. securities.....	89,535	91,612	94,313	98,162	100,959	95,839	91,660	97,021
18 Total loans and securities.....	96,914	98,658	102,080	105,957	109,554	103,056	98,745	105,110
19 Cash items in process of collection.....	9,765	8,717	10,471	11,260	8,644	6,731	8,785	7,735
20 Bank premises.....	364	366	366	367	363	358	364	363
21 Operating equipment.....	28	27	27	26	26	26	28	25
Other assets:								
22 Denominated in foreign currencies.....	544	545	241	183	175	401	546	170
23 All other.....	2,702	2,385	2,526	2,542	2,678	2,985	2,423	2,624
24 Total assets.....	123,472	123,852	128,867	133,494	134,595	126,736	124,051	129,189
LIABILITIES								
25 F.R. notes.....	83,068	83,613	84,034	84,477	84,494	80,389	83,055	83,731
Deposits:								
26 Member bank reserves.....	23,567	27,834	30,770	29,352	30,031	26,461	23,239	25,059
27 U.S. Treasury—General account.....	6,189	3,011	3,328	8,632	9,684	10,238	6,766	10,393
28 Foreign.....	312	292	335	287	257	362	305	352
29 Other ²	1,176	970	885	840	932	953	1,022	1,357
30 Total deposits.....	31,244	32,107	35,318	39,111	40,904	38,014	31,332	37,161
31 Deferred availability cash items.....	5,672	5,107	6,296	6,539	5,630	4,718	6,150	5,234
32 Other liabilities and accrued dividends.....	1,026	942	1,023	1,056	1,152	1,165	1,065	1,097
33 Total liabilities.....	121,010	121,769	126,671	131,183	132,180	124,286	121,602	127,223
CAPITAL ACCOUNTS								
34 Capital paid in.....	974	974	975	980	984	974	974	983
35 Surplus.....	929	929	929	929	929	929	929	983
36 Other capital accounts.....	559	180	292	402	502	547	546	
37 Total liabilities and capital accounts.....	123,472	123,852	128,867	133,494	134,595	126,736	124,051	129,189
38 MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account.....	48,233	49,730	50,004	50,319	50,345	47,497	48,000	50,269
Federal Reserve note statement								
39 F.R. notes outstanding (issued to Bank).....	87,682	87,997	88,486	89,035	89,262	85,907	87,650	89,303
Collateral held against notes outstanding:								
40 Gold certificate account.....	11,596	11,596	11,596	11,596	11,596	11,595	11,596	11,596
41 Special Drawing Rights certificate account.....	643	643	643	643	643	619	643	643
42 Acceptances.....								
43 U.S. Govt. securities.....	76,900	77,240	77,490	77,850	78,050	75,680	76,850	78,100
44 Total collateral.....	89,139	89,479	89,729	90,089	90,289	87,894	89,089	90,339

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

² Includes certain deposits of domestic nonmember banks and foreign-owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1976					1976		
	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Oct. 31	Nov. 30	Dec. 31
1 Loans.....	348	24	329	75	375	45	39	26
2 Within 15 days.....	306	12	320	66	369	31	33	17
3 16 days to 90 days.....	42	12	9	9	6	14	6	9
4 91 days to 1 year.....								
5 Acceptances.....	197	189	544	708	1,017	337	188	991
6 Within 15 days.....	106	19	368	532	841	170	27	818
7 16 days to 90 days.....	59	101	105	108	112	99	99	112
8 91 days to 1 year.....	32	69	71	68	64	68	62	61
9 U.S. Govt. securities.....	89,535	91,612	94,313	98,162	100,959	95,839	91,660	97,021
10 Within 15 days ¹	3,578	4,960	7,161	9,919	13,354	5,831	2,322	7,207
11 16 days to 90 days.....	16,356	18,153	17,925	17,934	17,200	18,395	19,683	19,221
12 91 days to 1 year.....	25,860	24,758	25,486	26,120	26,216	27,007	25,914	25,889
13 Over 1 year to 5 years.....	30,036	30,036	30,036	30,278	30,278	29,559	30,036	30,710
14 Over 5 years to 10 years.....	8,876	8,876	8,876	8,997	8,997	9,981	8,876	9,045
15 Over 10 years.....	4,829	4,829	4,829	4,914	4,914	5,066	4,829	4,949
16 Federal agency obligations.....	6,833	6,833	6,894	7,012	7,203	6,836	6,857	7,072
17 Within 15 days ¹	138	138	100	259	450	100	206	319
18 16 days to 90 days.....	214	214	337	296	296	374	167	309
19 91 days to 1 year.....	992	992	968	968	977	1,021	995	964
20 Over 1 year to 5 years.....	3,370	3,370	3,364	3,364	3,355	3,234	3,370	3,355
21 Over 5 years to 10 years.....	1,381	1,381	1,388	1,388	1,388	1,406	1,381	1,388
22 Over 10 years.....	738	738	737	737	737	701	738	737

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

1.20 DEMAND DEPOSIT ACCOUNTS Debits and Rate of Turnover

Seasonally adjusted annual rates

Standard metropolitan statistical area	1973	1974	1975	1976				
				July	Aug.	Sept.	Oct.	Nov.
	Debits (billions of dollars) ¹							
1 233 SMSA's.....	18,641.3	22,192.2	23,565.1	27,102.3	27,875.0	27,250.2	27,406.2	28,081.7
2 New York City.....	8,097.7	9,931.8	10,970.9	13,354.2	13,221.1	12,727.9	13,522.0	13,495.5
3 232 SMSA's.....	10,543.6	12,260.6	12,594.2	13,748.1	14,653.9	14,522.3	13,884.2	14,586.2
4 6 leading SMSA's other than N.Y.C. ²	4,462.8	5,152.7	4,937.5	5,497.7	5,935.8	5,857.3	5,447.9	5,704.2
5 226 others.....	6,080.8	7,107.9	7,661.8	8,250.4	8,718.1	8,665.0	8,436.3	8,882.0
	Turnover of deposits (annual rate)							
6 233 SMSA's.....	110.2	128.0	131.0	145.8	148.6	145.8	146.4	147.3
7 New York City.....	269.8	312.8	351.8	405.0	400.6	393.7	416.2	395.1
8 232 SMSA's.....	75.8	86.6	84.7	89.9	94.8	94.0	89.8	93.2
9 6 leading SMSA's other than N.Y.C. ²	115.0	131.8	118.4	128.6	138.2	136.1	126.6	132.0
10 226 others.....	60.6	69.3	71.6	74.9	78.1	77.7	75.6	78.4

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.

1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars; averages of daily figures

Item	1973 Dec.	1974 Dec.	1975 Dec.	1976						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec. ^p
Seasonally adjusted										
MEASURES ¹										
1 M-1.....	270.5	283.1	294.8	303.2	304.9	306.4	306.3	309.8	309.8	311.9
2 M-2.....	571.4	612.4	664.3	698.5	705.4	710.8	716.4	725.8	732.0	739.5
3 M-3.....	919.5	981.6	1,092.9	1,157.4	1,169.9	1,182.3	1,195.3	1,211.7	1,223.4	1,236.3
4 M-4.....	634.9	702.2	747.2	769.1	774.9	775.1	778.8	787.9	794.0	803.4
5 M-5.....	982.9	1,071.4	1,175.8	1,228.0	1,239.4	1,246.7	1,257.7	1,273.7	1,285.5	1,300.1
COMPONENTS										
6 Currency.....	61.5	67.8	73.7	77.6	78.1	78.6	79.1	79.8	80.3	80.7
Commercial bank deposits:										
7 Demand.....	209.0	215.3	221.0	225.6	226.8	227.8	227.2	230.0	229.5	231.2
8 Time and savings.....	364.4	419.1	452.4	465.9	470.0	468.7	472.5	478.0	484.2	491.5
9 Negotiable CD's ²	63.5	89.8	82.9	70.6	69.6	64.4	62.4	62.0	62.1	63.8
10 Other.....	300.9	329.3	369.6	395.3	400.4	404.4	410.1	416.0	422.2	427.6
11 Nonbank thrift institutions ³	348.0	369.2	428.6	458.9	464.5	471.6	478.9	485.8	491.4	496.8
Not seasonally adjusted										
MEASURES ¹										
12 M-1.....	278.3	291.3	303.2	302.5	305.2	303.1	304.4	308.7	311.8	320.8
13 M-2.....	576.5	617.5	669.3	699.8	705.8	707.4	712.8	722.9	729.6	744.5
14 M-3.....	921.8	983.8	1,094.6	1,162.3	1,173.8	1,178.7	1,189.2	1,205.5	1,216.4	1,237.3
15 M-4.....	640.5	708.0	752.8	768.9	774.6	773.6	778.0	787.1	792.5	808.8
16 M-5.....	985.8	1,074.3	1,178.1	1,231.4	1,242.6	1,245.0	1,254.5	1,269.7	1,279.3	1,301.6
COMPONENTS										
17 Currency.....	62.7	69.0	75.1	77.8	78.7	78.9	79.0	79.6	80.8	82.2
Commercial bank deposits:										
18 Demand.....	215.7	222.2	228.1	224.7	226.5	224.3	225.4	229.1	230.9	238.6
19 Member.....	156.5	159.7	162.1	159.3	160.2	158.5	159.1	161.8	162.6	168.6
20 Domestic nonmember.....	56.3	58.5	62.6	62.3	62.8	62.4	63.2	64.1	65.0	66.5
21 Time and savings.....	362.2	416.7	449.6	466.4	469.4	470.5	473.7	478.4	480.7	488.0
22 Negotiable CD's ²	64.0	90.5	83.5	69.1	68.9	66.3	65.3	64.2	62.9	64.3
23 Other.....	298.2	326.3	366.2	397.3	400.6	404.2	408.4	414.2	417.9	423.7
24 Nonbank thrift institutions ³	345.3	366.3	425.3	462.5	468.0	471.3	476.4	482.6	486.8	492.8
25 U.S. Govt. deposits (all commercial banks).....	6.3	4.9	4.1	4.8	3.4	3.6	4.9	3.8	4.0	4.4

¹ Composition of the money stock measures is as follows:

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

M-2: M-1 plus savings deposits, time deposits open account, and time certificates of deposits (CD's) other than negotiable CD's of \$100,000 or more of large weekly reporting banks.

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

M-4: M-2 plus large negotiable CD's.

M-5: M-3 plus large negotiable CD's.

For a description of the latest revisions in the money stock measures, see "Revision of Money Stock Measures" on pp. 82-87 of the February 1976 BULLETIN.

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

² Negotiable time CD's issued in denominations of \$100,000 or more by large weekly reporting commercial banks.

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

NOTES TO TABLE 1.23:

¹ Adjusted to exclude domestic commercial interbank loans.

² Loans sold are those sold outright to banks' own foreign branches, nonconsolidated nonbank affiliates of the bank, the banks' holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about \$100 million.

³ Reclassification of loans reduced these loans by about \$1.2 billion as of Mar. 31, 1976.

⁴ Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date there were increases of about \$500 million in loans, \$100 million in

"Other securities," and \$600 million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by \$1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," \$1.0 billion (of which \$0.6 billion was in "Commercial and industrial loans"), and "Other securities," \$0.5 billion. In late November "Commercial and industrial loans" were increased by \$0.1 billion as a result of loan reclassifications at another large bank.

NOTE.—Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars; averages of daily figures

Item	1973, Dec.	1974, Dec.	1975, Dec.	1976									
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	
	Seasonally adjusted												
1 Reserves ¹	34.98	36.63	34.75	34.00	34.02	34.14	34.34	34.39	34.52	34.36	34.49	34.88	
2 Nonborrowed	33.69	35.90	34.62	33.95	33.98	34.02	34.21	34.25	34.42	34.30	34.39	34.81	
3 Required	34.68	36.37	34.49	33.78	33.87	33.93	34.12	34.15	34.32	34.16	34.27	34.62	
4 Deposits subject to reserve requirements ² ..	442.8	486.9	506.0	507.8	509.8	507.8	513.9	514.9	513.6	515.3	519.6	525.3	
5 Time and savings	279.7	322.9	338.7	339.4	340.2	338.3	342.3	344.2	341.1	342.6	345.9	350.0	
Demand:													
6 Private	158.1	160.6	164.4	165.8	167.2	167.2	167.9	168.0	168.7	168.9	170.3	170.8	
7 U.S. Govt.....	5.0	3.4	3.0	2.5	2.5	2.3	3.7	2.7	3.9	3.8	3.4	4.5	
8 Deposits plus nondeposit items ³	449.4	495.3	514.4	516.0	517.3	515.3	522.3	523.6	522.5	523.5	528.6	534.4	
	Not seasonally adjusted												
9 Deposits subject to reserve requirements ² ..	447.5	491.8	510.9	506.4	511.9	506.0	512.7	513.9	511.3	514.9	518.9	522.5	
10 Time and savings	278.5	321.7	337.2	339.6	340.2	339.9	342.5	343.7	342.7	344.1	346.7	347.6	
Demand:													
11 Private	164.0	166.6	170.7	163.9	168.8	163.4	166.7	167.7	165.9	167.2	169.5	171.9	
12 U.S. Govt.....	5.0	3.5	3.1	2.9	2.9	2.8	3.6	2.5	2.7	3.6	2.8	3.0	
13 Deposits plus nondeposit items ³	454.0	500.1	519.3	514.7	519.4	513.6	521.2	522.7	520.2	523.1	527.9	531.5	

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

² Includes total time and savings deposits and net demand deposits as defined by Regulation D. Private demand deposits include all demand

deposits except those due to the U.S. Govt., less cash items in process of collection and demand balances due from domestic commercial banks.

³ "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.—Back data and estimates of the impact on required reserves of changes in reserve requirements are shown in Table 14 of the Board's *Annual Statistical Digest, 1971-1975*.

1.23 LOANS AND INVESTMENTS All Commercial Banks

Billions of dollars

Category	End of year			1976							
	1973	1974 ⁴	1975	June 30 <i>p</i>	July 28 <i>p</i>	Aug. 25 <i>p</i>	Sept. 29 <i>p</i>	Oct. 27 <i>p</i>	Nov. 24 <i>p</i>	Dec. 31 <i>p</i>	
	Seasonally adjusted										
1 Loans and investments ¹	633.4	690.4	721.1	738.8	743.1	748.7	752.5	760.3	766.3	767.5	
2 Including loans sold outright ²	637.7	695.2	725.5	743.3	747.6	752.7	756.4	764.1	770.1	771.3	
Loans:											
3 Total.....	449.0	500.2	496.9	500.7	504.7	507.6	511.4	519.3	521.8	521.6	
4 Including loans sold outright ²	453.3	505.0	501.3	505.2	509.2	511.6	515.3	523.1	525.6	525.4	
5 Commercial and industrial ³	156.4	183.3	176.0	170.2	171.0	171.0	172.0	174.8	176.7	176.2	
6 Including loans sold outright ^{2,3}	159.0	186.0	178.5	173.0	173.8	173.5	174.5	177.2	179.1	178.6	
Investments:											
7 U.S. Treasury.....	54.5	50.4	79.4	94.0	92.7	95.0	94.0	93.5	94.3	96.5	
8 Other.....	129.9	139.8	144.8	144.1	145.7	146.1	147.1	147.5	150.2	149.4	
Not seasonally adjusted											
9 Loans and investments ¹	647.3	705.6	737.0	743.3	740.3	746.1	752.9	758.7	766.0	784.4	
10 Including loans sold outright.....	651.6	710.4	741.4	747.8	744.8	750.1	756.8	762.5	769.8	788.2	
Loans:											
11 Total.....	458.5	510.7	507.4	507.2	505.2	508.5	513.3	518.2	520.6	532.6	
12 Including loans sold outright ²	462.8	515.5	511.8	511.7	509.7	512.5	517.2	522.0	524.4	536.4	
13 Commercial and industrial ³	159.4	186.8	179.3	172.4	170.7	170.3	172.5	174.2	176.0	179.5	
14 Including loans sold outright ^{2,3}	162.0	189.5	181.8	175.2	173.5	172.8	175.0	176.6	178.4	181.9	
Investments:											
15 U.S. Treasury.....	58.3	54.5	84.1	90.8	89.5	91.8	92.6	93.5	96.9	101.7	
16 Other.....	130.6	140.5	145.5	145.3	145.6	145.8	147.0	147.0	148.6	150.2	

For notes see bottom of opposite page.

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

Billions of dollars, except for number of banks

Account	1974	1975	1976 ³								
	Dec. 31	Dec. 31	Apr. 28 ^p	May 26 ^p	June 30 ^p	July 28 ^p	Aug. 25 ^p	Sept. 29 ^p	Oct. 27 ^p	Nov. 24 ^p	Dec. 29 ^p
All commercial											
1 Loans and investments.....	744.1	775.8	765.6	766.8	779.8	772.5	782.1	790.4	796.9	805.6	826.4
2 Loans, gross.....	549.2	546.2	530.2	531.8	543.7	537.6	544.5	550.8	556.4	560.2	576.0
Investments:											
3 U.S. Treasury securities.....	54.5	84.1	90.2	90.4	90.8	89.5	91.8	92.6	93.5	96.9	101.2
4 Other.....	140.5	145.5	145.2	144.6	145.3	145.5	145.8	146.9	147.0	148.6	149.2
5 Cash assets.....	128.0	133.6	113.2	111.7	125.2	111.5	109.1	118.7	115.2	124.3	128.7
6 Currency and coin.....	11.7	12.3	12.1	12.0	12.0	12.2	12.0	12.2	12.5	11.8	13.9
7 Reserves with Federal Reserve											
8 Banks.....	27.1	26.8	27.8	26.2	27.1	28.0	25.4	29.7	26.4	29.1	29.9
9 Balances with banks.....	42.0	47.3	35.3	36.1	40.4	34.6	36.1	36.1	36.7	40.2	39.8
10 Cash items in process of collection..	47.3	47.3	37.9	37.4	45.7	36.7	35.6	40.6	39.5	43.3	45.1
11 Total assets/total liabilities and capital ¹	919.6	964.9	926.4	927.7	957.1	934.3	940.5	960.0	962.6	982.9	1,010.8
12 Deposits.....	747.9	786.3	753.1	754.1	782.8	761.2	759.4	773.3	777.9	789.1	812.4
Demand:											
13 Interbank.....	43.5	41.8	32.3	33.1	38.3	33.1	33.4	35.2	34.8	39.9	39.1
14 U.S. Government.....	4.8	3.1	4.1	3.5	4.7	3.5	3.7	5.8	3.7	3.3	3.4
15 Other.....	267.5	278.7	250.2	247.5	266.4	250.6	247.4	252.9	258.2	260.8	275.9
Time:											
16 Interbank.....	11.5	12.0	11.0	10.5	10.6	10.2	9.7	9.5	9.1	9.0	9.2
17 Other.....	420.6	450.6	455.6	459.4	462.9	463.8	465.3	469.9	472.2	476.1	484.8
18 Borrowings.....	58.4	60.2	68.5	66.2	65.9	66.8	72.3	77.5	76.0	83.6	88.0
19 Total capital accounts ²	63.7	69.1	70.6	71.4	72.1	72.2	72.5	73.1	73.7	74.1	75.0
20 MEMO: Number of banks.....	14,465	14,633	14,632	14,637	14,636	14,635	14,649	14,655	14,659	14,659	14,659
Member											
21 Loans and investments.....	568.5	578.6	567.4	567.1	577.5	570.1	578.2	583.6	588.6	595.3	612.7
22 Loans, gross.....	429.5	416.4	402.1	402.3	411.7	405.3	410.8	415.1	419.5	421.9	435.3
Investments:											
23 U.S. Treasury securities.....	38.9	61.5	64.9	65.0	65.6	64.4	66.7	67.0	67.7	70.8	74.3
24 Other.....	100.1	100.7	100.3	99.7	100.2	100.3	100.7	101.5	101.4	102.6	103.1
25 Cash assets, total.....	107.0	108.5	93.7	92.3	104.0	92.3	89.4	98.9	94.9	103.0	107.6
26 Currency and coin.....	8.8	9.2	9.1	9.1	9.0	9.1	9.0	9.2	9.4	8.9	10.5
27 Reserves with Federal Reserve											
28 Banks.....	27.1	26.8	27.8	26.2	27.1	28.0	25.4	29.8	26.4	29.1	29.9
29 Balances with banks.....	25.5	26.9	20.1	20.9	23.8	19.6	20.5	20.6	20.9	23.3	23.5
30 Cash items in process of collection..	45.6	45.5	36.7	36.1	44.1	35.5	34.4	39.3	38.2	41.8	43.7
31 Total assets/Total liabilities and capital ¹	715.6	733.6	702.1	702.3	726.8	706.2	710.7	726.8	727.6	744.8	769.1
32 Deposits.....	575.6	590.8	561.1	561.2	585.3	565.1	562.4	573.9	576.1	584.8	604.6
Demand:											
33 Interbank.....	41.1	38.6	29.9	30.7	35.6	30.7	30.9	32.7	32.2	37.2	36.4
34 U.S. Government.....	3.2	2.3	3.3	2.7	3.7	2.7	2.8	4.3	2.9	2.4	2.5
35 Other.....	204.2	210.8	189.4	187.0	202.1	188.6	185.9	191.0	194.7	196.0	208.6
Time:											
36 Interbank.....	10.1	10.0	9.0	8.5	8.6	8.1	7.6	7.5	7.1	7.0	7.2
37 Other.....	317.1	329.1	329.6	332.3	335.4	334.9	335.1	338.4	339.2	342.1	349.9
38 Borrowings.....	52.9	53.6	62.0	59.6	59.3	60.3	65.9	70.6	69.1	76.4	80.4
39 Total capital accounts ²	48.2	52.1	53.8	54.5	55.0	55.1	55.4	55.7	56.2	56.6	57.3
40 MEMO: Number of banks.....	5,780	5,788	5,775	5,777	5,776	5,767	5,771	5,773	5,768	5,768	5,768

¹ Includes items not shown separately.

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

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

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

³ Figures partly estimated except on call dates.

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

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

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

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars except for number of banks

Account	1974		1975		1974		1975	
	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31
	Total insured				National (all insured)			
1 Loans and investments—Gross.....	709,904	734,516	736,164	762,400	418,329	428,433	428,167	441,135
2 Loans:								
3 Gross.....	521,424	541,111	526,272	535,170	313,659	321,466	312,229	315,738
4 Net.....	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
5 Investments:								
6 U.S. Treasury securities.....	51,832	54,132	67,833	83,629	27,631	29,075	37,606	46,799
7 Other.....	136,648	139,272	142,060	143,602	77,039	77,892	78,331	78,598
8 Cash assets.....	123,536	125,375	125,181	128,256	73,703	76,523	75,686	78,026
9 Total assets/total liabilities ¹	871,986	906,325	914,781	944,654	516,632	534,207	536,836	553,285
10 Deposits, total.....	703,767	741,665	746,348	775,209	407,915	431,039	431,646	447,590
11 Demand:								
12 U.S. Government.....	8,355	4,799	3,106	3,108	5,038	2,437	1,723	1,788
13 Interbank.....	40,534	42,587	41,244	40,259	20,086	23,497	21,096	22,305
14 Other.....	250,225	265,444	261,903	276,384	145,954	154,397	152,576	159,840
15 Time:								
16 Interbank.....	8,427	10,693	10,252	10,733	4,912	6,750	6,804	7,302
17 Other.....	396,226	418,142	429,844	444,725	231,925	243,959	249,446	256,355
18 Borrowings.....	65,514	55,988	59,310	56,775	48,123	39,603	41,954	40,875
19 Total capital accounts.....	61,003	63,039	65,986	68,474	34,966	35,815	37,483	38,969
20 MEMO: Number of banks.....	14,108	14,216	14,320	14,372	4,693	4,706	4,730	4,741
	State member (all insured)				Insured nonmember			
21 Loans and investments—Gross.....	132,388	140,373	134,759	137,620	159,186	165,709	173,238	183,645
22 Loans:								
23 Gross.....	101,732	108,346	100,968	100,823	106,033	111,300	113,074	118,609
24 Net.....	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
25 Investments:								
26 U.S. Treasury securities.....	8,303	9,846	12,004	14,720	15,898	15,211	18,223	22,109
27 Other.....	22,353	22,181	21,787	22,077	37,255	39,199	41,942	42,927
28 Cash assets.....	35,268	30,473	31,466	30,451	14,565	18,380	18,029	19,778
29 Total assets/total liabilities.....	175,896	181,683	179,787	180,495	179,457	190,435	198,157	210,874
30 Deposits, total.....	139,446	144,799	141,995	143,409	156,406	165,827	172,707	184,210
31 Demand:								
32 U.S. Government.....	1,586	746	443	467	1,731	1,616	940	853
33 Interbank.....	19,125	17,565	18,751	16,265	1,323	1,525	1,397	1,689
34 Other.....	47,690	49,807	48,621	50,984	56,580	61,240	60,706	65,560
35 Time:								
36 Interbank.....	2,906	3,301	2,771	2,712	610	642	676	719
37 Other.....	68,138	73,380	71,409	72,981	96,162	100,804	108,989	115,389
38 Borrowings.....	14,713	13,247	14,380	12,771	2,678	3,138	2,976	3,128
39 Total capital accounts.....	11,980	12,425	12,773	13,105	14,057	14,799	15,730	16,400
40 MEMO: Number of banks.....	1,068	1,074	1,064	1,046	8,347	8,436	8,526	8,585
	Noninsured nonmember				Total nonmember			
41 Loans and investments—Gross.....	9,269	9,981	11,725	13,674	168,456	175,690	184,963	197,319
42 Loans:								
43 Gross.....	7,987	8,461	9,559	11,283	114,020	119,761	122,633	129,892
44 Net.....	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
45 Investments:								
46 U.S. Treasury securities.....	282	319	358	490	16,180	15,530	18,581	22,599
47 Other.....	1,001	1,201	1,808	1,902	38,256	40,400	43,750	44,829
48 Cash assets.....	2,951	2,667	3,534	5,359	17,516	21,047	21,563	25,137
49 Total assets/total liabilities.....	12,770	13,616	16,277	20,544	192,227	204,051	214,434	231,418
50 Deposits, total.....	6,610	6,627	8,314	11,323	163,016	172,454	181,021	195,533
51 Demand:								
52 U.S. Government.....	12	8	11	6	1,743	1,624	951	859
53 Interbank.....	1,481	897	1,338	1,552	2,804	2,422	2,735	3,241
54 Other.....	2,209	2,062	2,124	2,308	58,789	63,302	62,830	67,868
55 Time:								
56 Interbank.....	476	803	957	1,291	1,086	1,445	1,633	2,010
57 Other.....	2,432	2,857	3,883	6,167	98,593	103,661	112,872	121,556
58 Borrowings.....	2,033	2,382	3,110	3,449	4,711	5,520	6,086	6,577
59 Total capital accounts.....	620	611	570	651	14,677	15,410	16,300	17,051
60 MEMO: Number of banks.....	229	249	253	261	8,576	8,685	8,779	8,846

¹ Includes items not shown separately.² Not available.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, March 31, 1976

Asset and liability items are shown in millions of dollars

Asset account	Insured commercial banks	Member banks ¹					Non-member banks ¹
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
1 Cash bank balances, items in process.....	119,026	101,773	26,340	4,185	39,319	31,929	17,260
2 Currency and coin.....	11,216	8,440	714	158	2,845	4,723	2,776
3 Reserves with F.R. Banks.....	28,525	28,525	4,702	2,065	11,946	9,812	.....
4 Demand balances with banks in United States.....	27,671	17,248	6,704	102	3,187	7,255	10,430
5 Other balances with banks in United States.....	6,586	4,267	40	16	1,593	2,618	2,319
6 Balances with banks in foreign countries.....	2,910	2,530	169	41	1,465	856	379
7 Cash items in process of collection.....	42,119	40,763	14,010	1,803	18,283	6,666	1,356
8 Total securities held—Book value.....	229,529	162,998	17,581	7,459	53,826	84,131	66,534
9 U.S. Treasury.....	.....	.....	.....	.....	.....	.....	.....
10 Other U.S. Govt. agencies.....	.....	.....	.....	.....	.....	.....	.....
11 States and political subdivisions.....	.....	.....	.....	.....	.....	.....	.....
12 All other securities.....	.....	.....	.....	.....	.....	.....	.....
13 Unclassified total.....	.....	.....	.....	.....	.....	.....	.....
14 Trading-account securities.....	5,664	5,584	2,364	772	2,189	259	79
15 U.S. Treasury.....	.....	.....	.....	.....	.....	.....	.....
16 Other U.S. Govt. agencies.....	.....	.....	.....	.....	.....	.....	.....
17 States and political subdivisions.....	.....	.....	.....	.....	.....	.....	.....
18 All other trading acct. securities.....	.....	.....	.....	.....	.....	.....	.....
19 Unclassified.....	.....	.....	.....	.....	.....	.....	.....
20 Bank investment portfolios.....	223,866	157,414	15,218	6,687	51,637	83,872	66,454
21 U.S. Treasury.....	85,372	61,367	7,315	3,137	20,840	30,074	24,007
22 Other U.S. Govt. agencies.....	32,946	20,181	873	324	5,869	13,115	12,765
23 States and political subdivisions.....	100,143	72,384	6,666	3,083	24,090	38,545	27,759
24 All other portfolio securities.....	5,404	3,482	363	143	838	2,138	1,923
25 F.R. stock and corporate stock.....	1,506	1,259	243	82	457	478	248
26 Federal funds sold and securities resale agreement.....	36,012	27,144	1,684	1,484	13,321	10,655	8,893
27 Commercial banks.....	31,447	22,809	979	1,110	10,490	10,231	8,663
28 Brokers and dealers.....	3,200	3,019	352	344	2,008	314	181
29 Others.....	1,365	1,316	354	30	824	109	49
30 Other loans, gross.....	491,706	379,905	68,332	20,815	143,842	146,916	111,801
31 Less: Unearned income on loans.....	11,218	7,829	407	83	2,741	4,599	3,388
32 Reserves for loan loss.....	6,063	4,858	1,081	331	1,812	1,634	1,205
33 Other loans, net.....	474,425	367,217	66,844	20,401	139,289	140,683	107,207
Other loans, gross, by category							
34 Real estate loans.....	138,289	98,570	8,778	2,007	36,408	51,377	39,719
35 Construction and land development.....	15,933	13,096	3,203	502	6,177	3,214	2,836
36 Secured by farmland.....	6,111	2,644	6	15	287	2,336	3,466
37 Secured by residential.....	78,348	56,662	3,954	923	20,954	30,831	21,686
38 1- to 4-family residences.....	73,858	53,355	3,509	827	19,709	29,309	20,504
39 FHA-insured.....	8,212	7,109	560	52	3,888	2,608	1,104
40 Conventional.....	65,646	46,246	2,949	775	15,821	26,700	19,400
41 Multifamily residences.....	4,489	3,308	445	96	1,245	1,522	1,182
42 FHA-insured.....	4,431	365	126	25	100	113	66
43 Conventional.....	4,058	2,943	318	71	1,144	1,409	1,115
44 Secured by other properties.....	37,897	26,167	1,615	567	8,990	14,996	11,731
45 Loans to financial institution.....	37,463	35,575	13,065	4,773	14,762	2,976	1,888
46 To real estate investment trusts.....	10,381	10,072	3,877	1,536	3,930	728	309
47 To domestic commercial banks.....	3,069	2,407	799	111	1,066	431	662
48 To banks in foreign countries.....	5,687	5,560	2,526	327	2,299	408	126
49 To other depository institutions.....	2,408	2,281	601	15	1,495	170	126
50 To other financial institutions.....	15,918	15,254	5,262	2,783	5,971	1,238	664
51 Loans to security brokers and dealers.....	6,125	6,017	4,085	627	1,182	122	108
52 Other loans to purch./carry securities.....	3,868	3,238	405	315	1,619	900	630
53 Loans to farmers—except real estate.....	20,433	11,379	78	170	2,607	8,525	9,054
54 Commercial and industrial loans.....	167,013	138,858	34,725	10,642	54,574	38,917	28,155
55 Loans to individuals.....	105,656	74,975	4,846	1,604	27,305	41,220	30,682
56 Instalment loans.....	83,122	58,675	3,291	903	21,704	32,777	24,447
57 Passenger automobiles.....	34,120	22,443	489	157	6,895	14,902	11,677
58 Residential-repair/modernize.....	5,853	4,175	261	35	1,739	2,140	1,678
59 Credit cards and related plans.....	11,922	10,519	1,080	511	6,032	2,897	1,403
60 Charge-account credit cards.....	9,216	8,270	772	481	4,828	2,190	946
61 Check and revolving credit plans.....	2,707	2,249	308	30	1,204	707	457
62 Other retail consumer goods.....	15,123	10,491	183	92	3,836	6,380	4,632
63 Mobile homes.....	8,628	6,187	107	36	2,279	3,765	2,441
64 Other.....	6,494	4,304	76	56	1,557	2,615	2,190
65 Other instalment loans.....	16,103	11,046	1,278	108	3,201	6,458	5,057
66 Single-payment loans to individuals.....	22,535	16,300	1,555	701	5,601	8,443	6,234
67 All other loans.....	12,859	11,293	2,350	678	5,386	2,879	1,565
68 Total loans and securities, net.....	741,472	558,618	86,352	29,426	206,893	235,947	182,882
69 Direct lease financing.....	4,200	3,988	636	129	2,619	604	212
70 Fixed assets—Buildings, furniture, real estate.....	17,833	13,368	1,454	560	5,438	5,916	4,466
71 Investment in unconsolidated subsidiaries.....	1,982	1,958	810	152	925	71	24
72 Customer acceptances outstanding.....	9,731	9,440	4,814	350	3,992	284	291
73 Other assets.....	25,301	22,440	7,940	1,677	9,061	3,761	2,907
74 Total assets.....	919,546	711,585	128,347	36,481	268,246	278,512	208,043

For notes see opposite page.

1.26 Continued

Liability or capital account	Insured commercial banks	Member banks ¹					Non-member banks ¹
		Total	Large banks			All other	
			New York City	City of Chicago	Other large		
75 Demand deposits.....	294,953	231,623	52,202	8,997	83,922	86,501	63,331
76 Mutual savings banks.....	1,033	941	432	2	222	284	92
77 Other individuals, partnerships, and corporations.....	228,651	173,801	29,202	6,577	65,625	72,397	54,849
78 U.S. Government.....	2,474	1,798	121	25	661	990	676
79 States and political subdivisions.....	15,860	11,183	502	191	3,471	7,019	4,677
80 Foreign governments, central banks, etc.....	1,434	1,388	1,168	18	172	30	47
81 Commercial banks in United States.....	29,608	28,550	13,167	1,756	10,215	3,413	1,058
82 Banks in foreign countries.....	5,482	5,353	4,089	136	1,011	117	130
83 Certified and officers' checks, etc.....	10,410	8,610	3,522	291	2,545	2,252	1,801
84 Time deposits.....	285,241	213,442	33,200	13,466	78,373	88,402	71,799
85 Accumulated for personal loan payments.....	197	152	.....	.....	12	139	45
86 Mutual savings banks.....	553	537	297	2	193	45	16
87 Other individuals, partnerships, and corporations.....	219,140	161,988	22,954	9,460	58,504	71,069	57,152
88 U.S. Government.....	618	478	91	1	201	186	141
89 States and political subdivisions.....	46,328	32,819	1,032	1,442	14,147	16,198	13,508
90 Foreign governments, central banks, etc.....	8,550	8,337	5,122	1,136	2,047	33	213
91 Commercial banks in United States.....	8,504	7,843	3,001	1,340	2,786	716	661
92 Banks in foreign countries.....	1,351	1,288	703	86	482	17	63
93 Savings deposits.....	179,421	129,091	8,650	2,706	47,534	70,201	50,330
94 Individuals and nonprofit organizations.....	170,989	123,059	8,247	2,616	45,430	66,767	47,930
95 Corporations and other profit organizations.....	5,437	3,978	192	66	1,677	2,042	1,459
96 U.S. Government.....	2,926	1,988	161	23	418	1,385	938
97 All other.....	69	65	50	.....	8	7	3
98 Total deposits.....	759,615	574,155	94,053	25,169	209,828	245,105	185,460
99 Federal funds purchased and securities sold under agreements to repurchase.....	57,248	54,654	11,733	7,536	27,819	7,566	2,594
100 Commercial banks.....	35,330	34,269	6,625	5,261	18,388	3,995	1,061
101 Brokers and dealers.....	5,609	5,409	751	1,001	2,967	689	200
102 Others.....	16,309	14,976	4,357	1,273	6,464	2,881	1,333
103 Other liabilities for borrowed money.....	4,467	4,164	1,913	58	1,872	321	304
104 Mortgage indebtedness.....	770	554	53	16	304	182	216
105 Bank acceptances outstanding.....	10,385	10,094	5,431	352	4,026	285	291
106 Other liabilities.....	15,212	13,223	4,266	897	5,164	2,897	2,065
107 Total liabilities.....	847,697	656,844	117,448	34,028	249,013	256,355	190,930
108 Subordinated notes and debentures.....	4,549	3,676	916	84	1,698	978	873
109 Equity capital.....	67,300	51,065	9,983	2,368	17,535	21,178	16,240
110 Preferred stock.....	53	34	.....	.....	10	24	20
111 Common stock.....	15,699	11,631	2,259	570	3,875	4,928	4,070
112 Surplus.....	27,112	20,277	3,906	1,149	7,279	7,944	6,836
113 Undivided profits.....	22,710	17,906	3,745	600	5,962	7,600	4,807
114 Other capital reserves.....	1,725	1,218	75	50	410	684	508
115 Total liabilities and equity capital.....	919,546	711,585	128,347	36,481	268,246	278,512	208,043
MEMO:							
116 Demand deposits adjusted ²	220,752	160,512	24,904	5,413	54,763	75,432	60,241
Average for last 15 or 30 days:							
117 Average cash and due from bank.....	117,460	101,147	26,918	4,255	38,935	31,039	16,316
118 Average Federal funds sold and securities purchased under agreements to resell.....	36,716	27,406	1,767	1,379	12,856	11,404	9,340
119 Average total loans.....	486,101	371,737	68,027	20,768	140,866	142,077	114,363
120 Average time deposits of \$100,000 or more.....	144,427	120,645	30,152	11,156	50,764	28,574	23,781
121 Average total deposits.....	751,437	567,916	91,522	25,125	207,676	243,593	183,520
122 Average Federal funds purchased and securities sold under agreements to repurchase.....	59,318	56,753	14,503	7,312	27,223	7,715	2,565
123 Average other liabilities for borrowed money.....	4,093	3,813	1,666	47	1,815	286	280
124 Standby letters of credit outstanding.....	9,756	9,304	4,800	950	2,940	614	452
125 Time deposits of \$100,000 or more.....	143,154	120,398	29,959	11,210	50,471	28,758	22,756
126 Certificates of deposit.....	119,853	99,898	24,706	9,051	40,992	25,148	19,955
127 Other time deposits.....	23,301	20,501	5,253	2,159	9,478	3,610	2,800
128 Number of banks.....	14,368	5,778	11	9	155	5,603	8,595

¹ Member banks exclude and nonmember banks include 5 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

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

NOTE.—Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Holdings by type of security will be reported as soon as they become available.

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

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1976								
	Nov. 10	Nov. 17	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	
1 Total loans and investments	400,713	404,376	401,562	409,164	409,928	415,285	414,897	415,938	
Loans:									
2 Federal funds sold, total ¹	22,476	20,729	19,424	22,865	23,262	23,936	24,385	24,113	
3 To commercial banks	17,692	16,777	15,842	16,872	18,638	18,938	19,926	19,758	
To brokers and dealers involving—									
4 U.S. Treasury securities	3,053	2,584	2,142	3,842	2,619	3,065	2,638	2,275	
5 Other securities	551	493	608	747	791	761	722	830	
6 To others	1,180	875	832	1,404	1,214	1,172	1,099	1,250	
7 Other, gross	282,028	284,001	282,871	286,506	286,149	288,852	288,461	289,021	
8 Commercial and industrial	114,274	114,604	115,005	115,507	115,581	116,425	116,544	116,460	
9 Agricultural	4,198	4,201	4,175	4,216	4,174	4,194	4,211	4,262	
For purchasing or carrying securities:									
To brokers and dealers:									
10 U.S. Treasury securities	1,198	1,801	1,213	2,283	2,047	2,075	1,569	1,538	
11 Other securities	7,026	7,179	6,801	7,740	7,484	8,558	8,254	8,233	
To others:									
12 U.S. Treasury securities	70	72	70	70	72	74	74	79	
13 Other securities	2,520	2,537	2,525	2,524	2,530	2,505	2,506	2,501	
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	6,901	6,914	6,863	6,974	6,849	7,258	7,233	7,490	
15 Other	16,989	16,900	16,698	16,889	16,903	17,058	16,850	17,007	
16 Real estate	62,952	63,166	63,184	63,227	63,289	63,505	63,501	63,482	
To commercial banks:									
17 Domestic	1,697	1,913	1,877	2,071	1,921	1,789	1,920	1,936	
18 Foreign	5,938	6,137	6,015	6,030	6,216	5,982	5,980	6,112	
19 Consumer instalment	38,362	38,404	38,493	38,531	38,613	38,840	39,079	39,345	
20 Foreign governments, official institutions, etc.,	1,949	1,894	1,857	1,930	1,907	1,876	1,863	1,822	
21 All other loans	17,954	18,279	18,095	18,514	18,563	18,713	18,877	18,754	
22 Less: Loan loss reserve and unearned income on loans	8,669	8,695	8,751	8,708	8,734	8,740	8,726	8,643	
23 Other loans, net.	273,359	275,306	274,120	277,798	277,415	280,112	279,735	280,378	
Investments:									
24 U.S. Treasury securities, total	44,621	47,356	47,046	47,615	48,203	49,777	49,432	50,148	
25 Bills	11,055	11,770	10,903	11,526	11,461	12,835	12,428	13,285	
Notes and bonds, by maturity—									
26 Within 1 year	6,499	6,431	6,465	6,557	6,741	6,713	6,685	6,812	
27 1 to 5 years	22,473	24,377	24,945	24,833	25,715	26,082	26,106	25,854	
28 After 5 years	4,594	4,778	4,733	4,699	4,286	4,147	4,213	4,197	
29 Other securities, total	60,257	60,985	60,972	60,886	61,048	61,460	61,345	61,299	
Obligations of States and political subdivisions:									
30 Tax warrants, short-term notes, and bills	6,447	6,997	6,685	6,689	6,713	6,893	6,656	6,524	
31 All other	40,156	40,205	40,232	40,151	40,358	40,613	40,384	40,488	
Other bonds, corporate stocks, and securities:									
32 Certificates of participation ²	2,297	2,257	2,284	2,297	2,301	2,266	2,320	2,360	
33 All other, including corporate stocks,	11,357	11,526	11,771	11,749	11,676	11,688	11,985	11,927	
34 Cash items in process of collection	35,513	37,084	37,785	43,259	35,890	45,042	42,353	40,077	
35 Reserves with Federal Reserve Banks	20,589	20,333	22,049	16,606	21,516	24,198	22,396	24,282	
36 Currency and coin	5,299	5,546	5,378	5,783	5,550	5,827	5,793	6,329	
37 Balances with domestic banks	12,240	12,453	13,603	13,227	13,261	13,306	14,120	13,791	
38 Investments in subsidiaries not consolidated	2,251	2,230	2,239	2,280	2,287	2,287	2,390	2,345	
39 Other assets	47,173	45,927	48,519	49,381	47,795	49,824	48,889	50,303	
40 Total assets/total liabilities	523,778	527,949	531,135	539,700	536,227	555,769	550,838	553,065	
Deposits:									
41 Demand deposits, total	166,946	170,239	171,492	183,073	170,509	190,763	182,181	181,677	
42 Individuals, partnerships, and corporations ..	121,185	124,120	120,934	130,287	123,875	135,580	131,503	130,649	
43 States and political subdivisions	5,953	6,240	6,282	6,597	5,550	6,243	6,594	6,058	
44 U.S. Govt.	1,625	1,760	1,440	1,385	1,064	5,623	2,085	1,654	
Domestic interbank:									
45 Commercial	23,770	24,130	28,187	27,430	24,761	26,360	26,686	27,362	
46 Mutual savings	914	831	756	890	877	871	744	743	
Foreign:									
47 Governments, official institutions, etc.	1,197	1,054	1,686	1,440	1,134	1,357	1,228	1,412	
48 Commercial banks	5,886	5,810	5,978	5,811	5,845	5,545	5,670	5,951	
49 Certified and officers' checks	6,416	6,294	6,229	9,233	7,403	9,184	7,671	7,848	
50 Time and savings deposits, total ³	222,787	222,843	224,359	224,828	226,790	227,221	229,223	231,178	
Individuals, partnerships, and corporations:									
51 Savings	85,361	85,762	86,175	86,851	87,769	88,381	88,702	89,338	
52 Other	104,148	104,171	105,379	105,244	106,316	105,499	106,427	107,421	
53 States and political subdivisions	18,657	18,522	18,650	18,410	18,336	18,827	19,214	19,334	
54 Domestic interbank	5,493	5,566	5,584	5,557	5,567	5,521	5,626	5,708	
55 Foreign governments, official institutions, etc.	7,793	7,511	7,262	7,476	7,508	7,710	7,956	8,015	
56 Federal funds purchased, etc. ⁴	67,778	67,443	67,506	64,562	71,709	68,719	72,342	72,086	
Borrowings from:									
57 Federal Reserve Banks	95	11	30	317	1	298	50	319	
58 Others	4,216	4,825	4,616	4,325	4,392	4,161	3,929	4,118	
59 Other liabilities, etc. ⁵	21,115	21,837	22,393	21,730	21,809	23,671	22,079	22,412	
60 Total equity capital and subordinated notes/debentures ⁶	40,841	40,751	40,739	40,865	41,017	40,936	41,034	41,275	

¹ Includes securities purchased under agreements to resell.² Federal agencies only.³ Includes U.S. Govt. and foreign bank deposits not shown separately.⁴ Includes securities sold under agreements to repurchase.⁵ Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.⁶ Includes reserves for securities and contingency portion of reserves for loans.

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

Millions of dollars, Wednesday figures

Account	1976							
	Nov. 10	Nov. 17	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
1 Total loans and investments	88,083	90,925	89,862	91,743	91,612	93,895	92,743	93,144
Loans:								
2 Federal funds sold, total ¹	1,552	1,722	1,994	2,064	2,402	2,452	2,839	3,015
3 To commercial banks	723	987	1,286	1,149	1,384	1,527	1,820	2,269
To brokers and dealers involving—								
4 U.S. Treasury securities	542	490	438	602	597	467	646	278
5 Other securities	27	19	49	35	102	37	20	21
6 To others	260	226	221	278	319	421	353	447
7 Other, gross	68,424	69,749	68,722	71,369	70,586	71,960	70,873	70,911
8 Commercial and industrial	33,805	33,974	34,254	34,649	34,705	35,187	34,951	35,039
9 Agricultural	95	98	99	112	101	102	110	118
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities	967	1,584	978	2,053	1,850	1,854	1,344	1,322
11 Other securities	3,952	4,138	3,734	4,500	4,185	5,016	4,829	4,610
To others:								
12 U.S. Treasury securities	13	14	14	13	14	14	16	16
13 Other securities	367	369	371	380	371	360	361	357
To nonbank financial institutions:								
14 Personal and sales finance cos., etc.	2,321	2,355	2,310	2,420	2,255	2,548	2,443	2,661
15 Other	6,132	6,118	6,089	6,087	6,035	6,036	5,991	6,001
16 Real estate	9,093	9,075	9,030	8,934	8,900	8,911	8,973	8,988
To commercial banks:								
17 Domestic	670	797	754	808	713	566	624	587
18 Foreign	2,643	2,718	2,738	2,797	2,928	2,853	2,806	2,849
19 Consumer instalment	3,982	4,003	4,007	3,992	4,002	3,993	3,979	3,990
20 Foreign governments, official institutions, etc.	630	556	511	612	554	496	480	434
21 All other loans	3,754	3,950	3,833	4,012	3,973	4,024	3,966	3,939
22 LESS: Loan loss reserve and unearned income								
on loans	1,692	1,704	1,726	1,728	1,735	1,732	1,725	1,694
23 Other loans, net	66,732	68,045	66,996	69,641	68,851	70,228	69,148	69,217
Investments:								
24 U.S. Treasury securities, total	10,491	11,741	11,445	10,568	11,136	11,672	11,231	11,485
25 Bills	3,148	3,703	3,319	2,905	2,884	3,352	2,663	2,878
Notes and bonds, by maturity—								
26 Within 1 year	799	813	840	625	791	691	651	678
27 1 to 5 years	5,101	5,881	6,094	5,877	6,439	6,665	6,840	6,753
28 After 5 years	1,443	1,344	1,192	1,161	1,022	964	1,077	1,176
29 Other securities, total	9,308	9,417	9,427	9,470	9,223	9,543	9,525	9,427
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills ..	1,369	1,571	1,413	1,422	1,414	1,518	1,505	1,381
31 All other	6,128	6,032	6,089	6,108	6,086	6,327	6,187	6,258
Other bonds, corporate stocks, and securities:								
32 Certificates of participation ²	239	233	234	237	237	231	230	231
33 All other, including corporate stocks	1,572	1,581	1,691	1,703	1,486	1,467	1,603	1,557
34 Cash items in process of collection	12,779	11,989	12,947	16,560	13,206	17,287	14,541	15,267
35 Reserves with Federal Reserve Banks	7,117	6,083	6,139	3,981	6,475	7,346	5,669	6,823
36 Currency and coin	715	765	714	793	773	806	779	851
37 Balances with domestic banks	5,847	5,569	6,570	5,974	6,058	5,983	6,640	6,655
38 Investments in subsidiaries not consolidated ..	1,055	1,046	1,042	1,051	1,054	1,056	1,056	1,068
39 Other assets	16,271	14,972	16,901	16,422	15,567	16,632	16,223	17,144
40 Total assets/total liabilities	131,867	131,349	134,175	136,524	134,745	143,005	137,651	140,952
Deposits:								
41 Demand deposits, total	47,704	47,546	50,615	55,732	49,220	57,942	52,986	54,611
42 Individuals, partnerships, and corporations ..	26,751	27,434	25,648	30,261	27,001	32,166	29,894	29,737
43 States and political subdivisions	529	522	600	651	481	527	643	492
44 U.S. Government	222	166	153	92	96	1,549	229	119
Domestic interbank:								
45 Commercial	11,321	10,834	15,087	13,452	11,977	12,753	12,882	14,318
46 Mutual savings	506	437	382	471	492	478	382	398
Foreign:								
47 Governments, official institutions, etc.	961	774	1,390	1,109	833	1,042	907	1,133
48 Commercial banks	4,544	4,470	4,558	4,500	4,463	4,119	4,236	4,346
49 Certified and officers' checks	2,870	2,909	2,797	5,196	3,877	5,308	3,813	4,068
50 Time and savings deposits, total ³	40,542	40,724	41,296	41,540	41,767	41,350	41,712	42,315
Individuals, partnerships, and corporations:								
51 Savings	9,366	9,429	9,446	9,489	9,637	9,678	9,722	9,824
52 Other	22,095	22,353	23,082	23,341	23,645	23,258	23,609	24,033
53 States and political subdivisions	1,274	1,243	1,240	1,206	1,159	1,155	1,115	1,124
54 Domestic interbank	2,489	2,574	2,559	2,487	2,379	2,277	2,216	2,267
55 Foreign governments, official institutions, etc.	4,563	4,363	4,198	4,266	4,203	4,237	4,324	4,331
56 Federal funds purchased, etc. ⁴	20,747	19,434	18,813	16,546	21,053	19,068	20,401	20,566
Borrowings from:								
57 Federal Reserve Banks	95	.....	.....	310	.....	110	.....	45
58 Others	2,104	2,297	2,341	2,007	2,235	2,103	1,918	2,064
59 Other liabilities, etc. ⁵	9,012	9,691	9,456	8,709	8,754	10,712	8,929	9,673
60 Total equity capital and subordinated notes/debentures ⁶	11,663	11,657	11,654	11,680	11,716	11,720	11,705	11,678

¹ Includes securities purchased under agreements to resell.² Federal agencies only.³ Includes U.S. Government and foreign bank deposits not shown separately.⁴ Includes securities sold under agreements to repurchase.⁵ Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.⁶ Includes reserves for securities and contingency portion of reserves for loans.

1.29 LARGE WEEKLY REPORTING COMMERCIAL BANKS OUTSIDE NEW YORK CITY

Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1976							
	Nov. 10	Nov. 17	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
1 Total loans and investments	312,630	313,451	311,700	317,421	318,316	321,390	322,154	322,794
Loans:								
2 <i>Federal funds sold, total</i> ¹	20,924	19,007	17,430	20,801	20,860	21,484	21,546	21,098
3 To commercial banks.....	16,969	15,790	14,556	15,723	17,254	17,411	18,106	17,489
To brokers and dealers involving—								
4 U.S. Treasury securities.....	2,511	2,094	1,704	3,240	2,022	2,598	1,992	1,997
5 Other securities.....	524	474	559	712	689	724	702	809
6 To others.....	920	649	611	1,126	895	751	746	803
7 <i>Other, gross</i>	213,604	214,252	214,149	215,137	215,563	216,892	217,588	218,110
8 Commercial and industrial.....	80,469	80,630	80,751	80,858	80,876	81,238	81,593	81,421
9 Agricultural.....	4,103	4,103	4,076	4,104	4,073	4,092	4,101	4,144
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities.....	231	217	235	230	197	221	225	216
11 Other securities.....	3,074	3,041	3,067	3,240	3,299	3,542	3,425	3,623
To others:								
12 U.S. Treasury securities.....	57	58	56	57	58	60	58	63
13 Other securities.....	2,153	2,168	2,154	2,144	2,159	2,145	2,145	2,144
To nonbank financial institutions:								
14 Personal and sales finance cos., etc.....	4,580	4,559	4,553	4,554	4,594	4,710	4,790	4,829
15 Other.....	10,857	10,782	10,609	10,802	10,868	11,022	10,859	11,006
16 Real estate.....	53,859	54,091	54,154	54,293	54,389	54,594	54,528	54,494
To commercial banks:								
17 Domestic.....	1,027	1,116	1,123	1,263	1,208	1,223	1,296	1,349
18 Foreign.....	3,295	3,419	3,277	3,233	3,288	3,129	3,174	3,263
19 Consumer instalment.....	34,380	34,401	34,486	34,539	34,611	34,847	35,100	35,355
20 Foreign governments, official institutions, etc.	1,319	1,338	1,346	1,318	1,353	1,380	1,383	1,388
21 All other loans.....	14,200	14,329	14,262	14,502	14,590	14,689	14,911	14,815
22 LESS: Loan reserve and unearned income on loans.....	6,977	6,991	7,025	6,980	6,999	7,008	7,001	6,949
23 Other loans, net.....	206,627	207,261	207,124	208,157	208,564	209,884	210,587	211,161
Investments:								
24 <i>U.S. Treasury securities, total</i>	34,130	35,615	35,601	37,047	37,067	38,105	38,201	38,663
25 Bills.....	7,907	8,067	7,584	8,621	8,577	9,483	9,765	10,407
Notes and bonds, by maturity—								
26 Within 1 year.....	5,700	5,618	5,625	5,932	5,950	6,022	6,034	6,134
27 1 to 5 years.....	17,372	18,496	18,851	18,956	19,276	19,417	19,266	19,101
28 After 5 years.....	3,151	3,434	3,541	3,538	3,264	3,183	3,136	3,021
29 <i>Other securities, total</i>	50,949	51,568	51,545	51,416	51,825	51,917	51,820	51,872
Obligations of States and political subdivisions:								
30 Tax warrants, short term notes, and bills..	5,078	5,426	5,272	5,267	5,299	5,375	5,151	5,143
31 All other.....	34,028	34,173	34,143	34,043	34,272	34,286	34,197	34,230
Other bonds, corporate stocks, and securities:								
32 Certificates of participation ²	2,058	2,024	2,050	2,060	2,064	2,035	2,090	2,129
33 All other, including corporate stocks.....	9,785	9,945	10,080	10,046	10,190	10,221	10,382	10,370
34 Cash items in process of collection.....	22,734	25,095	24,838	26,699	22,684	27,755	27,812	24,810
35 Reserves with Federal Reserve Banks.....	13,472	14,250	15,910	12,625	15,041	16,852	16,727	17,459
36 Currency and coin.....	4,584	4,781	4,664	4,990	4,777	5,021	5,014	5,478
37 Balances with domestic banks.....	6,393	6,884	7,033	7,253	7,203	7,323	7,480	7,136
38 Investments in subsidiaries not consolidated.....	1,196	1,184	1,197	1,229	1,233	1,231	1,334	1,277
39 Other assets.....	30,902	30,955	31,618	32,959	32,228	33,192	32,666	33,159
40 Total assets/total liabilities	391,911	396,600	396,960	403,176	401,482	412,764	413,187	412,113
Deposits:								
41 <i>Demand deposits, total</i>	119,242	122,693	120,877	127,341	121,289	132,821	129,195	127,066
42 Individuals, partnerships, and corporations..	94,434	96,686	95,286	100,026	96,874	103,414	101,609	100,912
43 States and political subdivisions.....	5,424	5,718	5,682	5,946	5,069	5,716	5,951	5,566
44 U.S. Government.....	1,403	1,594	1,287	1,293	968	4,074	1,856	1,535
Domestic interbank:								
45 Commercial.....	12,449	13,296	13,100	13,978	12,784	13,607	13,804	13,044
46 Mutual savings.....	408	394	374	419	385	393	362	345
Foreign:								
47 Governments, official institutions, etc.....	236	280	296	331	301	315	321	279
48 Commercial banks.....	1,342	1,340	1,420	1,311	1,382	1,426	1,434	1,605
49 Certified and officers' checks.....	3,546	3,385	3,432	4,037	3,526	3,876	3,858	3,780
50 <i>Time and savings deposits, total</i> ³	182,245	182,119	183,063	183,288	185,023	185,871	187,511	188,863
Individuals, partnerships, and corporations:								
51 Savings.....	75,995	76,333	76,729	77,362	78,132	78,703	78,980	79,514
52 Other.....	82,053	81,818	82,297	81,903	82,671	82,241	82,818	83,388
53 States and political subdivisions.....	17,383	17,279	17,410	17,204	17,177	17,672	18,099	18,210
54 Domestic interbank.....	3,004	2,992	3,025	3,070	3,188	3,244	3,410	3,441
55 Foreign governments, official institutions, etc.	3,230	3,148	3,064	3,210	3,305	3,473	3,632	3,684
56 Federal funds purchased, etc. ⁴	47,031	48,009	48,693	48,016	50,656	49,651	51,941	51,520
Borrowings from:								
57 Federal Reserve Banks.....		11	30	7	1	188	50	274
58 Others.....	2,112	2,528	2,275	2,318	2,157	2,058	2,011	2,054
59 Other liabilities, etc. ⁵	12,103	12,146	12,937	13,021	13,055	12,959	13,150	12,739
60 Total equity capital and subordinated notes/debentures ⁶	29,178	29,094	29,085	29,185	29,301	29,216	29,329	29,597

¹ Includes securities purchased under agreements to resell.² Federal agencies only.³ Includes U.S. Government and foreign bank deposits not shown separately.⁴ Includes securities sold under agreements to repurchase.⁵ Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.⁶ Includes reserves for securities and contingency portion of reserves for loans.

1.30 LARGE WEEKLY REPORTING COMMERCIAL BANKS Balance Sheet Memoranda

Millions of dollars, Wednesday figures

Account and bank group	1976							
	Nov. 10	Nov. 17	Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
Total loans (gross) and investments, adjusted:¹								
1 Large banks.....	285,115	286,040	284,576	290,428	288,852	292,061	291,000	291,440
2 New York City banks.....	68,583	69,687	68,676	71,476	70,891	72,319	71,268	71,070
3 Banks outside New York City.....	216,532	216,353	215,900	218,952	217,961	219,742	219,732	220,370
Total loans (gross), adjusted:								
4 Large banks.....	389,993	394,381	392,594	398,929	398,103	403,298	401,777	402,887
5 New York City banks.....	88,382	90,845	89,548	91,514	91,250	93,534	92,024	91,982
6 Banks outside New York City.....	301,611	303,536	303,046	307,415	306,853	309,764	309,753	310,905
Demand deposits, adjusted:²								
7 Large banks.....	106,038	107,265	104,080	110,999	108,794	113,738	111,057	112,584
8 New York City banks.....	23,382	24,557	22,428	25,628	23,941	26,353	25,334	24,907
9 Banks outside New York City.....	82,656	82,708	81,652	85,371	84,853	87,385	85,723	87,677
Large negotiable time CD's included in time and savings deposits:³								
Total:								
10 Large banks.....	62,795	62,626	63,444	63,310	64,151	63,474	64,708	65,851
11 New York City.....	21,407	21,611	22,118	22,222	22,275	21,798	22,218	22,714
12 Banks outside New York City.....	41,388	41,015	41,326	41,088	41,876	41,676	42,490	43,137
Issued to IPC's:								
13 Large banks.....	41,333	41,325	42,340	42,117	42,966	42,201	42,991	43,893
14 New York City Banks.....	13,809	14,083	14,775	14,925	15,190	14,751	15,176	15,594
15 Banks outside New York City.....	27,524	27,242	27,565	27,192	27,776	27,450	27,815	28,299
Issued to others:								
16 Large banks.....	21,462	21,301	21,104	21,193	21,185	21,273	21,717	21,958
17 New York City banks.....	7,598	7,528	7,343	7,297	7,085	7,047	7,042	7,120
18 Banks outside New York City.....	13,864	13,773	13,761	13,896	14,100	14,226	14,675	14,838
All other large time deposits:⁴								
Total:								
19 Large banks.....	26,242	25,955	25,938	25,615	25,571	25,987	26,168	26,239
20 New York City banks.....	5,804	5,696	5,673	5,611	5,575	5,457	5,321	5,244
21 Banks outside New York City.....	20,438	20,259	20,265	20,004	19,996	20,530	20,847	20,995
Issued to IPC's:								
22 Large banks.....	15,184	15,100	15,015	14,832	14,852	14,723	14,560	14,514
23 New York City banks.....	4,357	4,316	4,290	4,231	4,211	4,011	3,939	3,939
24 Banks outside New York City.....	10,827	10,784	10,725	10,601	10,641	10,603	10,549	10,575
Issued to others:								
25 Large banks.....	11,058	10,855	10,923	10,783	10,719	11,264	11,608	11,725
26 New York City banks.....	1,447	1,380	1,383	1,380	1,364	1,337	1,310	1,305
27 Banks outside New York City.....	9,611	9,475	9,540	9,403	9,355	9,927	10,298	10,420
Savings deposits, by ownership category:								
Individuals and nonprofit organizations:								
28 Large banks.....	79,639	79,876	80,143	80,420	80,877	81,178	81,430	81,922
29 New York City banks.....	8,697	8,713	8,739	8,766	8,860	8,920	8,961	9,030
30 Banks outside New York City.....	70,942	71,163	71,404	71,654	72,017	72,258	72,469	72,892
Partnerships and corporations for profit:⁵								
31 Large banks.....	4,046	4,088	4,209	4,276	4,386	4,378	4,378	4,408
32 New York City banks.....	378	387	403	411	419	429	434	445
33 Banks outside New York City.....	3,668	3,701	3,806	3,865	3,967	3,949	3,944	3,963
Domestic governmental units:								
34 Large banks.....	1,620	1,738	1,771	2,087	2,415	2,747	2,818	2,934
35 New York City banks.....	251	281	259	253	282	267	266	292
36 Banks outside New York City.....	1,369	1,457	1,512	1,834	2,133	2,480	2,552	2,642
All other:⁶								
37 Large banks.....	56	60	52	68	91	78	76	74
38 New York City banks.....	40	48	45	59	76	62	61	57
39 Banks outside New York City.....	16	12	7	9	15	16	15	17
Gross liabilities of banks to their foreign branches:								
40 Large banks.....	3,918	5,058	5,340	4,621	4,849	6,452	5,181	6,206
41 New York City banks.....	2,979	4,132	4,232	3,776	4,033	5,521	4,214	4,576
42 Banks outside New York City.....	939	926	1,108	845	816	931	967	1,630
Loans sold outright to selected institutions by all large banks:⁷								
43 Commercial and industrial.....	2,416	2,402	2,401	2,404	2,381	2,367	2,352	2,366
44 Real estate.....	218	218	218	216	215	215	216	217
45 All other.....	1,136	1,162	1,177	1,160	1,166	1,160	1,179	1,212

¹ Exclusive of loans and Federal funds transactions with domestic commercial banks.² All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.³ Certificates of deposit (CD's) issued in denominations of \$100,000 or more.⁴ All other time deposits issued in denominations of \$100,000 or more. (not included in large negotiable CD's).⁵ Other than commercial banks.⁶ Domestic and foreign commercial banks, and official international organizations.⁷ To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry group	Outstanding					Net change during—				
	1976					1976				
	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29	Q3	Q4	Oct.	Nov.	Dec.
Total loans classified ²										
1 Total.....	95,569	95,652	96,647	96,560	96,214	-641	3,556	1,153	1,352	1,051
Durable goods manufacturing:										
2 Primary metals.....	2,157	2,149	2,213	2,181	2,195	-36	133	-49	83	99
3 Machinery.....	4,604	4,589	4,649	4,641	4,602	-417	-15	-25	28	-18
4 Transportation equipment.....	2,227	2,186	2,240	2,254	2,238	-252	-188	-131	-120	63
5 Other fabricated metal products.....	1,709	1,733	1,712	1,700	1,697	-56	11	-24	46	-11
6 Other durable goods.....	3,360	3,372	3,371	3,315	3,258	-109	-245	-88	-47	-110
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco.....	3,377	3,368	3,350	3,499	3,496	3	130	18	24	88
8 Textiles, apparel, and leather.....	3,233	3,195	3,119	3,063	2,978	178	-521	-104	-141	-276
9 Petroleum refining.....	2,466	2,494	2,559	2,580	2,633	217	113	40	-53	126
10 Chemicals and rubber.....	2,536	2,576	2,569	2,565	2,542	41	17	102	-89	4
11 Other nondurable goods.....	1,935	1,911	1,935	1,917	1,904	-34	23	-34	86	-29
12 Mining, including crude petroleum and natural gas.....	7,237	7,246	7,269	7,254	7,271	229	311	229	51	31
Trade:										
13 Commodity dealers.....	1,907	1,963	1,995	1,871	1,911	-212	355	267	115	-27
14 Other wholesale.....	6,211	6,203	6,217	6,265	6,208	189	175	93	85	-3
15 Retail.....	6,653	6,598	6,715	6,499	6,163	19	-177	168	183	-528
16 Transportation.....	5,168	5,141	5,156	5,195	5,232	-496	48	-58	-4	110
17 Communication.....	1,447	1,344	1,406	1,434	1,350	-263	-139	-75	-20	-44
18 Other public utilities.....	5,625	5,570	5,660	5,649	5,597	-526	-102	-118	-43	59
19 Construction.....	3,986	3,981	3,989	3,990	3,899	-51	-292	-12	-130	-150
20 Services.....	10,447	10,399	10,461	10,506	10,513	-174	108	30	2	76
21 All other domestic loans.....	7,834	7,809	7,787	7,816	7,946	385	586	180	277	129
22 Bankers acceptances.....	5,653	5,962	6,468	6,509	6,777	629	3,190	809	1,105	1,276
23 Foreign commercial and industrial loans.....	5,797	5,863	5,807	5,857	5,804	95	35	-65	-86	186
MEMO:										
24 Commercial paper included in total classified loans ¹					413	-142	87	-16	22	81
25 Total commercial and industrial loans of all large weekly reporting banks.....	115,507	115,581	116,425	116,544	116,460	-391	4,078	1,123	1,500	1,455
"Term" loans classified ³										
1976					1976					
	Aug. 25	Sept. 29	Oct. 27	Nov. 24	Dec. 29	Q3	Q4	Oct.	Nov.	Dec.
26 Total.....	44,179	44,772	44,462	44,823	45,171	-545	399	-310	361	348
Durable goods manufacturing:										
27 Primary metals.....	1,146	1,214	1,191	1,253	1,316	-27	102	-23	62	63
28 Machinery.....	2,748	2,675	2,592	2,637	2,565	-354	-110	-83	45	-72
29 Transportation equipment.....	1,354	1,381	1,315	1,303	1,351	-124	-30	-66	-12	48
30 Other fabricated metal products.....	765	756	747	777	771	-43	15	-9	30	-6
31 Other durable goods.....	1,758	1,736	1,668	1,655	1,619	-79	-117	-68	-13	-36
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco.....	1,463	1,435	1,425	1,392	1,397	32	-38	-10	-33	5
33 Textiles, apparel, and leather.....	1,159	1,144	1,125	1,118	1,094	28	-50	-19	-7	-24
34 Petroleum refining.....	1,606	1,908	1,931	1,864	1,970	201	62	23	-67	106
35 Chemicals and rubber.....	1,460	1,464	1,486	1,449	1,443	-2	-21	22	-37	-6
36 Other nondurable goods.....	948	935	930	950	953	-51	18	-5	20	3
37 Mining, including crude petroleum and natural gas.....	5,137	5,342	5,514	5,517	5,681	122	339	172	3	164
Trade:										
38 Commodity dealers.....	186	209	220	218	200	2	-9	11	-2	-18
39 Other wholesale.....	1,340	1,394	1,400	1,474	1,460	86	66	6	74	-14
40 Retail.....	2,080	2,134	2,173	2,249	2,063	102	-71	39	76	-186
41 Transportation.....	3,941	3,934	3,883	3,809	3,933	-303	-1	-51	-74	124
42 Communication.....	948	903	910	913	847	-87	-56	7	3	-66
43 Other public utilities.....	3,685	3,604	3,523	3,549	3,664	-304	60	-81	26	115
44 Services.....	1,711	1,696	1,708	1,669	1,629	-48	-67	12	-39	-40
45 Construction.....	4,926	4,967	4,886	5,151	4,991	-130	24	-81	265	-160
46 All other domestic loans.....	2,356	2,419	2,447	2,567	2,600	69	181	28	120	33
47 Foreign commercial and industrial loans.....	3,462	3,522	3,388	3,309	3,624	365	102	-134	-79	315

¹ Reported for the last Wednesday of each month.² Includes "term" loans, shown below.³ Outstanding loans with an original maturity of more than 1 year and

all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars; estimated daily-average balances

Type of holder		All commercial banks									
		1972, Dec.	1973, Dec.	1975, Dec.	1975				1976		
					Mar.	June	Sept.	Dec.	Mar.	June	Sept.
1	All holders, IPC.....	208.0	220.1	225.0	216.3	222.2	227.0	236.9	227.9	234.2	235.8
2	Financial business.....	18.9	19.1	19.0	18.6	19.4	19.0	20.1	19.9	20.3	19.6
3	Nonfinancial business.....	109.9	116.2	118.8	111.3	115.1	118.7	125.1	116.9	121.2	121.3
4	Consumer.....	65.4	70.1	73.3	73.2	74.8	76.5	78.0	77.2	78.8	80.2
5	Foreign.....	1.5	2.4	2.3	2.3	2.3	2.2	2.4	2.4	2.5	3.3
6	Other.....	12.3	12.4	11.7	10.9	10.6	10.6	11.3	11.4	11.4	11.4
		All weekly reporting banks									
		1973, Dec.	1974, Dec.	1975, Dec.	1976						
					May	June	July	Aug.	Sept.	Oct.	Nov. ^p
7	All holders, IPC.....	118.1	119.7	124.4	118.2	122.6	122.5	112.9	121.5	123.8	129.8
8	Financial business.....	14.9	14.8	15.6	15.7	16.1	16.3	15.0	15.3	16.8	16.2
9	Nonfinancial business.....	66.2	66.9	69.9	67.8	67.3	64.8	61.4	65.7	68.4	70.2
10	Consumer.....	28.0	29.0	29.9	26.4	31.2	33.3	29.2	31.4	29.6	31.4
11	Foreign.....	2.2	2.2	2.3	2.2	2.0	2.3	1.8	2.5	2.4	2.5
12	Other.....	6.8	6.8	6.6	6.1	6.1	5.8	5.6	6.6	6.6	9.5

NOTE.—Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial

banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1973, Dec.	1974, Dec.	1975, Dec.	1976						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 Commercial paper, all issuers.....	41,073	49,144	47,690	50,537	50,011	51,138	59,063	49,814	51,334	53,080
Financial companies: ¹										
Dealer-placed paper: ²										
2 Total.....	5,487	4,611	6,239	6,443	6,075	6,187	6,243	6,347	6,674	7,113
3 Bank-related.....	1,938	1,814	1,762	1,724	1,710	1,655	1,650	1,681	1,739	1,860
Directly placed paper: ³										
4 Total.....	27,204	31,839	31,276	31,866	31,198	32,513	31,500	31,438	31,844	32,655
5 Bank-related.....	2,943	6,518	6,892	5,974	6,297	5,936	5,938	6,213	5,828	5,775
6 Nonfinancial companies ⁴	8,382	12,694	10,175	12,228	12,738	12,438	12,320	12,029	12,816	13,312
7 Dollar acceptances, total.....	8,892	18,484	18,727	19,681	19,783	19,544	19,383	19,599	20,312	20,678
Held by—										
8 Accepting banks.....	2,837	4,226	7,333	6,175	6,171	75,905	6,107	6,798	7,959	9,031
9 Own bills.....	2,318	3,685	5,899	5,397	5,378	5,255	5,449	5,865	6,789	7,706
10 Bills bought.....	519	542	1,435	778	793	7650	658	933	1,170	1,325
F.R. Banks:										
11 Own account.....	68	999	1,126	875	1,027	656	808	838	337	188
12 Foreign correspondents.....	581	1,109	293	440	427	447	442	417	387	349
13 Others.....	5,406	12,150	9,975	12,147	12,157	12,968	12,026	12,299	11,629	12,184
Based on—										
14 Imports into United States.....	2,273	4,023	3,726	4,267	4,384	4,611	4,530	4,498	4,737	4,667
15 Exports from United States.....	3,499	4,067	4,001	4,304	4,308	4,327	4,355	4,420	4,715	4,628
16 All other.....	3,120	10,394	11,000	11,110	11,091	10,606	10,498	10,680	10,860	11,383

¹ Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

² Includes all financial company paper sold by dealers in the open market.

³ As reported by financial companies that place their paper directly with investors.

⁴ Includes public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans

Per cent per annum

Effective date	Rate	Effective date	Rate	Effective date	Rate	Month	Average rate
1974—Apr. 11.....	10	1975—Jan. 9.....	10¼	1975—July 18.....	7¼	1975—July.....	7.15
19.....	10¼	15.....	10	28.....	7½	Aug.....	7.66
25.....	10½	20.....	9¾			Sept.....	7.88
		28.....	9½	Aug. 12.....	7¾	Oct.....	7.96
May 2.....	10¾			Sept. 15.....	8	Nov.....	7.53
6.....	11	Feb. 3.....	9¼			Dec.....	7.26
10.....	11¼	10.....	9	Oct. 27.....	7¾	1976—Jan.....	7.00
17.....	11½	18.....	8¾			Feb.....	6.75
		24.....	8½	Nov. 5.....	7½	Mar.....	6.75
June 26.....	11¾			Dec. 2.....	7¼	Apr.....	6.75
July 5.....	12	Mar. 5.....	8¼			May.....	6.75
		10.....	8	1976—Jan. 12.....	7	June.....	7.20
Oct. 7.....	11¾	18.....	7¾	21.....	6¾	July.....	7.25
21.....	11½	24.....	7½			Aug.....	7.01
28.....	11¼	May 20.....	7¼	June 1.....	7	Sept.....	7.00
				7.....	7¼	Oct.....	6.78
Nov. 4.....	11	June 9.....	7	Aug. 2.....	7	Nov.....	6.50
14.....	10¾					Dec.....	6.35
25.....	10½						

1.35 INTEREST RATES CHARGED BY BANKS on Business Loans

Per cent per annum

Center	All sizes		Size of loan (in thousands of dollars)									
			1-9		10-99		100-499		500-999		1,000 and over	
	Nov. 1976	Aug. 1976	Nov. 1976	Aug. 1976	Nov. 1976	Aug. 1976	Nov. 1976	Aug. 1976	Nov. 1976	Aug. 1976	Nov. 1976	Aug. 1976
Short-term rates												
1 35 centers.....	7.28	7.80	8.83	9.06	8.18	8.58	7.66	7.99	7.31	7.84	7.02	7.61
2 New York City.....	6.88	7.48	8.56	8.85	7.94	8.40	7.43	7.91	7.24	7.77	6.74	7.36
3 7 Other Northeast.....	7.62	8.18	9.22	9.41	8.34	8.84	7.88	8.25	7.49	8.16	7.34	7.98
4 8 North Central.....	7.28	7.70	8.45	8.65	8.12	8.50	7.69	7.85	7.36	7.71	7.03	7.55
5 7 Southeast.....	7.51	7.95	9.13	9.33	8.48	8.76	7.71	8.00	7.04	7.85	7.07	7.54
6 8 Southwest.....	7.33	7.75	8.51	8.83	7.82	8.24	7.39	7.80	7.21	7.61	7.12	7.55
7 4 West Coast.....	7.52	8.15	8.69	9.26	8.46	8.79	7.88	8.28	7.44	8.06	7.34	8.05
Revolving credit rates												
8 35 centers.....	7.19	7.87	8.37	8.70	8.14	8.33	7.60	8.02	7.41	7.80	7.12	7.88
9 New York City.....	7.18	8.14	7.23	7.25	7.86	8.26	7.21	7.70	6.97	7.56	7.19	8.19
10 7 Other Northeast.....	6.92	7.59	8.15	8.00	8.20	8.22	7.26	7.67	7.75	8.36	6.75	7.47
11 8 North Central.....	7.54	7.96	8.52	8.94	8.95	9.03	8.05	8.50	7.88	7.74	7.39	7.90
12 7 Southeast.....	7.05	7.48	8.31	8.75	8.09	8.40	7.56	8.16	6.77	7.47	6.83	7.13
13 8 Southwest.....	7.45	7.81	8.19	8.74	7.96	8.09	7.74	8.20	7.24	7.47	7.39	7.80
14 4 West Coast.....	7.11	7.73	8.77	9.10	7.85	8.08	7.58	7.95	7.45	7.91	7.01	7.68
Long-term rates												
15 35 centers.....	7.48	8.45	9.39	9.61	8.88	9.02	8.14	8.55	8.13	8.60	7.24	8.40
16 New York City.....	7.36	8.52	7.19	.....	8.55	8.27	7.93	8.05	8.06	8.44	7.26	8.56
17 7 Other Northeast.....	6.64	8.62	9.22	9.40	8.84	9.43	7.95	8.93	7.92	7.50	5.73	8.70
18 8 North Central.....	7.66	8.05	9.20	8.83	9.03	9.07	8.35	8.26	8.99	8.36	7.32	7.92
19 7 Southeast.....	7.59	8.88	9.87	9.60	9.35	9.08	7.93	9.88	4.00	8.18	7.79	8.06
20 8 Southwest.....	7.73	8.42	10.54	10.85	9.05	9.04	8.28	8.23	8.44	8.69	7.20	8.30
21 4 West Coast.....	8.04	8.67	8.70	9.28	8.54	8.58	8.31	8.81	7.78	10.00	8.03	8.46

NOTE.—Weighted average rates based on sample of loans made during first 7 days of the survey month.

1.36 INTEREST RATES in Money and Capital Markets

Averages, per cent per annum

Instrument		1974	1975	1976	1976				1976, week ending—				
					Sept.	Oct.	Nov.	Dec.	Dec. 4	Dec. 11	Dec. 18	Dec. 24	Dec. 31
Money market rates													
Prime commercial paper: ¹													
1	90-119 day.....	10.05	6.26	5.24	5.33	5.10	4.98	4.66	4.75	4.63	4.70	4.63	4.63
2	4- to 6-month.....	9.87	6.33	5.35	5.45	5.22	5.05	4.70	4.83	4.70	3.75	4.63	4.65
3	Finance company paper, directly placed, 3- to 6-month ²	8.62	6.16	5.22	5.31	5.08	4.92	4.56	4.73	4.58	4.55	4.53	4.50
4	Prime bankers acceptances, 90-day ³	9.92	6.30	5.19	5.28	5.06	4.90	4.62	4.64	4.64	4.60	4.60	4.65
5	Federal funds ⁴	10.51	5.82	5.05	5.25	5.03	4.95	4.65	4.78	4.67	4.68	4.63	4.66
Large negotiable certificates of deposit:...													
6	3-month, secondary market ⁵	10.27	6.43	5.26	5.32	5.13	5.00	4.67	4.71	4.70	4.68	4.61	4.65
7	3-month, primary market ⁶			5.15	5.25	5.03	4.95	4.54	4.50	4.60	4.60	4.50	4.50
8	Euro-dollar deposits, 3-month ⁷	10.96	6.97	5.57	5.55	5.47	5.29	5.01	5.18	4.95	4.95	5.01	5.09
U.S. Government securities: ⁸													
Bills:													
Market yields:													
9	3-month.....	7.84	5.80	4.98	5.08	4.92	4.75	4.35	4.42	4.41	4.33	4.27	4.34
10	6-month.....	7.95	6.11	5.26	5.30	5.06	4.88	4.51	4.55	4.52	4.53	4.47	4.51
11	1-year.....	7.71	6.30	5.52	5.50	5.19	5.00	4.64	4.66	4.66	4.66	4.60	4.62
Rate on new issue:													
12	3-month.....	7.886	5.838	4.989	5.075	4.930	4.810	4.354	4.466	4.383	4.360	4.269	4.296
13	6-month.....	7.926	6.122	5.266	5.311	5.073	4.944	4.513	4.567	4.516	4.508	4.500	4.474
Notes and bonds maturing in—													
14	9 to 12 months.....	8.25	6.70	5.84	5.79	5.49	5.29	4.92	4.98	4.94	4.94	4.88	4.88
15	3 to 5 years.....	7.81	7.55	6.94	6.84	6.50	6.35	5.96	5.92	5.94	5.99	5.96	5.98
Capital market rates													
Government bonds:													
U.S. Treasury: ⁹													
16	Long-term.....	6.99	6.98	6.78	6.70	6.65	6.62	6.39	6.43	6.37	6.41	6.40	6.37
17	20-year constant maturity.....	8.05	8.19	7.86	7.78	7.70	7.64	7.30	7.39	7.32	7.34	7.28	7.25
State and local: ¹⁰													
Moody's series:													
18	Aaa.....	5.89	6.42	5.66	5.40	5.29	5.27	5.07	5.10	5.07	5.07	5.07	5.04
19	Baa.....	6.53	7.62	7.49	6.51	6.30	6.29	6.73	6.03	5.96	5.95	6.70	6.58
20	Bond Buyer series, ¹¹	6.17	7.05	6.64	6.51	6.30	6.29	5.94	6.03	5.96	5.95	5.93	5.83
Corporate bonds:													
Seasoned issues (Moody's series) ¹²													
21	All industries.....	9.03	9.57	9.01	8.79	8.71	8.66	8.47	8.55	8.51	8.47	8.45	8.40
By rating groups:													
22	Aaa.....	8.57	8.83	8.43	8.38	8.32	8.25	7.98	8.09	8.01	8.00	7.96	7.91
23	Aa.....	8.84	9.17	8.75	8.54	8.48	8.46	8.24	8.35	8.29	8.24	8.22	8.17
24	A.....	9.20	9.65	9.09	8.81	8.73	8.69	8.53	8.62	8.56	8.54	8.50	8.45
25	Baa.....	9.50	10.61	9.75	9.40	9.29	9.23	9.12	9.19	9.16	9.11	9.10	9.09
Aaa utility bonds: ¹³													
26	New issue.....	9.33	9.40	8.48	8.29	8.25	8.17	7.94	7.95	7.93	7.96	.....	.....
27	Recently offered issues.....	9.34	9.41	8.49	8.33	8.24	8.18	7.93	7.97	7.94	7.97	7.92	7.84

¹ Averages of the most representative daily offering rate quoted by dealers.² Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.³ Beginning Aug. 15, 1974, the rate is the average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.⁴ Weekly figures are 7-day averages of daily effective rates for the week ending Wednesday; the daily effective rate is an average of the rates on a given day weighted by the volume of transactions at these rates.⁵ Averages of the daily midpoints as determined from the range of offering rates in the secondary market.⁶ Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of \$100,000 or more. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.⁷ Averages of daily quotations for the week ending Wednesday.⁸ Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount rate basis. Yields for notes and bonds are unweighted averages for all outstanding issues in maturity ranges shown.⁹ Yields are computed from daily closing bid prices. Long-term yield is unweighted average for all bonds neither due nor callable in less than 10 years; 20-year constant maturity represents yield on the more actively traded issues adjusted to a 20-year maturity by the U.S. Treasury.¹⁰ General obligations only, based on figures for Thursday, from Moody's Investors Service.¹¹ Twenty issues of mixed quality.¹² Averages of daily figures from Moody's Investors Service.¹³ Compilation of the Board of Governors of the Federal Reserve System.

Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.

1.37 STOCK MARKET Selected Statistics

Indicator		1974	1975	1976	1976						
					June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Prices and trading (averages of daily figures)											
Common stock prices: New York Stock Exchange (Dec. 31, 1965 = 50):											
1	Total	43.84	45.73	54.45	54.23	55.70	55.06	56.30	54.43	54.17	56.34
2	Industrial	48.08	51.88	60.44	60.70	62.10	61.09	62.34	60.07	59.45	61.54
3	Transportation	31.89	30.73	39.57	40.41	42.12	40.63	40.36	38.37	39.28	41.77
4	Utility	29.82	31.45	36.97	35.16	36.49	37.56	38.77	38.33	38.85	40.61
5	Finance	49.67	46.62	52.94	51.82	54.06	54.22	54.51	52.74	53.25	57.45
Standard and Poor's Corporation (1941-43 = 10):											
6	Total ¹	82.85	85.17	102.01	101.78	104.20	103.29	105.45	101.89	101.19	104.66
American Stock Exchange (Aug. 31, 1973 = 100):											
7	Total	79.97	83.15	101.63	103.57	105.24	102.79	102.92	98.99	99.20	104.06
Volume of trading (thousands of shares): ²											
8	New York Stock Exchange	13,883	18,568	21,189	18,965	18,977	15,758	18,892	17,397	19,370	23,621
9	American Stock Exchange	1,908	2,150	2,565	2,177	2,280	1,605	1,902	1,700	2,211	3,095
Customer financing (end-of-period balances, in millions of dollars)											
10 Regulated margin credit at brokers/dealers and banks ³											
11	Brokers, total	4,836	6,500	8,276	8,417	8,683	8,566	8,772	8,629		
12	Margin stock ⁴	3,980	5,540	7,248	7,519	7,622	7,707	7,704	7,790		
13	Convertible bonds	3,840	5,390	7,080	7,340	7,450	7,530	7,530	7,610		
14	Subscription issues	137	147	166	176	167	174	168	178		
15	Banks, total	3	3	2	3	5	3	6	2		
16	Margin stocks	856	960	1,028	898	1,061	859	1,068	839		
17	Convertible bonds	815	909	976	854	1,008	813	1,019	790		
18	Subscription issues	30	36	33	28	34	32	34	35		
		11	15	19	16	19	14	15	14		
19	Unregulated nonmargin stock credit at banks ⁵	2,064	2,281	2,368	2,317	2,368	2,830	2,774	3,351		
MEMO: Free credit balances at brokers ⁶											
20	Margin-account	410	475	540	530	555	555	611	615		
21	Cash-account	1,425	1,525	1,680	1,635	1,605	1,710	1,580	1,740		
Margin-account debt at brokers (percentage distribution, end of period)											
22	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0		
By equity class: ⁷											
23	Under 40 per cent	45.4	25.0	14.1	14.0	18.2	12.2	15.0	14.0		
24	40-49	23.0	28.8	25.4	31.1	33.9	29.9	34.0	32.0		
25	50-59	13.9	22.3	32.2	27.7	22.7	29.6	25.6	27.0		
26	60-69	8.8	11.6	14.4	13.0	12.7	14.1	12.7	13.0		
27	70-79	4.6	6.9	7.7	8.0	6.9	8.0	7.2	8.0		
29	80 per cent or more	4.3	5.3	6.3	6.1	5.7	6.3	5.7	6.0		
Margin requirements ⁸ (per cent of market value) effective—											
		Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Mar. 24, 1972	Jan. 3, 1974				
29	Margin stocks	.70	.80	.65	.55	.65	.50				
30	Convertible bonds	.50	.60	.50	.50	.50	.50				
31	Short sales	.70	.80	.65	.55	.65	.50				

¹ Effective July 1976 includes a new financial group, banks and insurance companies. With this change the index includes 400 industrial stocks (formerly 425), 20 transportation (formerly 15 rail), 40 public utility (formerly 60), and 40 financial.

² Based on trading for a 5½-hour day.

³ Margin credit includes all credit extended to purchase or carry stocks or related equity instruments and secured at least in part by stock. Credit extended by brokers is end-of-month data for member firms of the New York Stock Exchange; June data for banks are universe totals; all other data for banks are estimates for all commercial banks based on data from a sample of reporting banks.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

⁴ A distribution of this total by equity class is shown below.

⁵ Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-

counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

⁶ Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

⁷ Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral value.

⁸ 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.

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1973	1974	1975	1976														
										Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Savings and loan associations																	
1 Assets.....	271,905	295,524	338,395	353,740	357,827	363,032	366,598	371,956	376,364	379,925	385,192	389,335						
2 Mortgages.....	231,733	249,293	278,693	286,556	290,727	294,759	299,574	303,815	308,049	312,139	316,034	319,579						
3 Cash and investment securities ¹	21,055	23,240	30,900	36,722	36,437	37,005	35,316	36,029	35,873	35,262	36,499	36,658						
4 Other.....	19,117	22,991	28,802	30,462	30,663	31,268	31,708	32,112	32,442	32,524	32,659	33,098						
5 Liabilities and net worth.....	271,905	295,524	338,395	353,740	357,827	363,032	366,598	371,956	376,364	379,925	385,192	389,335						
6 Savings capital.....	226,968	242,959	286,043	302,436	305,234	308,284	313,326	316,510	318,675	324,272	327,739	330,319						
7 Borrowed money.....	17,172	24,780	20,709	18,220	17,759	17,670	18,251	18,439	18,935	19,161	18,888	18,784						
8 FHLBB.....	14,951	21,508	17,524	15,461	15,031	14,898	15,016	15,139	15,495	15,832	15,636	15,560						
9 Other.....	2,221	3,272	3,185	2,759	2,728	2,772	3,235	3,300	3,440	3,329	3,252	3,224						
10 Loans in process.....	4,667	3,244	5,187	5,379	5,787	6,156	6,464	6,640	6,697	6,756	6,805	6,820						
11 Other.....	6,042	6,105	6,680	7,494	8,572	10,234	7,796	9,370	10,791	8,352	10,089	11,475						
12 Net worth ²	17,056	18,436	19,776	20,211	20,475	20,688	20,761	20,997	21,266	21,384	21,671	21,937						
13 MEMO: Mortgage loan commitments outstanding ³	9,526	7,454	10,675	14,445	15,512	16,620	16,639	16,328	15,796	15,470	15,338	15,230						
Mutual savings banks																		
14 Assets.....	106,651	109,550	121,056	125,526	126,470	127,470	128,436	129,826	130,571	131,413	132,455	.....					
Loans:																		
15 Mortgage.....	73,231	74,891	77,221	77,738	78,046	78,286	78,803	79,398	79,781	80,145	80,543	.....					
16 Other.....	3,871	3,812	4,023	5,366	5,027	5,103	5,137	5,341	5,210	5,478	5,549	.....					
Securities:																		
17 U.S. Government.....	2,957	2,555	4,740	5,452	5,533	5,660	5,635	5,640	5,733	5,851	5,796	.....					
18 State and local government.....	926	930	1,545	1,867	2,149	2,318	2,337	2,376	2,339	2,359	2,429	.....					
19 Corporate and other ⁴	21,383	22,550	27,992	30,043	30,707	31,179	31,493	32,028	32,319	32,432	32,793	.....					
20 Cash.....	1,968	2,167	2,330	1,740	1,647	1,539	1,558	1,538	1,552	1,581	1,695	.....					
21 Other assets.....	2,314	2,645	3,205	3,321	3,361	3,385	3,470	3,505	3,576	3,567	3,649	.....					
22 Liabilities.....	176,651	109,550	121,056	125,526	126,470	127,470	128,436	129,826	130,571	131,413	132,455	.....					
23 Deposits.....	96,496	98,701	109,873	114,090	114,752	115,521	116,876	117,883	118,225	119,590	120,360	.....					
24 Regular: ⁵	96,056	98,221	109,291	113,374	113,960	114,761	115,985	116,895	117,203	118,510	119,346	.....					
25 Ordinary savings.....	65,221	64,286	69,653	71,860	71,801	72,156	72,763	73,223	72,872	73,484	73,610	.....					
26 Time and other.....	30,835	33,935	39,639	41,514	42,159	42,605	43,223	43,662	44,331	45,027	45,736	.....					
27 Other.....	440	480	582	716	792	760	890	988	1,022	1,080	1,014	.....					
28 Other liabilities.....	2,566	2,888	2,755	2,859	3,106	3,296	2,841	3,161	3,490	2,898	3,140	.....					
29 General reserve accounts.....	7,589	7,961	8,428	8,577	8,612	8,654	8,719	8,781	8,855	8,925	8,955	.....					
30 MEMO: Mortgage loan commitments outstanding ⁶	3,261	2,040	1,803	2,130	2,290	2,426	2,402	2,433	2,459	2,671	2,548	.....					
Life insurance companies																		
31 Assets.....	254,436	263,349	289,304	298,625	299,983	301,754	304,728	307,005	309,295	312,044	313,960	.....					
Securities:																		
32 Government.....	19,519	10,900	13,758	15,701	15,917	15,975	15,947	16,672	16,902	16,862	17,329	.....					
33 United States ⁷	3,444	3,372	4,736	5,093	5,198	5,141	4,863	5,150	5,922	5,150	5,448	.....					
34 State and local.....	3,412	3,667	4,508	5,016	5,100	5,146	5,196	5,263	5,324	5,364	5,446	.....					
35 Foreign ⁸	3,663	3,861	4,514	5,592	5,619	5,688	5,888	6,259	6,286	6,348	6,435	.....					
36 Business.....	118,599	119,637	135,317	142,310	143,197	114,496	147,193	148,617	150,303	152,125	153,298	.....					
37 Bonds.....	92,680	97,717	107,256	110,816	111,757	113,087	114,583	116,101	117,806	118,706	120,358	.....					
38 Stocks.....	25,919	21,920	28,061	31,494	31,440	31,409	32,610	32,516	32,497	33,419	32,940	.....					
39 Mortgages.....	81,369	86,234	89,167	89,474	89,489	89,529	89,691	89,753	89,891	90,217	90,323	.....					
40 Real estate.....	7,693	8,331	9,621	9,798	9,852	9,909	10,004	10,050	10,146	10,175	10,285	.....					
41 Policy loans.....	20,199	22,862	24,467	24,754	24,873	24,978	25,142	25,257	25,383	25,505	25,607	.....					
42 Other assets.....	14,057	15,385	16,971	16,588	16,655	16,867	16,751	16,656	16,670	17,160	17,118	.....					

¹ Stock of the Federal Home Loan Bank Board is included in "other assets."

² Includes net undistributed income, which is accrued by most, but not all, associations.

³ Excludes figures for loans in process, which are shown as a liability.

⁴ Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

⁵ Excludes checking, club, and school accounts.

⁶ Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Assn. of the State of New York.

⁷ Direct and guaranteed obligations. Excludes Federal agency issues not guaranteed, which are shown in this table under "business securities."

⁸ Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE.—Savings and loan associations: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations. Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the Institute of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year		Transition quarter (July- Sept. 1976)	Calendar year					
	1975	1976		1975		1976			
				H1	H2	H1	Sept.	Oct.	Nov.
U.S. Budget:									
1 Receipts.....	281,037	300,005	81,773	141,430	139,453	160,552	31,753	21,018	25,698
2 Outlays.....	324,642	365,610	94,473	171,494	184,545	181,066	30,996	34,000	33,083
3 Surplus, or deficit (-).....	-43,604	-65,605	-12,700	-30,065	-45,092	-20,513	757	-12,981	-7,385
4 Trust funds.....	7,408	2,378	-288	2,558	-3,126	5,503	-2,204	-4,734	328
5 Federal funds ¹	-51,012	-67,983	-12,412	-32,623	-41,966	-26,013	2,961	-8,247	-7,713
6 Off-Budget agencies, surplus, or deficit (-): ²	-3,155	-2,101	570	-4,711	-774	-1,327	550	3,273	-305
7 Federal Financing Bank, net outlays.....	-6,389	-5,915	-2,575	-3,365	-2,693	-3,222	-334	-702	-301
U.S. Budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (-).....	-53,149	-73,621	-14,705	-38,140	-48,559	-25,063	972	-10,411	-7,991
9 Financed by—									
10 Borrowing from the public.....	50,867	82,813	17,977	36,116	49,347	33,466	3,279	4,386	6,738
11 Cash and monetary assets (decrease, or increase (-)).....	-320	-7,796	-2,899	-2,991	113	-7,909	-5,954	5,371	3,391
12 Other ³	2,602	-1,396	-373	5,015	-901	-495	1,702	654	-2,138
13 Treasury operating balance (level, end of period).....	7,591	14,836	17,418	7,591	8,452	14,836	17,418	12,038	8,657
14 F.R. Banks.....	5,773	11,975	13,299	5,773	7,286	11,975	13,299	10,239	6,766
15 Tax and loan accounts.....	1,475	2,854	4,119	1,475	1,159	2,854	4,119	1,799	1,891
16 Other demand accounts ⁴	343	7	.....	343	7	7	.....	.....	.....

¹ Calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

² Includes Export-Import Bank (before October 1976), Pension Benefit Guaranty Corp., Postal Service, Rural Electrification and Telephone Revolving Fund, Rural Telephone Bank, and Housing for the Elderly or Handicapped Fund.

³ Includes: Public debt accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; Special Drawing Rights; gold tranche drawing rights; other

cash and monetary assets; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment beginning June 1975; conversion of interest receipts of Government accounts to an accrual basis.

⁴ Excludes the gold balance but includes deposits in certain commercial depositories that have been converted from a time deposit to a demand deposit basis to permit greater flexibility in Treasury cash management.

SOURCE.—Monthly "Treasury Statement of Receipts and Outlays of the U.S. Government" and *Treasury Bulletin*.

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type		Fiscal year		Transition quarter (July- Sept. 1976) ⁶	Calendar year					
		1975	1976		1975		1976			
					H1	H2	H1	Sept.	Oct.	Nov.
Receipts										
1	All sources	280,997	300,005	81,773	141,190	139,453	160,552	31,753	21,018	25,698
2	Individual income taxes, net	122,386	131,603	38,801	54,926	65,835	65,767	15,513	11,095	12,535
3	Withheld	122,071	123,408	32,949	60,694	59,549	63,859	10,406	10,694	12,201
4	Presidential Election Campaign Fund	32	34	1			33			
5	Nonwithheld	34,296	35,528	6,809	27,198	7,649	27,879	5,249	564	375
6	Refunds	34,013	27,367	958	32,997	1,362	26,004	142	163	41
7	Corporation income taxes									
8	Gross receipts	45,747	46,783	9,809	27,500	18,810	27,973	6,812	1,874	1,185
9	Refunds	5,125	5,374	1,348	3,109	2,735	2,639	554	846	486
10	Social insurance taxes and contributions, net	86,441	92,714	25,759	46,667	40,886	51,828	7,077	6,199	9,432
11	Payroll employment taxes and contributions ¹	71,789	76,391	21,534	37,371	35,443	40,947	6,269	5,308	7,775
12	Self-employment taxes and contributions ¹	3,417	3,518	269	3,163	268	3,250	269		
13	Unemployment insurance	6,770	8,054	2,698	3,856	2,861	5,193	153	503	1,205
14	Other net receipts ²	4,466	4,752	1,258	2,279	2,314	2,438	386	388	451
15	Excise taxes	16,551	16,963	4,473	7,790	8,759	8,204	1,486	1,408	1,517
16	Customs	3,676	4,074	1,212	1,718	1,927	2,147	429	417	570
17	Estate and gift	4,611	5,216	1,455	2,327	2,573	2,643	453	345	392
18	Miscellaneous receipts ³	6,711	8,026	1,613	3,370	3,397	4,630	537	527	553
Outlays										
19	All types	324,642	365,610	94,473	171,494	184,545	181,066	30,996	34,000	33,083
20	National defense	86,533	90,216	22,389	43,979	46,164	44,052	7,659	7,604	7,434
21	International affairs	4,356	4,462	1,450	2,592	2,097	2,365	152	539	294
22	General science, space, and technology	4,048	4,197	1,129	2,047	2,489	1,708	309	431	400
23	Natural resources, environment, and energy	9,567	11,674	3,592	5,584	4,775	6,900	1,173	1,057	1,341
24	Agriculture	1,667	1,994	760	1,074	1,577	417	531	122	630
25	Commerce and transportation	16,010	17,239	4,685	7,020	11,472	5,766	1,977	2,237	1,726
26	Community and regional development	4,431	5,023	1,505	2,192	2,612	2,411	525	425	756
27	Education, training, employment, and social services	15,249	17,678	4,683	8,980	8,563	9,116	1,862	1,128	1,709
28	Health	27,647	33,601	8,992	14,626	16,593	17,008	2,843	3,251	3,014
29	Income security	108,605	126,896	32,838	59,543	61,560	65,336	10,955	11,070	11,016
30	Veterans benefits and services	16,594	18,444	3,975	8,764	8,994	9,450	1,223	1,401	1,699
31	Law enforcement and justice	2,942	3,325	860	1,698	1,542	1,784	300	258	300
32	General government	3,087	2,951	854	1,204	2,082	870	312	160	395
33	Revenue sharing and general purpose fiscal assistance	7,006	7,114	2,024	3,389	3,450	3,664	137	2,112	590
34	Interest ⁴	30,975	35,500	7,304	15,673	16,940	18,560	1,256	2,642	2,438
35	Undistributed offsetting receipts ^{4,5}	-14,075	-14,704	-2,567	-6,871	-6,365	-8,340	-217	-436	-659

¹ Old-age, disability and hospital insurance, and Railroad Retirement accounts.² Supplementary medical insurance premiums and Federal employee retirement contributions.³ Deposits of earnings by F.R. Banks and other miscellaneous receipts.⁴ Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for Govt. accounts from an accrual basis to a cash basis.⁵ Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and Federal Govt. contributions for employee retirement.⁶ Effective in calendar year 1976, the fiscal year for the U.S. Govt. changed from July 1-June 30 to October 1-September 30. The period July 1-September 30 of 1976, data for which are shown separately from fiscal year 1976 and fiscal year 1977 totals, is a transition quarter.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1973		1974		1975		1976		
	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 Federal debt outstanding.....	468.4	480.7	486.2	504.0	544.1	587.6	611.4	631.3	645.8
2 Public debt securities.....	457.3	469.1	474.2	492.7	533.7	576.6	600.5	620.4	634.7
3 Held by public.....	333.9	339.4	336.0	351.5	387.9	437.3	461.4	470.8	488.6
4 Held by agencies.....	123.4	129.6	138.2	141.2	145.3	139.3	139.1	149.6	146.1
5 Agency securities.....	11.1	11.6	12.0	11.3	10.9	10.9	10.9	11.9	11.0
6 Held by public.....	9.1	9.6	10.0	9.3	9.0	8.9	8.9	8.9	9.1
7 Held by agencies.....	2.0	2.0	2.0	2.0	1.9	2.0	2.0	2.0	1.9
8 Debt subject to statutory limit.....	459.1	470.8	476.0	493.0	534.2	577.8	601.6	621.6	635.8
9 Public debt securities.....	456.7	468.4	473.6	490.5	532.6	576.0	599.9	619.8	634.1
10 Other debt ¹	2.4	2.4	2.4	2.4	1.6	1.7	1.7	1.7	1.7
11 MEMO: Statutory debt limit.....	465.0	475.7	495.0	495.0	577.0	595.0	627.0	636.0	636.0

¹ Includes guaranteed debt of Government agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

SOURCE: U.S. Treasury Bulletin.

1.42 GROSS PUBLIC DEBT OF U.S. TREASURY Types and Ownership

Billions of dollars, end of period

Type and holder	1973	1974	1975	1976					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Total gross public debt ¹	469.9	492.7	576.6	624.5	633.3	634.7	637.6	644.6	653.5
By type:									
2 Interest-bearing debt.....	360.7	373.4	457.1	495.5	502.5	505.7	508.7	517.0	523.5
3 Marketable.....	270.2	282.9	363.2	397.7	404.3	407.7	408.6	415.4	421.3
4 Bills.....	107.8	119.7	157.5	161.4	161.4	161.5	161.5	161.7	164.0
5 Notes.....	124.6	129.8	167.1	197.2	203.0	206.3	207.3	213.0	216.7
6 Bonds.....	37.8	33.4	38.6	39.1	39.9	39.8	39.8	40.7	40.6
7 Nonmarketable ²	197.6	208.7	212.5	225.9	228.0	225.9	226.5	228.2	231.2
8 Convertible bonds ³	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
9 Foreign issues ⁴	26.0	22.8	21.6	21.4	21.0	20.8	22.3	22.5	22.3
10 Savings bonds and notes.....	60.8	63.8	67.9	70.8	71.5	71.2	71.5	71.9	72.3
11 Government account series ⁵	108.0	119.1	119.4	128.9	130.6	128.6	127.2	127.4	129.7
By holder: ⁶									
12 U.S. Government agencies and trust funds...	129.6	141.2	139.3	147.6	148.0	146.1	144.6	.....	.....
13 Federal Reserve Banks.....	78.5	80.5	87.9	90.7	94.0	96.4	95.7	.....	.....
14 Private investors.....	261.7	271.0	349.4	386.2	391.3	392.2	397.3	.....	.....
15 Commercial banks.....	60.3	55.6	85.1	94.0	92.5	93.3	94.8	.....	.....
16 Mutual savings banks.....	2.9	2.5	4.5	5.3	5.4	5.3	5.3	.....	.....
17 Insurance companies.....	6.4	6.1	9.3	11.1	11.6	11.6	12.1	.....	.....
18 Other corporations.....	10.9	11.0	20.2	27.0	27.8	25.7	24.7	.....	.....
19 State and local governments.....	29.2	29.2	33.8	37.2	38.7	39.1	41.5	.....	.....
Individuals:									
20 Savings bonds.....	60.3	63.4	67.3	70.3	70.9	70.9	71.3	.....	.....
21 Other securities.....	16.9	21.5	24.0	26.8	28.8	28.8	28.8	.....	.....
22 Foreign and international ⁷	55.5	58.4	66.5	72.8	74.6	74.6	75.2	.....	.....
23 Other miscellaneous investors ⁸	19.3	23.2	38.6	41.9	40.9	42.9	42.6	.....	.....

¹ Includes \$1.1 billion of non-interest-bearing debt (of which \$612 million on Dec. 31, 1976, was not subject to statutory debt limitations).

² Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depositary bonds, retirement plan bonds, and individual retirement bonds.

³ These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ per cent, 5-year marketable Treasury notes. Convertible bonds, which have been so exchanged, are removed from this category and recorded in the notes category above.

⁴ Nonmarketable certificates of indebtedness, notes, and bonds in the Treasury foreign series and foreign-currency series.

⁵ Held only by U.S. Government agencies and trust funds.

⁶ Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

⁷ Consists of the investments of foreign balances and international accounts in the United States. Beginning with 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

⁸ Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Government deposit accounts, and Government-sponsored agencies.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

SOURCE: For data by type of security, *Monthly Statement of the Public Debt of the United States*, U.S. Treasury Department; for data by holder, *Treasury Bulletin*.

1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars; end of period

Type of holder	1975	1976			1975	1976		
		Sept.	Oct.	Nov.		Sept.	Oct.	Nov.
	All maturities					1 to 5 years		
1 All holders	363,191	407,663	408,590	415,399	112,270	131,102	127,938	137,932
2 U.S. Govt. agencies and trust funds	19,347	16,640	16,640	16,429	7,058	5,726	5,850	6,213
3 Federal Reserve Banks	87,934	96,427	95,738	91,660	30,518	30,531	30,293	3,036
4 Private investors	255,860	294,596	296,212	307,310	74,694	94,845	91,795	101,683
5 Commercial banks	64,398	70,201	71,077	74,013	29,629	36,740	35,660	38,254
6 Mutual savings banks	3,300	3,975	3,954	3,956	1,524	2,097	2,009	2,083
7 Insurance companies	7,565	9,654	10,111	10,194	2,359	3,744	3,680	3,768
8 Nonfinancial corporations	9,365	14,102	13,547	13,062	1,967	3,578	2,477	2,873
9 Savings and loan associations	2,793	4,439	4,375	4,462	1,558	2,283	2,102	2,320
10 State and local governments	9,285	11,467	12,427	12,543	1,761	2,252	2,373	2,546
11 All others	159,154	180,759	180,720	189,080	35,894	44,151	43,493	49,840
Within 1 year					5 to 10 years			
12 All holders	199,692	206,062	207,679	208,271	26,436	44,029	46,562	43,060
13 U.S. Govt. agencies and trust funds	2,769	2,298	2,200	1,929	3,283	2,540	2,565	2,835
14 Federal Reserve Banks	46,845	50,462	50,301	47,920	6,463	10,242	10,075	8,876
15 Private investors	150,078	153,302	155,178	158,422	16,690	31,247	33,922	31,349
16 Commercial banks	29,875	26,524	27,406	28,629	4,071	6,151	7,228	6,301
17 Mutual savings banks	983	1,026	1,065	1,087	448	600	647	516
18 Insurance companies	2,024	1,899	2,221	2,348	1,592	2,333	2,546	2,427
19 Nonfinancial corporations	7,105	10,115	10,514	9,738	175	316	395	295
20 Savings and loan associations	914	1,895	1,978	1,926	216	174	214	139
21 State and local governments	5,288	6,604	6,764	7,072	782	1,162	1,581	1,380
22 All others	103,889	105,239	105,231	107,621	9,405	20,511	21,311	20,291
Bills, within 1 year					10 to 20 years			
23 All holders	157,483	161,505	161,545	161,711	14,264	13,221	13,176	11,915
24 U.S. Govt. agencies and trust funds	207	544	449	375	4,233	3,676	3,676	3,102
25 Federal Reserve Banks	38,018	41,364	41,237	37,992	1,507	1,606	1,603	1,303
26 Private investors	119,258	119,597	119,859	123,344	8,524	7,939	7,897	7,510
27 Commercial banks	17,481	14,413	14,310	15,202	552	451	490	406
28 Mutual savings banks	554	368	373	355	232	184	178	155
29 Insurance companies	1,513	1,263	1,525	1,621	1,154	1,117	1,127	1,122
30 Nonfinancial corporations	5,829	8,731	9,215	8,712	61	60	130	120
31 Savings and loan associations	518	1,280	1,319	1,257	82	69	68	65
32 State and local governments	4,566	5,452	5,571	6,022	896	760	909	723
33 All others	88,797	88,090	87,547	90,175	5,546	5,299	4,994	4,919
Other, within 1 year					Over 20 years			
34 All holders	42,209	44,557	46,134	46,560	10,530	13,249	13,234	14,221
35 U.S. Govt. agencies and trust funds	2,562	1,754	1,751	1,554	2,053	2,401	2,350	2,350
36 Federal Reserve Banks	8,827	9,098	9,064	9,928	2,601	3,587	3,466	3,527
37 Private investors	30,820	33,705	35,319	35,078	5,876	7,261	7,418	8,344
38 Commercial banks	12,394	12,111	13,096	13,427	271	334	292	423
39 Mutual savings banks	429	658	692	732	112	68	54	115
40 Insurance companies	511	636	696	727	436	561	536	529
41 Nonfinancial corporations	1,276	1,384	1,299	1,026	57	32	31	36
42 Savings and loan associations	396	615	659	669	22	18	14	12
43 State and local governments	722	1,152	1,193	1,050	558	689	800	821
44 All others	15,092	17,149	17,684	17,446	4,420	5,559	5,691	6,409

NOTE.—Direct public issues only. Based on Treasury Survey of Ownership. From *Treasury Bulletin* (U.S. Treasury Dept.).

Data complete for U.S. Govt. agencies and trust funds and F.R. Banks, but data for other groups include only holdings of those institutions that report. The following figures show, for each category, the number and proportion reporting as of November 30, 1976; (1) 5,507 commercial

banks, 470 mutual savings banks, and 729 insurance companies, each about 90 per cent; (2) 449 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 500 State and local govts., about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

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

Item	1974	1975	1976			1976					
			Sept.	Oct.	Nov.	Week ending Wednesday					
						Nov. 24	Dec. 1	Dec. 8	Dec. 15	Dec. 22	Dec. 29
1 U.S. Govt. securities	3,579	6,027	9,541	13,240	14,995	17,999	16,765	15,483	13,959	12,704	8,649
By maturity:											
2 Bills	2,550	3,889	5,691	7,425	8,565	9,221	9,095	7,646	8,267	7,853	5,641
3 Other within 1 year	250	223	136	179	170	145	216	192	201	144	130
4 1-5 years	465	1,414	2,488	3,084	4,034	5,982	5,056	4,788	3,529	3,038	1,550
5 5-10 years	256	363	956	2,252	1,804	2,186	1,990	2,323	1,616	1,363	1,043
6 Over 10 years	58	138	270	300	422	465	408	534	346	306	285
By type of customer:											
7 U.S. Govt. securities dealers	652	885	1,273	1,632	1,873	1,985	2,002	1,322	1,539	1,748	1,604
8 U.S. Govt. securities brokers	965	1,750	2,889	4,768	5,389	6,849	5,636	6,079	5,069	4,260	2,118
9 Commercial banks	998	1,451	2,239	2,956	3,280	4,144	4,143	3,530	2,931	3,002	2,117
10 All others ¹	964	1,941	3,139	3,883	4,453	5,022	4,983	4,551	4,419	3,694	2,810
11 Federal agency securities	965	1,043	1,616	2,230	2,096	3,067	2,687	2,740	2,083	2,191	1,003

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

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

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

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

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

Item	1974	1975	1976			1976					
			Sept.	Oct.	Nov.	Week ending Wednesday					
						Oct. 20	Oct. 27	Nov. 3	Nov. 10	Nov. 17	Nov. 24
Positions ²											
1 U.S. Government securities	2,580	5,884	9,496	8,045	9,744	7,716	7,984	7,740	11,115	9,753	9,511
2 Bills	1,932	4,297	7,988	6,213	7,321	5,823	6,331	6,385	8,211	7,336	7,057
3 Other within 1 year	— 6	265	164	228	161	202	292	224	230	118	107
4 1-5 years	265	886	530	672	1,102	677	716	504	1,250	953	1,275
5 5-10 years	302	300	510	695	789	732	480	492	1,101	892	635
6 Over 10 years	88	136	304	237	372	282	165	135	323	453	438
7 Federal agency securities	1,212	943	867	1,095	1,110	1,118	939	912	855	950	1,356
Sources of financing ³											
8 All sources	3,977	6,666	10,827	9,433	11,613	9,200	9,455	10,023	12,087	11,444	12,000
Commercial banks:											
9 New York City	1,032	1,621	2,073	2,038	2,453	2,008	2,333	2,131	2,812	2,405	2,307
10 Outside New York City	1,064	1,466	1,949	2,038	2,397	2,013	1,828	1,914	3,171	2,255	2,409
11 Corporations ¹	459	842	1,715	1,523	1,871	1,555	1,516	1,470	1,872	1,942	2,054
12 All other	1,423	2,738	5,091	3,835	4,893	3,623	3,778	4,509	4,232	4,842	5,231

¹ All business corporations except commercial banks and insurance companies.

² Figures include all securities sold by dealers under repurchase contracts, 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 nearly represent investments by the holders of the securities rather than dealer trading positions.

³ Both bank and nonbank dealers are included. See also note 2.

NOTE.—Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

1.45 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars; end of period

Agency	1973	1974	1975	1976					
				June	July	Aug.	Sept.	Oct.	Nov.
1 Federal and Federally sponsored agencies.....	71,591	89,378	97,678	99,853	100,837	101,722	102,454	103,871	.....
2 Federal agencies.....	11,554	12,719	19,046	20,848	21,029	21,453	21,895	22,676	.....
3 Defense Department ¹	1,439	1,312	1,220	1,171	1,164	1,152	1,136	1,128	.....
4 Export-Import Bank ^{2,3}	2,625	2,893	7,188	7,578	7,578	7,945	7,728	8,353	.....
5 Federal Housing Administration ⁴	415	440	564	581	584	582	578	589	.....
6 Government National Mortgage Association Participation Certificates ⁵	4,390	4,280	4,200	4,180	4,145	4,145	4,145	4,145	.....
7 Postal Service ⁶	250	721	1,750	2,998	2,998	2,998	3,498	3,498	.....
8 Tennessee Valley Authority.....	2,435	3,070	3,915	4,255	4,470	4,535	4,713	4,865	.....
9 United States Railway Association ⁶.....	.....	3	209	85	90	96	97	98	.....
10 Federally sponsored agencies.....	60,037	76,659	78,632	79,005	79,808	80,269	80,559	81,195	.....
11 Federal Home Loan Banks.....	15,362	21,890	18,900	17,140	17,102	17,113	17,061	17,130	.....
12 Federal Home Loan Mortgage Corporation.....	1,784	1,551	1,550	1,550	1,550	1,150	1,150	1,150	.....
13 Federal National Mortgage Association.....	23,002	28,167	29,963	29,863	29,845	30,429	30,685	30,656	.....
14 Federal land banks.....	10,062	12,653	15,000	16,060	16,566	16,566	16,566	17,124	.....
15 Federal intermediate credit banks.....	6,932	8,589	9,254	10,298	10,595	10,687	10,791	10,712	.....
16 Banks for cooperatives.....	2,695	3,589	3,655	3,694	3,745	3,919	3,901	4,023	.....
17 Student Loan Marketing Association.....	200	220	310	400	405	405	405	400	.....
18 MEMO: Federal Financing Bank FFB Debt ^{6,7}.....	.....	4,474	17,154	22,411	24,149	25,052	25,888	26,636	27,028
Lending to Federal and Federally sponsored agencies:									
19 Export-Import Bank ³.....	.....	.....	4,595	4,985	4,985	4,985	4,768	4,768	4,768
20 Postal Service ⁶.....	.....	500	1,500	2,748	2,748	2,748	3,248	3,248	3,298
21 Student Loan Marketing Association ⁷.....	.....	220	310	400	405	405	405	400	395
22 Tennessee Valley Authority.....	.....	895	1,840	2,180	2,495	2,560	2,738	2,810	2,890
23 United States Railway Association ⁶.....	.....	3	209	85	90	96	97	98	99
Other lending: ⁹									
24 Farmers Home Administration.....	.....	2,500	7,000	8,800	9,200	9,650	9,650	10,250	10,250
25 Rural Electrification Administration.....	.....	.....	566	1,114	1,164	1,215	1,514	1,573	1,320
26 Others.....	.....	356	1,134	2,099	3,062	3,393	3,468	3,489	4,058

¹ Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.

² Includes participation certificates reclassified as debt beginning Oct. 1, 1976.

³ Off-budget August 1971 through Oct. 1, 1976; on-budget thereafter.

⁴ Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.

⁵ Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.

⁶ Off-budget.

⁷ Unlike other Federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.

⁸ The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other Federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.

⁹ Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. Note that the Farmers Home Administration item consists exclusively of agency assets while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

1.47 NEW SECURITY ISSUES State and Local Government and Corporate

Millions of dollars

Type of issue or issuer, or use	1973	1974	1975	1976				
				May	June	July	Aug.	Sept.
State and local government								
1 All issues (new and refunding) ¹	23,969	24,315	30,607	3,490	3,028	2,691	2,765	2,808
By type of issue:								
2 General obligation.....	12,257	13,563	16,020	1,866	1,689	1,186	1,269	1,265
3 Revenue.....	10,632	10,212	14,511	1,611	1,324	1,496	1,488	1,538
4 Housing Assistance Administration ²	1,022	461						
5 U.S. Government loans.....	58	79	76	13	15	9	8	5
By type of issuer:								
6 State.....	4,212	4,784	7,438	824	590	308	669	470
7 Special district and statutory authority.....	9,505	8,638	12,441	1,400	1,097	1,261	1,162	1,229
8 Municipalities, counties, townships, school districts.....	10,249	10,817	10,660	1,256	1,331	1,118	930	1,104
Issues for new capital:								
9 Total.....	22,397	23,508	29,495	3,303	2,807	2,470	2,504	2,590
By use of proceeds:								
10 Education.....	4,311	4,730	4,689	710	414	309	373	356
11 Transportation.....	2,804	1,712	2,208	416	128	36	166	251
12 Utilities and conservation.....	5,654	5,634	7,209	956	745	1,000	784	747
13 Social welfare.....	4,588	3,820	4,392	477	423	488	694	767
14 Industrial aid.....	571	494	445	14	47	66	24	30
15 Other purposes.....	4,465	7,118	10,552	730	1,050	571	463	439
Corporate								
16 All issues ³	32,025	38,311	53,644	4,186	6,418	3,216	3,350	4,803
17 Bonds.....	21,049	32,066	42,756	2,988	5,023	2,578	2,672	2,249
By type of offering:								
18 Public.....	13,244	25,903	32,583	1,937	3,140	1,239	1,565	2,100
19 Private placement.....	7,802	6,160	10,172	1,051	1,883	1,348	1,107	2,149
By industry group:								
20 Manufacturing.....	4,199	9,867	16,980	1,225	1,321	1,090	742	666
21 Commercial and miscellaneous.....	1,318	1,845	2,750	185	483	171	319	545
22 Transportation.....	1,084	1,550	3,439	118	263	118	48	1,205
23 Public utility.....	5,578	8,873	9,658	643	869	621	663	1,116
24 Communication.....	3,523	3,710	3,464	12	698	20	209	140
25 Real estate and financial.....	5,344	6,218	6,469	806	1,389	568	692	577
26 Stocks.....	10,979	6,247	10,863	1,198	1,395	629	678	554
By type:								
27 Preferred.....	3,337	2,253	3,458	299	360	89	214	136
28 Common.....	7,642	3,994	7,405	899	1,035	540	464	418
By industry group:								
29 Manufacturing.....	638	544	1,670	484	125	108	282	83
30 Commercial and miscellaneous.....	1,532	940	1,470	136	58	164	69	33
31 Transportation.....	26	22	1	1	3	.....	13	7
32 Public utility.....	4,691	3,964	6,235	505	479	311	257	347
33 Communication.....	1,348	217	1,002	8	711	6	3	.....
34 Real estate and financial.....	2,745	562	488	63	19	40	54	84

¹ Par amounts of long-term issues based on date of sale.² Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.³ Figures, which represent gross proceeds of issues maturing in more than one year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less

than \$100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCES: State and local government securities, Securities Industry Association; corporate securities, Securities and Exchange Commission.

1.48 CORPORATE SECURITIES Net Change in Amounts Outstanding

Millions of dollars

Source of change, or industry	1973	1974	1975	1975				1976		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
All issues¹										
1 New issues	33,559	39,344	53,255	15,211	15,602	9,079	13,363	13,671	14,229	11,385
2 Retirements	11,804	9,935	10,991	2,088	3,211	2,576	3,116	2,315	3,668	2,478
3 Net change	21,754	29,399	42,263	13,123	12,390	6,503	10,247	11,356	10,561	8,907
Bonds and notes										
4 New issues	21,501	31,354	40,468	12,759	11,460	6,654	9,595	9,404	10,244	8,701
5 Retirements	8,810	6,255	8,583	1,587	2,336	2,111	2,549	1,403	3,159	1,826
Net change:										
6 Total	12,691	25,098	31,886	11,172	9,124	4,543	7,047	8,001	7,084	6,875
By industry:										
7 Manufacturing	801	7,404	13,219	5,134	4,574	1,442	2,069	2,966	1,529	1,551
8 Commercial and other ²	-109	1,116	1,605	373	483	221	528	203	726	610
9 Transportation, including railroad	1,044	341	2,165	1	429	147	1,588	985	488	1,092
10 Public utility	4,265	7,308	7,236	2,653	1,977	1,395	1,211	1,820	1,260	2,109
11 Communication	3,165	3,499	2,980	1,269	810	472	429	498	953	335
12 Real estate and financial	3,523	5,428	4,682	1,742	852	866	1,222	1,530	2,128	1,178
Common and preferred stock										
13 New issues	12,057	7,980	12,787	2,452	4,142	2,425	3,768	4,267	3,985	2,684
14 Retirements	2,993	3,678	2,408	501	875	465	567	912	509	652
Net change:										
15 Total	9,064	4,302	10,377	1,951	3,266	1,960	3,200	3,355	3,477	2,032
By industry:										
16 Manufacturing	658	17	1,607	262	500	412	433	838	1,120	744
17 Commercial and other ²	1,411	-135	1,137	77	490	108	462	88	318	117
18 Transportation, including railroad	-93	-20	65	1	7	53	4	5	25	17
19 Public utility	4,509	3,834	6,015	1,569	1,866	1,043	1,537	2,174	1,300	932
20 Communication	1,399	398	1,084	24	359	97	604	47	735	19
21 Real estate and financial	1,181	207	468	18	43	247	160	203	-21	203

¹ Excludes issues of investment companies.² Extractive and commercial and miscellaneous companies.NOTE.—Securities and Exchange Commission estimates of cash transactions only, as published in the Commission's *Statistical Bulletin*.

New issues and retirements exclude foreign sales and include sales of securities held by affiliated companies, special offerings to employees, new stock issues and cash proceeds connected with conversions of bonds into stocks. Retirements, defined in the same way, include securities retired with internal funds or with proceeds of issues for that purpose.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1974	1975	1976					
			May	June	July	Aug.	Sept.	Oct.
Investment companies excluding money market funds:								
1 Sales of own shares ¹	3,348	3,302	241	321	281	256	338	378
2 Redemptions of own shares ²	3,397	3,686	589	599	596	536	573	450
3 Net sales	-49	384	-348	-278	-315	-280	-235	-72
Assets³								
4 Cash position ⁴	35,777	42,179	45,122	46,801	45,986	45,457	46,138	44,858
5 Other	5,637	3,748	2,769	2,679	2,547	2,561	2,507	2,434
6 Total	30,140	38,431	42,353	44,122	43,439	42,896	43,631	42,424

¹ Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.² Excludes share redemption resulting from conversions from one fund to another in the same group.³ Market value at end of period, less current liabilities.⁴ Also includes all U.S. Government securities and other short-term debt securities.

NOTE.—Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

1.50 CORPORATE PROFITS, TAXES, AND DIVIDENDS

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

Account	1973	1974	1975	1975				1976		
				Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3
1 Profits before tax.....	115.8	127.6	114.5	94.2	105.8	126.9	131.3	141.1	146.2	150.2
2 Profits tax liability.....	48.7	52.4	49.2	40.2	44.8	54.8	57.2	61.4	63.5	65.4
3 Profits after tax.....	67.1	75.2	65.3	54.0	61.0	72.1	74.2	79.7	82.7	84.5
4 Dividends.....	27.8	30.8	32.1	31.7	31.9	32.6	32.2	33.1	34.4	35.4
5 Undistributed profits.....	39.3	44.4	33.2	22.3	29.1	39.5	42.0	46.6	48.3	49.4
6 Capital consumption allowances ¹	73.7	81.6	89.4	86.4	87.9	90.5	92.9	94.3	96.2	98.2
7 Net cash flow.....	113.0	126.0	122.6	108.7	117.0	130.0	134.9	140.9	144.5	147.6

¹ With capital consumption adjustment.SOURCE.—U.S. Dept. of Commerce, *Survey of Current Business*.

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

Account	1971	1972	1973	1974	1975				1976	
				Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2
1 Current assets.....	529.4	574.4	643.2	712.2	698.4	703.2	716.5	731.6	753.5	775.4
2 Cash.....	53.3	57.5	61.6	62.7	60.6	63.7	65.6	68.1	68.4	70.8
3 U.S. Govt. securities.....	11.0	10.2	11.0	11.7	12.1	12.7	14.3	19.4	21.7	23.3
4 Notes and accounts receivable.....	221.1	243.4	269.6	293.2	285.1	288.1	298.0	298.2	310.9	321.8
5 U.S. Govt. ¹	3.5	3.4	3.5	3.5	3.2	3.3	3.3	3.6	3.6	3.7
6 Other.....	217.6	240.0	266.1	289.7	281.9	284.8	294.7	294.6	307.3	318.1
7 Inventories.....	200.4	215.2	246.7	288.0	285.2	281.4	279.6	285.8	288.8	295.6
8 Other.....	43.8	48.1	54.4	56.6	55.4	57.3	59.0	60.0	63.6	63.9
9 Current liabilities.....	326.0	352.2	401.0	450.6	438.0	434.2	444.7	457.5	465.9	475.9
10 Notes and accounts payable.....	220.5	234.4	265.9	292.7	276.5	275.9	279.6	288.0	286.9	293.8
11 U.S. Govt. ¹	4.9	4.0	4.3	5.2	5.3	5.8	6.2	6.4	6.4	6.8
12 Other.....	215.6	230.4	261.6	287.5	271.2	270.1	273.4	281.6	280.5	287.0
13 Accrued Federal income taxes.....	13.1	15.1	18.1	23.2	21.8	17.7	19.4	20.7	23.9	22.0
14 Other.....	92.4	102.6	117.0	134.8	139.8	140.6	145.6	148.8	155.0	160.1
15 Net working capital.....	203.6	221.3	242.3	261.5	260.4	269.0	271.8	274.1	287.6	299.5

¹ Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.SOURCE.—Securities and Exchange Commission estimates published in the Commission's *Statistical Bulletin*.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1973	1974	1975	1975			1976			
				Q 2	Q 3	Q 4	Q 1	Q 2	Q 3 ²	Q 4 ²
1 All industries	99.74	112.40	112.78	112.46	112.16	111.80	114.72	118.12	122.96	127.03
Manufacturing:										
2 Durable goods industries	19.25	22.62	21.84	22.59	21.01	21.07	21.63	22.54	24.08	24.80
3 Nondurable goods industries	18.76	23.39	26.11	26.19	26.38	25.75	27.58	28.09	29.73	31.49
Nonmanufacturing:										
4 Mining	2.74	3.18	3.79	3.78	3.82	3.82	3.83	3.83	3.87	4.02
Transportation:										
5 Railroad	1.96	2.54	2.55	2.70	2.75	2.39	2.08	2.64	2.31	1.71
6 Air	2.41	2.00	1.84	1.60	2.12	1.65	1.18	1.44	1.42	1.31
7 Other	1.66	2.12	3.18	2.75	2.99	3.56	3.29	4.16	3.44	3.06
Public utilities:										
8 Electric	15.94	17.63	17.00	16.41	16.58	17.92	18.56	18.82	19.66	20.28
9 Gas and other	2.76	2.92	3.14	3.11	3.21	3.00	3.36	3.03	3.44	3.80
10 Communication	12.85	13.96	12.74	12.50	12.95	12.22	12.54	12.62	35.02	36.56
11 Commercial and other ¹	21.40	22.05	20.60	20.83	20.34	20.44	20.68	20.94		

¹ Includes trade, service, construction, finance, and insurance.² Anticipated by business.

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

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

1.53 MORTGAGE MARKETS

Millions of dollars, except as noted

Item		1973	1974	1975	1976					
					June	July	Aug.	Sept.	Oct.	Nov.
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
Conventional mortgages on new homes: Terms: ¹										
1	Purchase price (thous. dollars).....	37.1	40.1	44.6	48.9	49.4	49.6	50.6	49.0	48.6
2	Amount of loan (thous. dollars).....	28.1	29.8	33.3	36.2	36.7	36.8	37.4	36.2	36.1
3	Loan-to-price ratio (per cent).....	77.3	75.8	76.1	75.1	75.8	75.8	75.6	75.3	75.5
4	Maturity (years).....	26.3	26.3	26.8	26.5	27.1	27.8	27.7	28.0	27.0
5	Fees and charges (per cent of loan amount) ²	1.11	1.30	15.4	1.27	1.29	1.38	1.42	1.38	1.35
6	Contract rate (per cent per annum).....	7.78	8.71	8.75	8.69	8.76	8.79	8.85	8.85	8.84
Yield (per cent per annum):										
7	FHLBB series ³	8.49	9.37	9.01	8.89	8.97	9.02	9.08	9.07	9.06
8	HUD series ⁴	8.30	9.22	9.10	9.05	9.05	9.05	9.00	9.00	8.95
SECONDARY MARKETS										
Yields (per cent per annum) on—										
9	FHA mortgages (HUD series) ⁵	8.19	9.55	9.19	9.05	8.99	8.93	8.82	8.55	8.45
10	GNMA securities ⁶	7.81	8.62	8.56	8.35	8.37	8.30	8.10	7.98	7.93
FNMA auctions: ⁷										
11	Government-underwritten loans.....	8.78	9.53	9.31	9.15	9.05	8.99	8.88	8.75	8.66
12	Conventional loans.....	8.82	9.70	9.36	9.31	9.25	9.15	9.11	9.05	9.00
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period):										
13	Total.....	24,175	29,578	31,824	32,028	32,011	32,069	32,062	32,019	32,929
14	FHA-insured.....	16,852	19,189	19,732	19,238	19,184	19,180	19,133	19,077	18,986
15	VA-guaranteed.....	6,352	8,310	9,573	9,391	9,388	9,394	9,366	9,314	9,264
16	Conventional.....	971	2,080	2,519	3,399	3,439	3,496	3,563	3,628	4,679
Mortgage transactions (during period):										
17	Purchases.....	6,127	6,953	4,263	240	210	277	199	162	1,131
18	Sales.....	71	5	2	597	597	689	.....	.....	8
Mortgage commitments: ⁸										
19	Contracted (during period).....	8,914	10,765	6,106	857	584	492	463	480	615
20	Outstanding (end of period).....	7,889	7,960	4,126	4,153	4,245	4,335	3,983	3,672	3,649
Auction of 4-month commitments to buy—										
Government-underwritten loans:										
21	Offered ⁹	5,196.7	5,492.7	6,558.8	757.3	460.1	361.4	221.0	235.5	494.1
22	Accepted.....	3,069.1	2,371.4	3,848.5	481.0	300.4	214.4	117.9	107.1	221.1
Conventional loans:										
23	Offered ⁹	51.4	61.3	185.4	302.3	221.2	298.8	321.7	297.5	353.3
24	Accepted.....	32.2	40.6	83.5	220.0	187.2	208.7	225.4	215.8	296.9
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period): ¹⁰										
25	Total.....	2,604	4,586	4,987	4,529	4,551	4,310	4,269	4,190	.....
26	FHA/VA.....	1,743	1,904	1,824	1,729	1,713	1,695	1,679	1,660	.....
27	Conventional.....	861	2,682	3,163	2,801	2,838	2,614	2,590	2,530	.....
Mortgage transactions (during period):										
28	Purchases.....	1,334	2,191	1,716	163	152	77	88	78	.....
29	Sales.....	409	52	1,020	75	84	278	93	116	.....
Mortgage commitments: ¹¹										
30	Contracted (during period).....	1,629	4,553	982	72	39	117	163	171	.....
31	Outstanding (end of period).....	186	2,390	111	285	154	175	243	326	.....

¹ Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

² Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

³ Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

⁴ Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

⁵ Average gross yields on 30-year, minimum-downpayment, FHA-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

⁶ Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through

securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

⁷ Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock purchase and holding requirements. Monthly figures are unweighted averages for auctions conducted within the month.

⁸ Includes some multifamily and nonprofit hospital loan commitments in addition to 1- to 4-family loan commitments accepted in FNMA's free market auction system, and through the FNMA-GNMA Tandem plans.

⁹ Mortgage amounts offered by bidders are total bids received.

¹⁰ Includes participations as well as whole loans.

¹¹ Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars

Type of holder, and type of property	End of year			End of quarter				
	1972	1973	1974	1975		1976		
				Q 3	Q 4	Q 1	Q 2	Q 3 ^p
1 All holders.....	603,417	682,321	742,504	785,367	801,546	817,429	839,184	861,735
2 1- to 4-family.....	372,793	416,883	449,937	479,983	491,678	503,411	519,553	536,639
3 Multifamily.....	82,572	92,877	99,851	100,464	100,348	100,699	100,954	101,828
4 Commercial.....	112,294	131,308	146,428	154,736	158,644	160,954	164,428	167,539
5 Farm.....	35,758	41,253	46,288	50,184	50,876	52,365	54,249	55,729
6 Major financial institutions.....	450,000	505,400	542,552	569,935	581,296	592,061	609,086	625,971
7 Commercial banks ¹	99,314	119,068	132,105	134,514	136,186	137,986	141,086	143,986
8 1- to 4-family.....	57,004	67,998	74,758	76,149	77,018	78,218	80,218	81,928
9 Multifamily.....	5,778	6,932	7,619	6,363	5,915	5,515	5,115	5,040
10 Commercial.....	31,751	38,696	43,679	45,694	46,882	47,812	49,112	50,251
11 Farm.....	4,781	5,442	6,049	6,308	6,371	6,441	6,641	6,767
12 Mutual savings banks.....	67,556	73,230	74,920	76,490	77,249	77,738	78,735	79,842
13 1- to 4-family.....	46,229	48,811	49,213	49,719	50,025	50,344	50,989	51,705
14 Multifamily.....	10,910	12,343	12,923	13,523	13,792	13,876	14,030	14,228
15 Commercial.....	10,355	12,012	12,722	13,194	13,373	13,456	13,653	13,845
16 Farm.....	62	64	62	54	59	62	63	64
17 Savings and loan associations.....	206,182	231,733	249,293	270,600	278,693	286,556	299,574	312,152
18 1- to 4-family.....	167,049	187,750	201,553	218,483	224,710	231,337	241,996	252,531
19 Multifamily.....	20,783	22,524	23,683	24,976	25,417	25,847	26,722	27,469
20 Commercial.....	18,350	21,459	24,057	27,141	28,566	29,372	30,856	32,152
21 Life insurance companies.....	76,948	81,369	86,234	88,331	89,168	89,781	89,691	89,991
22 1- to 4-family.....	22,315	20,426	19,026	17,955	17,590	17,321	16,861	16,558
23 Multifamily.....	17,347	18,451	19,625	19,703	19,629	19,726	19,374	19,168
24 Commercial.....	31,608	36,496	41,256	44,042	45,196	45,907	46,456	47,156
25 Farm.....	5,678	5,996	6,327	6,631	6,753	6,827	7,000	7,109
26 Federal and related agencies.....	40,157	46,721	58,320	64,464	66,891	67,350	66,192	67,108
27 Government National Mortgage Assn... ²	5,113	4,029	4,846	6,534	7,438	7,619	5,557	5,068
28 1- to 4-family.....	2,513	1,455	2,248	3,692	4,728	4,886	3,165	2,486
29 Multifamily.....	2,600	2,574	2,598	2,842	2,710	2,733	2,392	2,582
30 Farmers Home Admin.....	1,019	1,366	1,432	1,118	1,109	650	830	730
31 1- to 4-family.....	279	743	759	343	208	97	228	83
32 Multifamily.....	29	29	167	134	215	23	46	27
33 Commercial.....	320	218	156	181	190	96	151	112
34 Farm.....	391	376	350	460	496	434	405	508
35 Federal Housing and Veterans Admin... ³	3,338	3,476	4,015	4,681	4,970	5,033	5,270	5,570
36 1- to 4-family.....	2,199	2,013	2,009	1,951	1,990	1,908	1,808	1,867
37 Multifamily.....	1,139	1,463	2,006	2,730	2,980	3,125	3,462	3,703
38 Federal National Mortgage Assn.....	19,791	24,175	29,578	31,055	31,824	32,182	32,028	32,962
39 1- to 4-family.....	17,697	20,370	23,778	25,049	25,813	26,262	26,112	27,030
40 Multifamily.....	2,094	3,805	5,800	6,006	6,011	5,920	5,916	5,932
41 Federal land banks.....	9,107	11,071	13,863	16,043	16,563	17,264	17,978	18,568
42 1- to 4-family.....	13	123	406	525	549	563	575	586
43 Farm.....	9,094	10,948	13,457	15,518	16,014	16,701	17,403	17,982
44 Federal Home Loan Mortgage Corp.... ³	1,789	2,604	4,586	5,033	4,987	4,602	4,529	4,210
45 1- to 4-family.....	1,754	2,446	4,217	4,632	4,588	4,247	4,166	3,873
46 Multifamily.....	35	158	369	401	399	355	363	337
47 Mortgage pools or trusts ²	14,404	18,040	23,799	31,483	34,138	37,684	41,225	44,762
48 Government National Mortgage Assn... ²	5,504	7,890	11,769	16,595	18,257	20,479	23,634	26,834
49 1- to 4-family.....	5,353	7,561	11,249	15,946	17,538	19,693	22,821	25,910
50 Multifamily.....	151	329	520	649	719	786	813	924
51 Federal Home Loan Mortgage Corp.... ³	441	766	757	1,323	1,598	1,999	2,153	2,290
52 1- to 4-family.....	331	617	608	1,105	1,349	1,698	1,831	1,948
53 Multifamily.....	110	149	149	218	249	301	322	342
54 Farmers Home Admin.....	8,459	9,384	11,273	13,565	14,283	15,206	15,438	15,638
55 1- to 4-family.....	5,017	5,458	6,782	8,563	9,194	9,516	9,670	9,796
56 Multifamily.....	131	138	116	296	295	542	541	547
57 Commercial.....	867	1,124	1,473	1,765	1,948	2,122	2,104	2,131
58 Farm.....	2,444	2,664	2,902	2,941	2,846	3,026	3,123	3,164
59 Individuals and others ³	98,856	112,160	117,833	119,485	119,221	120,334	122,681	123,894
60 1- to 4-family.....	45,040	51,112	53,331	55,871	56,378	57,321	59,113	60,338
61 Multifamily.....	21,465	23,982	24,276	22,623	22,017	21,950	21,858	21,529
62 Commercial.....	19,043	21,303	23,085	22,719	22,489	22,189	22,096	21,892
63 Farm.....	13,308	15,763	17,141	18,272	18,337	18,874	19,614	20,135

¹ Includes loans held by nondeposit trust companies but not bank trust departments.

² Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

³ Other holders include mortgage companies, real estate investment trusts, State and local credit agencies, State and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT Total Outstanding, and Net Change
Millions of dollars

Holder, and type of credit	1973	1974	1975	1976						
				May	June	July	Aug.	Sept.	Oct.	Nov.
Amounts outstanding (end of period)										
1 Total.....	146,434	155,384	162,237	164,101	166,664	168,674	171,160	172,918	173,930	175,333
By holder:										
2 Commercial banks.....	71,871	75,846	78,703	79,785	80,850	81,930	82,961	83,714	84,152	84,278
3 Finance companies.....	35,404	36,208	36,695	37,022	37,490	38,026	38,398	38,575	38,809	39,129
4 Credit unions.....	19,609	22,116	25,354	26,975	27,842	28,234	28,956	29,600	29,711	30,053
5 Retailers ¹	16,395	17,933	18,002	16,465	16,633	16,660	16,911	17,012	17,205	17,726
6 Others ²	3,155	3,281	3,483	3,854	3,849	3,824	3,934	4,017	4,053	4,147
By type of credit:										
7 Automobile, total.....	50,065	50,392	53,028	55,484	56,667	57,659	58,665	59,270	59,717	60,002
8 Commercial banks.....	31,502	30,994	31,534	32,664	33,269	33,877	34,414	34,701	35,009	35,095
9 Purchased.....	18,997	18,687	18,353	18,671	18,912	19,151	19,404	19,495	19,611	19,575
10 Direct.....	12,505	12,306	13,181	13,993	14,358	14,726	15,010	15,206	15,398	15,520
11 Finance companies.....	10,718	10,618	11,439	12,080	12,333	12,573	12,748	12,808	12,901	12,957
12 Credit unions.....	7,456	8,414	9,653	10,269	10,601	10,749	11,024	11,270	11,311	11,442
13 Others.....	389	366	402	471	464	460	479	491	496	508
Mobile homes:										
14 Commercial banks.....	8,340	8,972	8,704	8,408	8,390	8,384	8,379	8,340	8,294	8,254
15 Finance companies.....	3,358	3,524	3,451	3,336	3,343	3,333	3,323	3,319	3,309	3,295
Home improvement, total.....										
16 Commercial banks.....	6,950	7,754	8,004	8,209	8,367	8,452	8,562	8,665	8,726	8,790
17 Commercial banks.....	4,083	4,694	4,965	5,048	5,129	5,192	5,263	5,318	5,359	5,388
Revolving credit:										
18 Bank credit cards.....	6,838	8,281	9,501	9,402	9,531	9,725	9,924	10,153	10,232	10,329
19 Bank check credit.....	2,254	2,797	2,810	2,777	2,805	2,835	2,870	2,922	2,933	2,935
All other, total.....										
20 Commercial banks, total.....	68,629	73,664	76,738	76,485	77,561	78,286	79,438	80,249	80,719	81,728
21 Personal loans.....	18,854	20,108	21,188	21,486	21,726	21,917	22,112	22,280	22,325	22,277
22 Finance companies, total.....	12,873	13,771	14,629	14,871	15,034	15,148	15,308	15,450	15,534	15,517
23 Personal loans.....	20,914	21,717	21,655	21,466	21,675	21,983	22,192	22,316	22,469	22,748
24 Credit unions.....	16,483	16,961	17,681	17,631	17,811	18,079	18,275	18,371	18,509	18,773
25 Retailers.....	11,564	13,037	14,937	15,894	16,402	16,635	17,060	17,438	17,505	17,706
26 Others.....	16,395	17,933	18,002	16,465	16,633	16,660	16,911	17,012	17,205	17,726
27 Others.....	902	869	956	1,174	1,125	1,091	1,163	1,203	1,215	1,271
Net change (during period) ³										
28 Total.....	19,676	8,952	6,843	1,474	1,330	1,303	1,403	1,481	1,564	1,243
By holder:										
29 Commercial banks.....	11,001	3,975	2,851	713	409	619	518	697	671	381
30 Finance companies.....	4,006	806	483	157	230	264	169	233	317	245
31 Credit unions.....	2,696	2,507	3,238	521	482	365	386	483	280	395
32 Retailers.....	1,632	1,538	69	5	214	116	183	24	263	98
33 Others.....	341	126	202	78	-5	-61	148	45	33	124
By type of credit:										
34 Automobile, total.....	5,968	327	2,631	652	526	556	621	605	528	477
35 Commercial banks.....	4,197	-508	535	340	229	327	377	376	350	221
36 Purchased.....	2,675	-310	-340	110	32	60	159	125	117	70
37 Direct.....	1,523	-198	875	230	197	267	218	251	233	151
38 Finance companies.....	740	-100	821	122	116	108	62	28	77	98
39 Credit unions.....	1,024	958	1,239	181	186	135	136	172	105	144
40 Other.....	7	-23	36	9	-4	-13	46	28	-4	14
Mobile homes:										
41 Commercial banks.....	1,933	632	-268	-37	-42	-28	-35	-53	-56	-43
42 Finance companies.....	444	168	-73	-17	*	-9	-16	-16	-16	-16
Home improvement, total.....										
43 Commercial banks.....	1,033	804	248	70	79	19	39	65	73	103
44 Commercial banks.....	482	611	271	36	29	22	25	43	44	55
Revolving credit:										
45 Bank credit cards.....	1,430	1,443	1,220	193	98	171	86	166	123	71
46 Bank check credit.....	478	543	14	44	14	27	-6	17	27	6
All other, total.....										
47 Commercial banks, total.....	8,389	5,036	3,072	570	655	567	714	698	884	645
48 Personal loans.....	2,480	1,255	1,080	138	81	101	71	148	183	72
49 Finance companies, total.....	1,492	898	858	112	86	70	46	108	161	47
50 Personal loans.....	2,564	803	-64	53	115	170	126	223	258	163
51 Credit unions.....	1,746	479	717	21	95	143	106	198	237	161
52 Retailers.....	1,591	1,473	1,900	326	282	220	240	297	166	239
53 Others.....	1,632	1,538	69	5	214	116	183	24	263	98
54 Others.....	122	-33	87	48	-38	-39	96	5	15	73

¹ Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.² Mutual savings banks, savings and loan associations, and auto dealers.³ Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

Holder, and type of credit	1973	1974	1975	1976						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Extensions ¹									
1 Total.....	160,228	160,008	163,483	15,041	15,592	15,240	15,685	15,775	16,055	15,763
By holder:										
2 Commercial banks.....	72,216	72,605	77,131	7,223	7,289	7,358	7,487	7,546	7,618	7,486
3 Finance companies.....	38,922	35,644	32,582	2,776	2,986	2,861	2,965	3,072	3,148	3,059
4 Credit unions.....	21,143	22,403	24,151	2,448	2,456	2,329	2,313	2,424	2,350	2,395
5 Retailers ²	25,440	27,034	27,049	2,313	2,650	2,533	2,548	2,463	2,673	2,467
6 Others ³	2,507	2,322	2,570	280	211	159	372	271	266	356
By type of credit:										
7 Automobile, total.....	46,105	43,209	48,103	4,471	4,600	4,477	4,712	4,769	4,587	4,632
8 Commercial banks.....	29,369	26,406	28,333	2,616	2,660	2,680	2,762	2,846	2,770	2,691
9 Purchased.....	17,497	15,576	15,761	1,413	1,386	1,417	1,480	1,511	1,479	1,426
10 Direct.....	11,872	10,830	12,572	1,204	1,274	1,263	1,282	1,335	1,291	1,265
11 Finance companies.....	9,303	8,630	9,598	914	935	891	937	891	904	927
12 Credit unions.....	7,009	7,788	9,702	892	968	879	928	963	875	957
13 Others.....	424	385	470	49	36	27	84	69	37	57
Mobile homes:										
14 Commercial banks.....	4,438	3,486	2,681	182	204	223	186	200	178	207
15 Finance companies.....	1,573	1,413	771	49	68	59	54	53	59	54
Home improvement, total.....	4,414	4,571	4,398	385	410	381	400	434	463	464
17 Commercial banks.....	2,487	2,789	2,722	233	235	240	242	266	282	276
Revolving credit:										
18 Bank credit cards.....	13,863	17,098	20,428	2,103	2,088	2,152	2,183	2,165	2,198	2,181
19 Bank check credit.....	3,373	4,227	4,024	422	435	401	413	375	413	410
All other, total.....	86,462	86,004	83,079	7,429	7,786	7,546	7,737	7,779	8,158	7,815
21 Commercial banks, total.....	18,686	18,599	18,944	1,667	1,666	1,661	1,702	1,693	1,777	1,721
22 Personal loans.....	12,928	13,176	13,386	1,203	1,221	1,174	1,197	1,193	1,286	1,238
23 Finance companies, total.....	27,627	25,316	22,135	1,810	1,981	1,907	1,970	2,125	2,182	2,072
24 Personal loans.....	17,885	16,691	17,333	1,465	1,641	1,535	1,607	1,745	1,776	1,696
25 Credit unions.....	13,768	14,228	13,992	1,511	1,440	1,403	1,338	1,410	1,426	1,389
26 Retailers.....	25,440	27,034	27,049	2,313	2,650	2,533	2,548	2,463	2,673	2,467
27 Others.....	941	827	959	127	50	43	180	87	100	166
	Liquidations ¹									
28 Total.....	140,552	151,056	156,640	13,566	14,261	13,937	14,282	14,294	14,491	14,520
By holder:										
29 Commercial banks.....	61,215	68,630	74,280	6,510	6,879	6,739	6,970	6,349	6,947	7,105
30 Finance companies.....	34,916	34,838	32,099	2,619	2,756	2,597	2,796	2,839	2,831	2,814
31 Credit unions.....	18,447	19,896	20,913	1,927	1,974	1,964	1,927	1,941	2,070	2,000
32 Retailers ²	23,808	25,496	26,980	2,308	2,436	2,417	2,365	2,439	2,410	2,369
33 Others ³	2,166	2,196	2,368	202	216	220	224	226	233	232
By type of credit:										
34 Automobile, total.....	40,137	42,883	45,472	3,819	4,074	3,922	4,090	4,165	4,059	4,155
35 Commercial banks.....	25,172	26,915	27,798	2,276	2,432	2,354	2,385	2,470	2,420	2,470
36 Purchased.....	14,823	15,886	16,101	1,303	1,354	1,357	1,321	1,386	1,363	1,356
37 Direct.....	10,349	11,029	11,697	973	1,077	996	1,064	1,084	1,058	1,114
38 Finance companies.....	8,563	8,730	8,777	792	819	784	874	862	827	829
39 Credit unions.....	5,985	6,830	8,463	711	783	745	792	791	770	813
40 Others.....	417	408	434	39	40	39	39	42	42	43
Mobile homes:										
41 Commercial banks.....	2,505	2,854	2,949	219	247	251	222	253	233	250
42 Finance companies.....	1,129	1,245	844	67	68	68	70	69	74	70
Home improvement, total.....	3,381	3,767	4,150	314	330	362	361	369	390	360
44 Commercial banks.....	2,005	2,178	2,451	197	206	218	216	223	239	221
Revolving credit:										
45 Bank credit cards.....	12,433	15,655	19,208	1,911	1,990	1,981	2,097	2,000	2,074	2,110
46 Bank check credit.....	2,894	3,684	4,010	378	421	374	419	358	386	404
All other, total.....	78,072	80,969	80,007	6,859	7,132	6,979	7,023	7,081	7,274	7,170
48 Commercial banks, total.....	16,205	17,345	17,864	1,529	1,585	1,560	1,631	1,545	1,594	1,649
49 Personal loans.....	11,435	12,278	12,528	1,091	1,135	1,104	1,151	1,085	1,125	1,191
50 Finance companies, total.....	25,063	24,513	22,199	1,758	1,866	1,737	1,844	1,902	1,924	1,909
51 Personal loans.....	16,139	16,212	16,616	1,445	1,546	1,392	1,501	1,547	1,539	1,535
52 Credit unions.....	12,177	12,755	12,092	1,185	1,158	1,183	1,098	1,113	1,260	1,150
53 Retailers.....	23,808	25,496	26,980	2,308	2,436	2,417	2,365	2,439	2,410	2,369
54 Others.....	819	860	872	79	87	82	85	82	86	93

¹ Monthly figures are seasonally adjusted.² Excludes 30-day charge credit held by retailers, oil and gas companies and travel and entertainment companies.³ Mutual savings banks, savings and loan associations, and auto dealers.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year figures are at seasonally adjusted annual rates

Transaction category, or sector	1967	1968	1969	1970	1971	1972	1973	1974	1975	1975		1976	
										H1	H2	H1	
1 Nonfinancial sectors	83.9	98.3	93.5	100.7	151.0	176.9	197.6	188.8	210.4	184.2	236.5	242.0	1
2 Excluding equities	81.5	98.3	89.6	94.9	139.6	166.4	190.0	185.0	200.3	173.8	226.9	228.3	2
By sector and/or instrument:													
3 U.S. Govt.	13.0	13.6	-3.7	11.9	24.7	15.2	8.3	12.0	85.2	80.8	89.6	73.8	3
4 Public debt securities	8.9	10.5	-1.3	12.9	26.0	14.3	7.9	12.0	85.8	82.0	89.7	73.9	4
5 Agency issues and mortgages	4.1	3.1	-2.4	-1.0	-1.3	1.0	.4	*	-6	-1.2	-1	-1	5
6 All other nonfinancial sectors	70.9	84.8	97.1	88.8	126.3	161.7	189.4	176.8	125.2	103.4	146.9	168.2	6
7 Corporate equities	2.4	*	3.9	5.8	11.5	10.5	7.7	3.8	10.0	10.5	9.6	13.7	7
8 Debt instruments	68.5	84.8	93.3	83.0	114.8	151.2	181.7	173.0	115.1	93.0	137.3	154.5	8
9 Private domestic nonfinancial sectors	66.9	81.9	93.5	86.1	121.1	157.7	183.1	161.6	112.2	94.9	129.4	152.5	9
10 Corporate equities	2.4	-2	3.4	5.7	11.4	10.9	7.9	4.1	9.9	10.3	9.5	13.3	10
11 Debt instruments	64.5	82.1	90.1	80.4	109.7	146.8	175.3	157.5	102.3	84.6	119.9	139.2	11
12 Debt capital instruments	46.1	51.8	52.5	60.2	86.8	102.8	106.7	101.2	101.3	97.5	105.1	111.8	12
13 State and local obligations	7.8	9.5	9.9	11.2	17.5	15.4	16.3	19.6	17.3	16.2	18.4	18.4	13
14 Corporate bonds	14.7	12.9	12.0	19.8	18.8	12.2	9.2	19.7	27.2	33.4	21.0	20.7	14
Mortgages:													
15 Home	13.4	17.3	18.1	14.4	28.6	42.6	46.4	34.6	40.8	33.5	48.1	54.4	15
16 Multifamily residential	3.6	3.4	4.9	6.9	9.7	12.7	10.4	7.0	-1	*	-2	.9	16
17 Commercial	4.7	6.6	5.7	7.1	9.8	16.4	18.9	15.1	10.9	8.7	13.1	11.5	17
18 Farm	2.0	2.2	1.8	.8	2.4	3.6	5.5	5.1	5.2	5.6	4.8	5.9	18
19 Other debt instruments	18.4	30.2	37.6	20.1	22.8	44.0	68.6	56.3	1.0	-12.8	14.8	27.4	19
20 Consumer credit	4.5	10.0	10.4	5.9	11.6	18.6	21.7	9.8	8.5	1.1	16.0	19.4	20
21 Bank loans n.e.c.	9.6	13.8	15.5	6.7	6.5	18.1	34.8	26.2	-14.5	-23.5	-5.5	-12.7	21
22 Open market paper	1.7	1.5	1.8	2.6	-4	.8	2.5	6.8	-2.2	-2	-2	8.1	22
23 Other	2.6	5.0	9.9	5.0	5.1	6.5	9.6	13.5	9.1	9.7	8.5	12.6	23
24 By borrowing sector	66.9	81.9	93.5	86.1	121.1	157.7	183.1	161.6	112.2	94.9	129.4	152.5	24
25 State and local governments	7.9	9.8	10.7	11.3	17.8	15.2	14.8	18.6	14.9	13.9	15.9	16.7	25
26 Households	22.4	32.1	33.8	25.3	42.1	64.8	73.5	45.2	49.7	39.0	60.4	72.8	26
27 Farm	3.3	2.8	3.1	2.3	4.5	5.8	9.7	7.9	9.4	9.4	9.4	11.0	27
28 Nonfarm noncorporate	4.4	5.3	7.5	5.7	10.3	13.1	12.3	6.7	1.2	-8	3.2	5.2	28
29 Corporate	28.9	31.9	38.4	41.5	46.4	58.8	72.9	83.1	37.1	33.5	40.6	46.8	29
30 Foreign	4.0	2.8	3.7	2.7	5.2	4.0	6.1	15.3	13.0	8.5	17.4	15.7	30
31 Corporate equities . . . . .	.1	.2	.5	.1	*	-4	-2	-2	.1	.1	.1	.3	31
32 Debt instruments	4.0	2.7	3.2	2.7	5.2	4.4	6.4	15.5	12.8	8.4	17.3	15.3	32
33 Bonds	1.2	1.1	1.0	.9	.9	1.0	1.0	2.1	6.2	5.7	6.7	7.6	33
34 Bank loans n.e.c.	-3	-5	-2	-3	2.1	3.0	2.8	4.7	4.0	.6	7.4	3.7	34
35 Open market paper . . . . .	.5	-2	.3	.8	.3	-1.0	.9	7.1	-1	-1.2	1.0	.8	35
36 U.S. Govt. loans	2.6	2.2	2.1	1.3	1.8	1.5	1.7	1.6	2.8	3.3	2.2	3.2	36
37 MEMO: U.S. Govt. cash balance	1.2	-1.2	.5	2.8	3.2	-3	-1.7	-4.6	2.9	.5	5.2	10.8	37
Totals net of changes in U.S. Govt. cash balance:													
38 Total funds raised	82.7	99.5	93.0	97.9	147.8	177.2	199.3	193.4	207.5	183.7	231.3	231.2	38
39 By U.S. Govt.	11.8	14.8	-4.1	9.1	21.6	15.5	9.9	16.6	82.3	80.3	84.4	63.0	39
40 Financial sectors	2.0	17.2	35.2	15.8	17.0	29.1	56.7	43.0	14.8	15.1	14.6	29.7	40
By instrument:													
41 U.S. Govt. related . . . . .	.1	4.0	9.5	9.8	5.9	8.4	19.9	23.1	13.5	14.0	13.1	18.0	41
42 Sponsored credit agencies	-6	3.2	9.1	8.2	1.1	3.5	16.3	16.6	2.3	1.4	3.3	3.9	42
43 Mortgage pool securities . . . . .	.7	.5	.7	1.6	4.8	4.9	3.6	5.8	10.3	11.5	9.2	14.2	43
44 Loans from U.S. Govt.	-1	.2	-3					.7	.9	1.1	.6	*	44
45 Private financial sectors	2.0	13.2	25.8	6.0	11.1	20.7	36.8	19.9	1.3	1.1	1.4	11.7	45
46 Corporate equities	3.1	6.5	6.3	4.8	3.5	2.8	1.5	1.0	1.2	1.2	1.2	.7	46
47 Debt instruments	-1.1	6.7	19.5	1.2	7.6	18.0	35.3	18.9	.1	*	3	11.0	47
48 Corporate bonds . . . . .	.7	4	.8	2.7	3.8	5.1	3.5	2.1	2.9	3.2	2.6	6.1	48
49 Mortgages	1.0	1.4	.2	.7	2.1	1.7	-1.2	-1.3	2.3	1.2	3.4	1.2	49
50 Bank loans n.e.c.	-2.0	1.5	1.5	*	3.5	6.8	14.0	7.5	-3.9	-4.7	-3.2	-2.8	50
51 Open market paper and RP's	1.8	3.4	12.9	-3.5	.9	4.4	11.8	3.9	2.8	7.6	-1.9	8.7	51
52 Loans from FHLB's	-2.5	.9	4.0	1.3	-2.7	*	7.2	6.7	-4.0	-7.3	-6	-2.3	52
By sector:													
53 Sponsored credit agencies	-6	3.5	8.8	8.2	1.1	3.5	16.3	17.3	3.2	2.5	4.0	3.9	53
54 Mortgage pools . . . . .	.7	.5	.7	1.6	4.8	4.9	3.6	5.8	10.3	11.5	9.2	14.2	54
55 Private financial sectors	2.0	13.2	25.8	6.0	11.1	20.7	36.8	19.9	1.3	1.1	1.4	11.7	55
56 Commercial banks	*	.8	2.4	-2.0	2.4	4.8	8.1	-1.1	1.7	6.4	-3.0	11.3	56
57 Bank affiliates	*	.1	4.3	-1.9	-4	.7	2.2	3.5	.3	.9	-3	-1.3	57
58 Foreign banking agencies	*	.1	.2	.1	1.6	.8	5.1	2.9	-3	-9	.2	-1.5	58
59 Savings and loan associations	-1.7	1.1	4.1	1.8	-1	2.0	6.0	6.3	-2.1	-7.8	3.6	-7	59
60 Other insurance companies . . . . .	.1	.2	.5	.4	.6	.5	.5	.9	.9	.9	1.0	1.0	60
61 Finance companies . . . . .	.6	3.9	7.8	2.6	2.7	6.2	9.4	4.5	.7	.8	2.1	6.7	61
62 REIT's	*	1.2	1.5	2.2	2.9	6.3	6.5	1.1	-1.9	-1.6	-2.2	-1.9	62
63 Open-end investment companies	3.0	5.9	4.9	2.8	1.3	-5	-1.2	-5	.8	1.5	.1	-1.1	63
64 Money market funds								2.4	1.3	2.6	*	-7	64
65 All sectors, by instrument	85.9	115.5	128.7	116.4	168.1	206.0	254.3	231.8	225.2	199.4	251.1	271.7	65
66 Investment company shares	3.0	5.9	4.9	2.8	1.3	-5	-1.2	-5	.8	1.5	.1	-1.1	66
67 Other corporate equities	2.5	.6	5.2	7.7	13.7	13.8	10.4	5.4	10.4	10.2	10.7	15.4	67
68 Debt instruments	80.4	109.0	118.6	105.9	153.1	192.8	245.2	227.0	214.0	187.7	240.3	257.4	68
69 U.S. Govt. securities	13.2	17.4	6.2	21.7	30.7	23.7	28.3	34.5	98.0	93.6	102.4	91.8	69
70 State and local obligations	7.8	9.5	9.9	11.2	17.5	15.4	16.3	19.6	17.3	16.2	18.4	18.4	70
71 Corporate and foreign bonds	16.6	14.4	13.8	23.3	23.5	18.4	13.6	23.9	36.3	42.3	30.3	34.4	71
72 Mortgages	24.6	29.8	30.7	29.9	52.5	76.8	79.9	60.5	59.0	49.1	69.0	74.1	72
73 Consumer credit	4.5	10.0	10.4	5.9	11.6	18.6	21.7	9.8	8.5	1.1	16.0	19.4	73
74 Bank loans n.e.c.	7.3	14.8	16.8	6.3	12.1	27.8	51.6	38.4	-14.4	-27.6	-1.2	-11.8	74
75 Open market paper and RP's	3.9	4.8	15.1	-1	.8	4.1	15.2	17.8	.5	6.2	-5.1	17.7	75
76 Other loans	2.5	8.3	15.8	7.7	4.2	8.0	18.5	22.5	8.7	6.8	10.7	13.5	76

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.

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars; half-year figures are at seasonally adjusted annual rates

Transaction category, or sector	1967	1968	1969	1970	1971	1972	1973	1974	1975	1975		1976	
										H1	H2	H1	
1 Total funds advanced in credit markets to nonfinancial sectors	81.5	98.3	89.6	94.9	139.6	166.4	190.0	185.0	200.3	173.8	226.9	228.3	1
By public agencies and foreign													
2 Total net advances	12.0	13.0	16.5	29.2	43.4	19.8	34.2	52.7	44.2	51.9	36.6	56.2	2
3 U.S. Govt. securities	6.9	3.3	.5	15.1	34.4	7.6	9.6	11.9	22.5	32.6	12.4	26.9	3
4 Residential mortgages	2.6	3.3	5.1	6.5	7.0	*	8.2	14.7	16.2	15.9	16.5	11.1	4
5 FHLB advances to S&L's	-2.5	.9	4.0	1.3	-2.7	*	7.2	6.7	-4.0	-7.3	-6	-2.3	5
6 Other loans and securities	5.2	5.5	6.9	6.2	4.6	5.1	9.2	19.5	9.5	10.6	8.3	16.9	6
Totals advanced, by sector													
7 U.S. Govt.	4.7	5.2	3.1	2.8	2.8	1.8	2.8	9.8	15.1	14.9	15.2	5.9	7
8 Sponsored credit agencies	.6	3.8	9.4	11.1	5.2	9.2	21.4	25.6	14.5	15.9	13.2	20.0	8
9 Monetary authorities	4.8	3.7	4.2	5.0	8.9	.3	9.2	6.2	8.5	7.0	10.1	13.7	9
10 Foreign	2.0	.3	-.3	10.3	26.4	8.4	.7	11.2	6.1	14.2	-2.0	13.0	10
11 Agency borrowing not included in line 1	.1	4.0	9.5	9.8	5.9	8.4	19.9	23.1	13.5	14.0	13.1	18.0	11
Private domestic funds advanced													
12 Total net advances	69.5	89.3	82.5	75.5	102.1	155.0	175.7	155.3	169.6	135.9	203.4	193.8	12
13 U.S. Govt. securities	6.3	14.1	5.6	6.6	-3.7	16.1	18.7	22.6	75.5	61.0	90.0	64.9	13
14 State and local obligations	7.8	9.5	9.9	11.2	17.5	15.4	16.3	19.6	17.3	16.2	18.4	18.4	14
15 Corporate and foreign bonds	16.0	13.8	12.5	20.0	19.5	13.1	10.0	20.9	32.8	38.9	26.7	27.3	15
16 Residential mortgages	14.4	17.3	17.9	14.7	31.2	48.1	48.5	26.9	24.4	17.7	31.1	44.3	16
17 Other mortgages and loans	22.4	35.5	40.7	24.3	35.0	62.3	89.3	71.9	15.7	-5.2	36.5	36.6	17
18 Less: FHLB advances	-2.5	.9	4.0	1.3	-2.7	*	7.2	6.7	-4.0	-7.3	-.6	-2.3	18
Private financial intermediation													
19 Credit market funds advanced by private financial institutions	63.4	75.5	57.4	77.0	109.7	149.4	163.8	126.2	116.0	97.7	134.3	139.2	19
20 Commercial banks	35.8	38.7	18.6	35.0	50.6	70.5	86.5	64.6	27.6	13.5	41.7	22.1	20
21 Savings institutions	15.0	15.4	14.6	17.4	39.1	47.2	36.0	27.0	51.0	49.8	52.2	68.0	21
22 Insurance and pension funds	12.9	13.8	13.3	17.1	14.2	17.8	23.8	30.1	39.3	36.4	42.3	43.9	22
23 Other finance	-.3	7.6	10.8	7.5	5.9	13.8	17.4	4.5	-1.8	-1.9	-1.8	5.1	23
24 Sources of funds	63.4	75.5	57.4	77.0	109.7	149.4	163.8	126.2	116.0	97.7	134.3	139.2	24
25 Private domestic deposits	49.8	45.9	2.3	60.7	89.4	100.9	86.4	69.4	90.5	90.3	90.6	90.9	25
26 Credit market borrowing	-1.1	6.7	19.5	1.2	7.6	18.0	35.3	18.9	.1	*	.3	11.0	26
27 Other sources	14.7	22.9	35.6	15.1	12.6	30.5	42.1	37.8	25.4	7.4	43.4	37.3	27
28 Foreign funds	2.3	2.6	9.6	-8.1	-3.9	5.3	6.9	14.5	-.4	-5.7	5.0	-.1	28
29 Treasury balances	.2	-.2	*	2.9	2.2	.7	-1.0	-5.1	-1.7	-3.5	.1	3.5	29
30 Insurance and pension reserves	11.4	11.4	10.8	13.3	8.6	11.6	18.4	26.0	29.9	27.4	32.5	32.7	30
31 Other, net	.8	9.1	15.1	7.1	5.7	12.8	17.8	2.4	-2.4	-10.8	5.9	1.2	31
Private domestic nonfinancial investors													
32 Direct lending in credit markets	4.9	20.5	44.6	-.3	*	23.6	47.2	48.0	53.7	38.1	69.4	65.6	32
33 U.S. Govt. securities	-1.1	8.6	17.5	-7.1	-10.8	4.2	19.4	17.9	23.0	5.0	41.0	29.5	33
34 State and local obligations	-2.6	-.1	8.2	-1.3	.5	3.1	7.5	12.2	9.9	10.3	9.6	7.7	34
35 Corporate and foreign bonds	4.0	4.2	5.4	9.5	8.3	4.2	.9	5.3	10.4	13.6	7.2	6.0	35
36 Commercial paper	1.8	4.2	10.0	-5.1	-1.1	3.0	12.5	4.6	3.1	3.5	2.7	10.2	36
37 Other	2.8	3.6	3.6	3.7	3.2	9.1	6.9	8.1	7.3	5.6	8.9	12.2	37
38 Deposits and currency	51.8	48.5	5.1	64.2	92.8	105.3	90.3	75.7	96.7	95.7	97.7	95.1	38
39 Time and saving accounts	38.8	33.7	-2.2	55.3	79.1	83.7	76.2	67.4	84.8	75.0	94.7	82.3	39
40 Large negotiable CD's	4.3	3.5	-13.7	15.0	7.7	8.7	18.4	23.6	-9.7	-22.3	2.9	-23.5	40
41 Other at commercial banks	17.9	17.2	3.1	23.6	31.8	29.7	29.4	21.4	35.4	34.4	36.4	39.9	41
42 At savings institutions	16.6	13.0	8.4	16.6	39.6	45.4	28.4	22.4	59.2	63.0	55.4	66.0	42
43 Money	13.0	14.8	7.3	8.9	13.7	21.6	14.1	8.3	11.9	20.7	3.0	12.7	43
44 Demand deposits	11.0	12.3	4.5	5.4	10.4	17.2	10.2	2.0	5.7	15.3	-4.0	8.5	44
45 Currency	2.0	2.5	2.8	3.5	3.4	4.4	3.9	6.3	6.2	5.4	7.1	4.2	45
46 Total of credit market instr., deposits, and currency	56.8	69.0	49.8	63.9	92.9	129.0	137.5	123.7	150.4	133.8	167.1	160.7	46
47 Private support rate (in per cent)	14.8	13.2	18.4	30.7	31.1	11.9	18.0	28.5	22.1	29.9	16.1	23.0	47
48 Private financial intermediation (in per cent)	91.2	84.6	69.5	102.0	107.4	96.4	93.2	81.2	68.4	71.9	66.0	71.8	48
49 Total foreign funds	4.3	2.9	9.4	2.2	22.5	13.7	7.6	25.7	5.7	8.5	3.0	13.0	49
MEMO: Corporate equities not included above													
50 Total net issues	5.6	6.5	10.1	10.5	15.0	13.3	9.2	4.9	11.2	11.7	10.8	14.3	1
51 Mutual fund shares	3.0	5.9	4.9	2.8	1.3	-.5	-1.2	-.5	.8	1.5	.1	-1.1	2
52 Other equities	2.5	.6	5.2	7.7	13.7	13.8	10.4	5.4	10.4	10.2	10.7	15.4	3
53 Acquisitions by financial institutions	9.1	10.9	13.0	10.6	17.8	15.3	13.3	5.5	8.3	9.2	7.4	11.7	4
54 Other net purchases	-3.5	-4.4	-2.9	-.1	-2.9	-2.1	-4.1	-.7	2.9	2.4	3.4	2.6	5

Notes by line no.

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

2.10 SELECTED MEASURES OF NONFINANCIAL BUSINESS ACTIVITY

1967 = 100 except as noted; monthly and quarterly data are seasonally adjusted

Measure	1973	1974	1975	1976							
				May	June	July	Aug.	Sept.	Oct.	Nov. ^p	Dec. ^q
1 Industrial production, total.....	129.8	129.3	117.8	129.6	130.1	130.7	131.3	130.8	130.4	131.9	132.8
Market groupings:											
2 Products, total.....	127.1	129.3	119.3	128.9	129.5	129.8	130.3	129.7	129.7	131.6	133.1
3 Final, total.....	124.4	125.1	118.2	127.3	127.6	127.6	128.3	127.4	127.3	129.5	131.2
4 Consumer goods.....	131.5	128.9	124.0	137.4	137.8	136.8	137.5	136.2	136.9	138.7	141.1
5 Equipment.....	114.5	120.0	110.2	113.5	113.8	114.9	115.7	115.2	114.4	116.7	117.7
6 Intermediate.....	137.2	135.3	123.1	135.0	135.9	137.6	137.8	138.7	138.4	139.3	140.4
7 Materials.....	133.9	132.4	115.5	130.6	131.1	132.2	133.0	132.5	131.6	132.3	132.3
Industry groupings:											
8 Manufacturing.....	129.8	129.4	116.3	129.6	130.2	131.0	131.6	130.7	130.0	131.8	132.6
Capacity utilization (per cent) ¹ in—											
9 Manufacturing.....	87.5	84.2	73.6	80.3	80.5	80.9	81.1	80.4	79.7	80.7	.....
10 Industrial materials industries.....	92.4	87.7	73.6	80.8	80.8	81.2	81.6	81.0	80.4	81.0	.....
11 Construction contracts ²	179.5	169.7	166.0	205.0	187.0	186.0	186.0	182.0	237.0	186.0	.....
Nonagricultural employment: ³											
12 Total.....	116.8	119.1	116.9	119.8	119.9	120.2	120.4	120.8	120.7	121.0	121.4
13 Goods-producing, total.....	106.3	106.2	96.9	99.4	99.2	99.3	99.2	99.9	99.4	.....	.....
14 Manufacturing, total.....	103.2	103.1	94.3	97.5	97.4	97.4	97.6	98.2	97.4	98.0	98.2
15 Manufacturing, production-worker.....	103.1	102.1	91.3	95.4	95.2	95.2	95.2	96.1	94.9	95.6	95.8
16 Service-producing.....	122.5	126.1	127.8	131.0	131.1	131.7	132.1	132.2	132.4	.....	.....
Personal income: ⁴											
17 Total.....	168.0	184.1	199.4	217.5	218.7	220.4	221.1	222.1	223.9	226.3	.....
18 Wages and salary disbursements:											
19 Total.....	164.0	178.9	188.7	206.6	206.6	208.8	209.9	211.3	213.2	215.6	.....
19 Manufacturing.....	146.3	157.6	157.9	175.8	176.1	177.5	178.1	178.9	179.1	182.5	.....
20 Disposable personal income ⁴	165.6	180.5	198.5	217.2	.....	.....	217.0	.....	.....	.....	.....
21 Retail sales ⁵	160.2	171.2	186.1	202.0	206.3	205.4	208.8	206.7	208.8	212.7	219.2
Prices: ⁶											
22 Consumer.....	133.1	147.7	161.2	169.2	170.1	171.1	171.9	172.6	173.3	173.8	.....
23 Wholesale.....	134.7	160.1	174.1	181.8	183.1	184.3	183.7	184.7	185.2	185.6	187.1

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

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

³ Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

⁴ Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

⁵ Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

⁶ Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

2.11 OUTPUT, CAPACITY, and CAPACITY UTILIZATION

Seasonally adjusted

Series	1976				1976				1976			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Output (1967 = 100)				Capacity (per cent of 1967 output)				Utilization rate (per cent)			
1 Manufacturing.....	126.7	129.4	131.1	131.5	160.4	161.3	162.3	163.2	79.0	80.2	80.8	80.5
2 Primary processing.....	133.4	136.6	139.3	138.7	166.2	167.5	168.8	170.1	80.2	81.5	82.5	81.5
3 Advanced processing.....	122.9	125.2	126.3	127.6	157.2	158.0	158.8	159.6	78.2	79.2	79.6	80.0
4 Materials.....	126.9	130.3	132.5	132.1	160.6	161.7	163.1	164.3	79.0	80.6	81.3	80.4
5 Durable goods.....	120.8	126.1	130.7	128.6	164.4	165.5	166.7	167.8	73.5	76.2	78.4	76.6
6 Basic metal.....	103.7	110.8	117.1	107.3	142.4	143.1	143.7	144.4	72.8	77.4	81.5	74.3
7 Nondurable goods.....	145.0	146.9	146.7	147.9	169.4	171.0	172.5	174.1	85.6	85.9	85.0	85.0
8 Textile, paper and chemical.....	150.2	151.6	151.3	152.4	176.5	178.3	180.1	182.0	85.1	85.0	84.0	83.8
9 Textile.....	116.5	115.5	114.8	111.1	138.2	139.0	139.8	140.6	84.3	83.1	81.8	79.0
10 Paper.....	128.9	132.5	131.9	131.3	144.6	145.7	146.7	147.9	89.1	90.9	89.9	88.8
11 Chemical.....	173.6	175.3	175.1	179.2	206.2	208.7	211.2	213.7	84.2	84.0	82.9	83.9
12 Energy.....	119.7	120.0	119.7	121.0	140.3	141.5	142.7	143.9	85.3	84.8	84.0	84.1

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data, seasonally adjusted; exceptions noted

Category	1973	1974	1975	1976						
				June	July	Aug.	Sept.	Oct.	Nov. ^p	Dec. ^p
1 Noninstitutional population ¹	148,263	150,827	153,449	155,925	156,142	156,367	156,595	156,788	157,006	157,176
2 Labor force (including Armed Forces) ¹	91,040	93,240	94,793	96,780	97,473	97,634	97,348	97,489	98,048	98,056
3 Civilian labor force.....	88,714	91,011	92,613	94,643	95,333	95,487	95,203	95,342	95,899	95,910
Employment:										
4 Nonagricultural industries ²	80,957	82,443	81,403	84,206	84,566	84,557	84,533	84,444	84,898	85,120
5 Agriculture.....	3,452	3,492	3,380	3,294	3,341	3,424	3,286	3,329	3,232	3,232
Unemployment:										
6 Number.....	4,304	5,076	7,830	7,143	7,426	7,506	7,384	7,569	7,769	7,558
7 Rate (per cent of civilian labor force).....	4.9	5.6	8.5	7.5	7.8	7.9	7.8	7.9	8.1	7.9
8 Not in labor force.....	57,222	57,587	58,655	59,145	58,669	58,733	59,248	59,300	58,958	59,121
9 Employment in nonagricultural establishments ³	78,896	78,413	76,985	79,805	79,183	79,278	79,572	79,467	79,700	79,957
By industry division:										
10 Manufacturing.....	20,068	20,046	18,347	19,117	18,945	18,979	19,100	18,941	19,057	19,903
11 Mining.....	644	694	745	795	791	752	798	800	808	806
12 Contract construction.....	4,015	3,957	3,457	3,523	3,382	3,349	3,300	3,340	3,353	3,349
13 Transportation and public utilities.....	4,644	4,696	4,498	4,531	4,508	4,501	4,528	4,506	4,510	4,537
14 Trade.....	16,674	17,017	16,947	17,552	17,531	17,554	17,625	17,610	17,585	17,685
15 Finance.....	4,091	4,208	4,223	4,297	4,312	4,312	4,338	4,359	4,381	4,403
16 Service.....	13,021	13,617	13,995	14,775	14,623	14,696	14,758	14,781	14,844	14,897
17 Government.....	13,739	14,177	14,773	15,168	15,091	15,122	15,095	15,130	15,162	15,187

¹ Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. From *Employment and Earnings* (U.S. Dept. of Labor).

² Includes self-employed, unpaid family, and domestic service workers.

³ Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the March 1975 benchmark. From *Employment and Earnings* (U.S. Dept. of Labor).

2.13 INDUSTRIAL PRODUCTION

Unless otherwise noted, figures are indexes (1967 = 100); monthly data are seasonally adjusted

Grouping	1967 pro- portion	1975 aver- age	1975			1976					
			Oct.	Nov.	Dec.	July	Aug.	Sept.	Oct.	Nov. ^p	Dec. ^p
Major market groupings											
1 Total index.....	100.00	117.8	122.2	123.5	124.4	130.7	131.3	130.8	130.4	131.9	132.8
2 Products.....	60.71	119.3	122.4	123.8	124.9	129.8	130.3	129.7	129.7	131.6	133.1
3 Final products.....	47.82	118.2	120.9	122.3	123.5	127.6	128.3	127.4	127.3	129.5	131.2
4 Consumer goods.....	27.68	124.0	128.7	131.1	132.3	136.8	137.5	136.2	136.9	138.7	141.1
5 Equipment.....	20.14	110.2	110.0	110.0	111.5	114.9	115.7	115.2	114.4	116.7	117.7
6 Intermediate products.....	12.89	123.1	128.0	129.3	129.9	137.6	137.8	138.7	138.4	139.3	140.4
7 Materials.....	39.29	115.5	122.0	123.1	123.3	132.2	133.0	132.5	131.6	132.3	132.3
Consumer goods:											
8 Durable consumer goods.....	7.89	121.4	131.9	132.5	134.0	141.8	143.7	138.4	138.6	143.7	150.1
9 Automotive products.....	2.83	125.9	140.8	143.2	147.7	155.9	158.4	147.4	147.7	161.9	178.1
10 Autos and utility vehicles.....	2.03	113.7	133.6	134.7	140.0	155.9	158.2	139.1	138.4	155.8	178.4
11 Autos.....	1.90	101.1	119.1	120.9	122.8	135.0	137.7	120.9	121.5	139.1	159.7
12 Auto parts and allied goods.....	.80	156.6	159.0	164.9	167.0	156.0	158.4	168.6	171.2	177.4	177.8
13 Home goods.....	5.06	118.8	127.0	126.5	126.4	133.8	135.6	133.3	133.5	133.5	134.3
14 Appliances, A/C, and TV.....	1.40	98.0	105.3	100.9	101.1	110.3	119.1	111.4	113.3	112.6	112.8
15 Appliances and TV.....	1.33	100.2	109.3	103.7	104.4	114.1	121.9	115.1	117.1	116.2	117.0
16 Carpeting and furniture.....	1.07	126.8	141.9	144.7	142.0	142.0	145.0	146.3	147.0	145.7	145.7
17 Misc. home goods.....	2.59	126.9	132.6	132.9	133.6	143.0	140.7	139.8	138.8	139.9	141.2
18 Nondurable consumer goods.....	19.79	125.1	127.4	130.6	131.5	134.8	134.9	135.3	136.3	136.8	137.4
19 Clothing.....	4.29	111.6	120.4	123.2	123.9	126.3	123.2	123.0	125.1	122.5	122.5
20 Consumer staples.....	15.50	128.8	129.3	132.5	133.6	137.2	138.1	138.7	139.4	140.0	140.7
21 Consumer foods and tobacco.....	8.33	122.8	125.3	127.6	127.2	131.4	131.9	133.0	134.7	133.6	133.6
22 Nonfood staples.....	7.17	135.8	133.8	138.2	141.0	143.9	145.3	145.4	144.6	147.4	149.3
23 Consumer chemical products.....	2.63	151.3	149.8	157.8	159.7	166.2	168.8	169.2	168.3	172.0	172.0
24 Consumer paper products.....	1.92	107.0	104.4	107.5	113.4	112.8	113.9	111.9	110.9	114.0	114.0
25 Consumer energy products.....	2.62	141.6	139.2	140.9	142.8	144.1	144.8	145.9	145.5	147.5	147.5
26 Residential utilities.....	1.45	152.3	148.6	152.0	152.0	150.4	.....	154.3	154.4	.....	.....
Equipment:											
27 Business equipment.....	12.63	128.2	128.8	129.6	131.6	136.9	137.7	137.5	136.0	139.5	140.9
28 Industrial equipment.....	6.77	121.2	122.1	123.0	124.5	127.5	128.1	129.8	130.4	130.6	131.9
29 Building and mining equip.....	1.44	168.3	172.9	174.9	172.9	176.9	179.8	180.4	179.8	179.9	181.0
30 Manufacturing equipment.....	3.85	99.9	100.5	99.9	101.3	107.2	107.2	108.6	109.1	109.0	109.6
31 Power equipment.....	1.47	130.8	128.9	132.3	137.6	132.6	132.0	135.6	137.8	138.9	142.1
32 Commercial transit, farm equip.....	5.86	136.3	136.4	137.2	139.7	147.7	148.7	146.1	142.5	150.0	151.3
33 Commercial equipment.....	3.26	157.8	158.5	159.5	164.4	174.1	176.2	176.8	177.5	179.8	181.6
34 Transit equipment.....	1.93	101.9	102.4	102.8	102.9	107.6	106.6	99.3	97.5	106.0	107.0
35 Farm equipment.....	.67	130.6	126.6	127.7	125.6	135.3	136.8	131.4	102.0	131.6	131.6
36 Defense and space equipment.....	7.51	80.0	78.5	77.3	77.7	78.0	78.6	77.7	78.5	78.3	78.6
Intermediate products:											
37 Construction supplies.....	6.42	116.3	122.7	123.1	124.1	133.1	134.1	134.3	134.1	135.5	137.4
38 Business supplies.....	6.47	129.8	133.3	135.4	135.9	142.1	141.5	143.0	142.6	142.9	142.9
39 Commercial energy products.....	1.14	150.6	147.5	149.8	147.9	159.1	156.4	156.4	155.7	157.0	157.0
Materials:											
40 Durable goods materials.....	20.35	109.1	114.6	115.2	115.5	130.6	131.4	130.0	128.5	129.1	128.1
41 Durable consumer parts.....	4.58	97.7	107.2	109.3	111.6	126.1	125.1	123.5	119.4	126.0	125.4
42 Equipment parts.....	5.44	118.9	120.6	122.3	123.9	136.3	138.0	138.3	138.0	138.3	139.0
43 Durable materials n.e.c.....	10.34	109.0	114.8	114.0	112.9	129.8	130.6	128.4	127.5	125.6	123.7
44 Basic metal materials.....	5.57	99.1	99.5	99.5	96.1	117.5	120.0	113.9	111.9	107.3	107.3
45 Nondurable goods materials.....	10.47	126.6	140.3	141.3	142.6	146.0	146.1	147.8	147.0	148.1	148.6
46 Textile, paper, and chem. mat.....	7.62	129.0	144.9	146.2	147.9	150.5	150.6	152.6	151.8	152.4	153.1
47 Textile materials.....	1.85	100.6	117.3	118.4	118.9	114.7	114.9	113.6	112.6	109.9	109.9
48 Paper materials.....	1.62	113.2	121.6	124.4	125.9	132.1	132.7	131.0	132.1	130.9	130.9
49 Chemical materials.....	4.15	147.9	166.3	167.2	169.5	173.8	173.4	178.2	177.3	179.8	179.8
50 Containers, nondurable.....	1.70	127.9	137.3	134.8	136.1	142.8	143.2	143.5	141.7	145.5	145.5
51 Nondurable materials n.e.c.....	1.14	108.3	114.3	118.4	116.7	120.4	121.2	122.8	122.8	122.7	122.7
52 Energy materials.....	8.48	117.2	117.0	119.7	118.7	119.5	120.5	119.6	120.1	120.7	122.2
53 Primary energy.....	4.65	108.3	109.6	110.5	107.3	106.9	107.9	108.4	109.8	109.5	109.5
54 Converted fuel materials.....	3.82	128.0	125.9	130.8	132.3	134.6	136.0	133.2	132.7	134.4	134.4
Supplementary groups:											
55 Home goods and clothing.....	9.35	115.5	124.0	125.0	125.2	130.3	129.9	128.7	129.6	129.6	130.1
56 Energy, total.....	12.23	125.5	124.5	127.1	126.6	128.4	129.0	128.6	128.8	129.8	131.4
57 Products.....	3.76	144.3	141.8	143.7	144.5	148.7	148.2	149.1	148.7	150.3	150.3
58 Materials.....	8.48	117.2	117.0	119.7	118.7	119.5	120.5	119.6	120.1	120.7	120.7

For NOTES see opposite page.

2.13 Continued

Grouping	SIC code	1967 proportion	1975 average	1975			1976					
				Oct.	Nov.	Dec.	July	Aug.	Sept.	Oct.	Nov. ^p	Dec. ^e
Gross value of products in market structure (Annual rates, in billions of 1972 dollars)												
1 Products, total.....		1286.3	505.9	521.1	527.1	528.4	552.6	556.4	548.8	549.1	559.9	570.2
2 Final products.....		1221.4	393.3	404.0	409.7	410.6	427.8	431.3	422.2	422.8	432.7	442.6
3 Consumer goods.....		1156.3	274.4	285.0	290.5	292.0	302.2	304.6	300.7	302.1	307.7	314.7
4 Equipment.....		165.3	119.0	119.1	119.3	118.9	125.8	126.7	121.7	120.7	125.3	127.9
5 Intermediate products.....		164.9	112.6	116.6	117.6	117.9	124.7	125.1	126.6	126.4	127.2	127.8
Major industry groupings												
6 Mining and utilities.....		12.05	128.5	127.9	130.5	129.2	130.6	131.8	131.9	133.1	133.3	134.7
7 Mining.....		6.36	112.8	113.8	114.2	112.9	112.5	114.4	115.7	117.4	116.8	116.8
8 Utilities.....		5.69	146.0	143.8	148.8	147.2	150.8	151.3	150.1	150.8	151.9	154.4
9 Electric.....		3.88	160.8	157.3	165.5	162.3	167.2	168.5	167.8	168.2	.....	.....
10 Manufacturing.....		87.95	116.3	121.2	122.7	123.6	131.0	131.6	130.7	130.0	131.8	132.6
11 Nondurable.....		35.97	126.4	133.6	136.2	136.9	141.1	140.9	142.6	142.3	143.4	144.2
12 Durable.....		51.98	109.3	112.7	113.4	114.4	124.2	125.1	122.4	121.4	123.8	124.7
Mining:												
13 Metal mining.....	10	.51	115.8	112.5	118.1	117.9	121.6	127.5	123.6	127.4	129.7	.....
14 Coal.....	11, 12	.69	113.4	112.2	125.6	109.9	104.8	112.6	121.3	132.3	125.1	123.5
15 Oil and gas extraction.....	13	4.40	113.3	113.1	112.3	113.1	112.0	112.3	113.3	113.6	113.4	113.7
16 Stone and earth minerals.....	14	.75	107.0	110.9	112.1	111.5	116.5	119.0	119.2	120.0	121.2	.....
Nondurable manufactures:												
17 Foods.....	20	8.75	123.4	126.4	128.8	128.5	131.8	133.4	135.7	136.1	135.8	.....
18 Tobacco products.....	21	.67	111.8	113.9	118.5	116.0	114.5	114.8	115.4	118.3	.....	.....
19 Textile mill products.....	22	2.68	112.3	137.5	141.6	139.0	136.8	135.1	135.7	134.2	132.8	.....
20 Apparel products.....	23	3.31	107.6	115.9	118.3	121.2	125.6	123.7	122.5	126.6	.....	.....
21 Paper and products.....	26	3.21	116.3	126.5	127.7	129.5	132.0	134.6	132.1	132.3	132.4	132.3
22 Printing and publishing.....	27	4.72	113.4	113.2	115.4	118.4	122.0	120.6	120.6	119.2	121.3	122.0
23 Chemicals and products.....	28	7.74	147.3	157.5	161.9	163.3	167.6	170.4	170.5	170.1	172.8	.....
24 Petroleum products.....	29	1.79	124.1	125.1	124.9	126.3	134.1	133.8	134.1	129.4	134.0	136.1
25 Rubber & plastic products.....	30	2.24	166.7	185.1	185.2	185.3	191.2	186.1	212.4	208.9	213.0	.....
26 Leather and products.....	31	.86	76.5	85.8	87.7	83.2	81.1	77.3	77.9	77.2	75.5	.....
Durable manufactures:												
27 Ordnance, pvt. & govt.....	19, 91	3.64	76.6	72.0	70.0	70.1	74.0	73.9	73.2	73.3	73.3	73.5
28 Lumber and products.....	24	1.64	107.6	116.8	114.1	116.4	124.6	128.1	128.7	130.7	131.7	.....
29 Furniture and fixtures.....	25	1.37	118.2	127.9	128.7	130.3	131.6	134.4	133.0	134.5	134.3	.....
30 Clay, glass, stone prod.....	32	2.74	117.9	127.8	127.5	129.4	137.2	138.1	138.4	138.4	140.5	.....
31 Primary metals.....	33	6.57	96.4	95.4	98.1	92.6	116.9	118.6	114.1	109.8	106.7	100.4
32 Iron and steel.....	.....	4.21	95.8	92.0	96.5	89.1	115.3	116.2	110.3	105.1	102.7	96.6
33 Fabricated metal prod.....	24	5.93	109.9	114.4	116.3	117.3	124.6	125.8	126.6	123.5	126.2	126.6
34 Nonelectrical machinery.....	35	9.15	125.1	125.4	126.6	128.6	135.0	136.4	136.8	134.4	137.2	138.0
35 Electrical machinery.....	36	8.05	116.5	120.1	120.1	122.7	131.0	133.3	133.7	134.8	135.6	137.0
36 Transportation equip.....	37	9.27	97.4	104.4	104.7	106.7	113.3	115.0	104.4	104.3	113.0	120.0
37 Motor vehicles & pts.....	.....	4.50	111.1	126.5	127.1	130.1	148.5	150.6	130.2	128.3	145.6	159.3
38 Aerospace & misc. tr. eq.....	.....	4.77	84.5	83.6	83.6	84.7	80.3	81.5	80.1	81.6	82.3	83.0
39 Instrument.....	38	2.11	132.3	136.0	136.4	140.9	151.3	149.6	148.7	150.3	150.4	152.0
40 Miscellaneous mfrs.....	39	1.51	128.3	134.6	137.6	137.3	148.5	142.1	143.8	142.6	143.2	144.0

¹ 1972 dollars.

N.B. Published groupings include some series and subtotals not shown separately. For summary description and historical data, see BULLETIN for June 1976, pp. 470-79. Availability of detailed descriptive and historical data will be announced in a forthcoming BULLETIN.

2.14 HOUSING AND CONSTRUCTION

Monthly figures at annual rates; exceptions noted

Item	1973	1974	1975	1976						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Private residential real estate activity (Thousands of units; monthly figures, seasonally adjusted; exceptions noted)									
NEW UNITS										
1 Permits authorized.....	1,820	1,074	926	1,158	1,150	1,215	1,296	1,504	1,492	1,585
2 1-family.....	882	644	669	807	829	870	874	926	998	1,085
3 2-or-more-family.....	937	431	277	351	321	345	422	578	494	500
4 Started.....	2,045	1,338	1,160	1,422	1,510	1,382	1,537	1,840	1,813	1,705
5 1-family.....	1,132	888	892	1,065	1,139	1,123	1,171	1,280	1,340	1,237
6 2-or-more-family.....	913	450	268	357	371	259	366	560	473	468
7 Under construction (end of period)	1,599	1,189	1,003	1,055	1,064	1,063	1,074	1,107	1,143	.....
8 1-family.....	583	516	531	603	609	615	622	641	666	.....
9 2-or-more-family.....	1,016	673	472	452	455	448	452	467	478	.....
10 Completed.....	2,014	1,692	1,297	1,360	1,373	1,307	1,401	1,390	1,317	.....
11 1-family.....	1,174	931	866	934	1,052	1,038	1,094	1,023	968	.....
12 2-or-more-family.....	840	760	430	426	321	269	307	367	.....	.....
13 Mobile homes shipped.....	567	329	213	260	233	224	252	255	269	244
Merchant builder activity in 1-family units:										
14 Number sold.....	620	501	544	540	589	606	640	744	729	696
15 Number for sale (end of period)	456	407	383	400	406	411	406	415	419	430
Price (thous. dollars): ¹										
Median:										
16 Units sold.....	32.5	35.9	39.3	43.6	46.1	44.6	44.2	44.8	45.5	46.1
17 Units for sale.....	32.9	36.2	38.9	40.2	40.5	40.7	40.8	40.9	41.0	41.2
Average:										
18 Units sold.....	35.5	38.9	42.6	47.6	49.2	48.0	48.5	48.4	50.6	50.5
EXISTING UNITS (1-family)										
19 Number sold.....	2,334	2,272	2,452	2,810	2,990	2,900	3,070	3,330	3,290	3,320
Price of units sold (thous. dollars): ¹										
20 Median.....	28.9	32.0	35.3	37.6	38.6	38.9	39.4	38.7	38.5	38.8
21 Average.....	32.9	35.8	39.0	41.9	41.9	43.2	43.4	42.7	42.4	42.9
Value of new construction, ² (Millions of dollars; monthly figures, seasonally adjusted)										
CONSTRUCTION										
22 Total put in place.....	137,917	138,526	132,043	143,393	145,403	141,055	142,031	146,281	146,743	150,187
23 Private.....	105,412	100,179	93,034	107,179	106,487	104,288	104,682	108,650	112,780	116,252
24 Residential.....	59,727	50,378	46,476	58,812	58,685	57,176	55,427	58,701	63,452	66,575
25 Nonresidential, total.....	45,685	49,801	46,558	48,367	47,802	47,112	49,255	49,949	49,328	49,677
Buildings:										
26 Industrial.....	6,243	7,902	8,017	6,967	6,738	6,097	6,902	6,894	6,407	6,531
27 Commercial.....	15,453	15,945	12,804	12,331	12,006	12,574	12,984	12,786	12,560	12,449
28 Other.....	5,888	5,797	5,585	5,967	6,229	6,178	6,689	6,669	6,489	6,819
29 Public utilities and other.....	18,101	20,157	20,152	23,102	22,829	22,263	22,680	23,600	23,872	23,878
30 Public.....	32,505	38,347	39,009	36,214	38,916	36,767	37,349	37,631	33,963	33,935
31 Military.....	1,166	1,188	1,391	1,423	1,368	1,448	1,439	1,352	1,374	1,518
32 Highway.....	10,505	12,069	10,345	9,901	10,292	8,297	9,596	8,856	8,964	.....
33 Conservation and development	2,313	2,741	3,227	3,546	3,674	3,573	4,046	4,281	3,038	.....
34 Other.....	18,521	22,349	24,046	21,344	23,582	23,449	22,268	23,142	20,587	.....

¹ Not seasonally adjusted.² Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE.—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND WHOLESALE PRICES

Item	Percentage changes based on seasonally adjusted data, except as noted											Index level Nov. 1976 (1976 = 100)
	12 months to—		3 months (at annual rate) to—				1 month to—					
	1975 Nov.	1976 Nov.	1975		1976		1976					
			Sept.	Dec.	Mar.	June	July	Aug.	Sept.	Oct.	Nov.	
Consumer prices												
1 All items.....	7.3	5.0	7.4	7.3	2.9	6.1	.5	.5	.4	.3	.3	173.8
2 Commodities.....	6.7	3.4	7.8	5.9	-1.2	6.3	.4	.5	.2	.3	.2	167.7
3 Food.....	7.2	.7	8.0	8.3	-7.9	7.2	.1	.3	.....	.3	-.2	181.1
4 Commodities less food.....	6.5	5.0	7.5	4.3	2.9	5.6	.6	.6	.4	.4	.4	160.3
5 Durable.....	8.1	5.9	6.2	4.4	6.9	6.5	.6	.5	.4	.3	.4	158.0
6 Nondurable.....	5.4	4.4	8.2	4.2	.8	4.7	.6	.8	.4	.4	.5	161.9
7 Services.....	8.4	7.6	7.4	9.3	10.6	6.2	.6	.6	.5	.5	.4	185.1
8 Rent.....	5.1	5.4	4.8	6.5	5.5	5.1	.5	.3	.5	.5	.4	147.5
9 Services less rent.....	8.8	7.9	7.7	9.7	11.7	6.2	.6	.5	.6	.6	.4	191.8
Other groupings:												
10 All items less food ¹	7.4	6.3	7.6	6.7	5.3	7.0	.5	.6	.7	.5	.5	171.6
11 All items less shelter ¹	7.1	5.0	8.3	6.3	3.0	6.9	.5	.4	.4	.4	.4	171.6
12 Homeownership ¹	8.8	4.3	5.6	8.8	1.9	4.3	.8	.6	.5	.2	.....	194.8
Wholesale prices												
13 All commodities.....	3.7	4.2	10.8	6.5	-1.8	6.6	.3	-.1	.9	.6	.6	185.6
14 Farm products, and processed foods and feeds.....	-1.5	-4.1	18.3	-4.1	-15.8	18.0	-1.0	-2.9	1.0	-.9	.2	178.4
15 Farm products.....	2.1	-4.2	29.7	.6	-21.0	22.1	-1.0	-2.9	1.9	-1.2	-.5	183.6
16 Processed foods and feeds.....	-3.7	-4.3	11.3	-7.3	-12.4	15.6	-.9	-2.9	.5	-.7	.6	174.8
17 Industrial commodities.....	5.8	6.6	8.0	10.8	3.2	3.6	.7	.7	.9	1.0	.8	187.0
Materials, supplies, and components of which:												
18 Crude materials ²	-1.0	19.0	16.7	4.4	1.9	17.3	3.8	.1	-.5	4.0	2.3	269.6
19 Intermediate materials ³	5.2	6.3	5.8	12.1	3.7	3.3	.5	.7	1.0	.7	.8	193.5
Finished goods, excluding foods:												
20 Consumer.....	7.1	5.0	10.7	9.3	.5	2.3	.7	.6	1.1	.7	.7	165.5
21 Durable.....	6.0	3.9	4.4	9.2	3.4	1.1	0.0	.3	1.0	1.0	.5	147.4
22 Nondurable.....	7.6	5.7	14.4	9.5	-.9	2.6	1.1	.9	1.1	.7	.7	177.5
23 Producer.....	8.6	6.2	6.3	9.1	6.8	3.3	.5	.2	.8	1.4	.2	177.8
24 MEMO: Consumer foods.....	4.6	-5.1	11.2	.9	-20.5	16.8	-1.7	-2.2	.7	-.4	.8	176.0

¹ Not seasonally adjusted.² Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.³ Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE.—Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

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

Account	1973	1974	1975	1975			1976		
				Q 2	Q 3	Q 4	Q 1	Q 2	Q 3
	Gross national product								
1 Total.....	1,306.6	1,413.2	1,516.3	1,482.3	1,548.7	1,588.2	1,636.2	1,675.2	1,708.9
By source:									
2 Personal consumption expenditures.....	809.9	887.5	973.2	960.3	987.3	1,012.0	1,043.6	1,064.7	1,088.5
3 Durable goods.....	123.7	121.6	131.7	127.0	136.0	141.8	151.4	155.0	157.6
4 Nondurable goods.....	333.8	376.2	409.1	405.8	414.6	421.6	429.1	434.8	441.8
5 Services.....	352.3	389.6	432.4	427.4	436.7	448.6	463.2	474.9	489.1
6 Gross private domestic investment.....	220.0	215.0	183.7	164.4	197.7	201.4	229.6	239.2	247.0
7 Fixed investment.....	202.1	204.3	198.3	194.3	198.6	205.7	214.7	223.2	231.9
8 Nonresidential.....	136.0	149.2	147.1	145.8	146.1	148.7	153.4	157.9	163.0
9 Structures.....	49.0	54.1	52.0	51.2	51.8	52.1	53.2	54.9	56.0
10 Producers' durable equipment.....	87.0	95.1	95.1	94.6	94.2	96.6	100.2	103.0	107.0
11 Residential structures.....	66.1	55.1	51.2	48.6	52.6	57.0	61.3	65.3	68.9
12 Nonfarm.....	64.3	52.7	49.0	46.7	50.2	54.2	58.6	62.9	66.3
13 Change in business inventories.....	17.9	10.7	-14.6	-30.0	-2.0	-4.3	14.8	16.0	15.1
14 Nonfarm.....	14.7	12.2	-17.6	-31.2	-4.2	-9.5	12.7	17.3	15.6
15 Net exports of goods and services.....	7.1	7.5	20.5	24.4	21.4	21.0	8.4	9.3	3.4
16 Exports.....	101.6	144.4	148.1	142.9	148.2	153.7	154.1	160.3	166.3
17 Imports.....	94.4	136.9	127.6	118.5	126.8	132.7	145.7	151.0	162.9
18 Govt. purchases of goods and services.....	269.5	303.3	339.0	333.2	343.2	353.8	354.7	362.0	369.6
19 Federal.....	102.2	111.6	124.4	122.4	124.6	130.4	129.2	131.2	134.5
20 State and local.....	167.3	191.6	214.5	210.9	218.6	223.4	225.5	230.9	235.0
By major type of product:									
21 Final sales, total.....	1,288.6	1,402.5	1,531.0	1,512.3	1,550.6	1,592.5	1,621.4	1,659.2	1,693.3
22 Goods, total.....	598.8	639.7	681.7	661.0	703.5	719.7	742.3	758.4	766.1
23 Durable goods.....	240.5	247.2	254.4	248.5	265.0	270.0	282.7	301.2	308.2
24 Nondurable.....	358.3	392.4	427.3	412.5	438.4	449.7	459.6	457.1	457.9
25 Services.....	560.5	626.6	692.5	684.2	700.2	719.5	742.6	759.6	780.1
26 Structures.....	147.2	146.9	142.1	137.1	145.0	149.1	151.3	157.3	162.2
27 Change in business inventories.....	17.9	10.7	-14.6	-30.0	-2.0	-4.3	14.8	16.0	15.1
28 Durable goods.....	240.5	247.2	254.4	248.5	265.0	270.0	282.7	301.2	308.2
29 Nondurable goods.....	358.3	392.4	427.3	412.5	438.4	449.7	459.6	457.1	457.9
30 MEMO: Total GNP in 1972 dollars.....	1,235.0	1,214.0	1,191.7	1,177.1	1,209.3	1,219.2	1,246.3	1,260.0	1,271.7
National income									
31 Total.....	1,064.6	1,135.7	1,207.6	1,182.7	1,233.4	1,264.6	1,304.7	1,337.4	1,362.5
32 Compensation of employees.....	799.2	875.8	928.8	912.9	935.2	963.1	994.4	1,017.2	1,037.5
33 Wages and salaries.....	701.2	764.5	806.7	792.8	811.7	836.4	861.5	881.1	897.8
34 Government and Government enterprises..	148.6	160.4	175.8	173.8	177.3	182.2	185.4	188.7	191.7
35 Other.....	552.6	604.1	630.8	619.0	634.4	654.1	676.1	692.4	706.1
36 Supplement to wages and salaries.....	98.0	111.3	122.1	120.1	123.5	126.7	132.9	136.2	139.6
37 Employer contributions for social insurance.....	49.3	55.8	59.7	58.7	60.2	61.6	65.9	67.1	68.6
38 Other labor income.....	48.7	55.5	62.5	61.4	63.3	65.2	67.1	69.0	71.1
39 Proprietors' income ¹	92.4	86.9	90.2	86.8	95.5	97.2	93.2	100.3	96.1
40 Business and professional ¹	60.4	61.1	65.3	62.7	66.3	69.0	71.4	72.8	74.4
41 Farm ¹	32.0	25.8	24.9	24.1	29.2	28.3	21.9	27.5	21.7
42 Rental income of persons.....	31.3	33.3	37.0	36.6	37.3	38.4	39.6	39.6	40.6
43 Corporate profits ¹	99.1	84.8	91.6	86.6	105.3	105.6	115.1	116.4	122.0
44 Profits before tax ²	115.8	127.6	114.5	105.8	126.9	131.3	141.1	146.2	150.2
45 Inventory valuation adjustment.....	-18.6	-39.8	-11.4	-7.8	-9.0	-12.3	-11.5	-14.4	-12.6
46 Capital consumption adjustment.....	1.9	-3.0	-11.5	-11.4	-12.6	-13.5	-14.5	-15.4	-15.7
47 Net interest.....	52.3	67.1	74.6	74.0	74.9	75.8	78.6	80.3	83.5

¹ With inventory valuation and capital consumption adjustments.² For after-tax profits, dividends, etc., see Table 1.50.

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

2.17 PERSONAL INCOME AND SAVING

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

Account	1973	1974	1975	1975			1976		
				Q 2	Q 3	Q 4	Q 1	Q 2	Q 3
Personal income and saving									
1 Total personal income.....	1,052.4	1,153.3	1,249.7	1,230.3	1,265.5	1,299.7	1,331.3	1,362.0	1,386.0
2 Wage and salary disbursements.....	701.3	765.0	806.7	792.8	811.7	836.4	861.5	881.1	897.8
3 Commodity-producing industries.....	253.5	273.9	275.3	269.1	272.2	285.8	295.3	302.9	307.0
4 Manufacturing.....	196.2	211.4	211.7	206.9	212.5	220.3	229.6	235.6	238.9
5 Distributive industries.....	168.1	184.4	195.6	192.5	196.8	202.3	208.3	212.8	216.5
6 Service industries.....	131.0	145.9	159.9	157.4	161.3	166.1	172.4	176.7	182.7
7 Government and government enterprises.....	148.6	160.9	175.8	173.8	177.3	182.2	185.4	188.7	191.7
8 Other labor income.....	48.7	55.5	62.5	61.4	63.3	65.2	67.1	69.0	71.1
9 Proprietors' income ¹	92.4	86.9	90.2	86.8	95.5	97.2	93.2	100.3	96.1
10 Business and professional ¹	60.4	61.1	65.3	62.7	66.3	69.0	71.4	72.8	74.4
11 Farm ¹	32.0	25.8	24.9	24.1	29.2	28.3	21.9	27.5	21.7
12 Rental income of persons ²	21.6	21.0	22.4	22.3	22.4	22.9	23.3	23.1	23.4
13 Dividends.....	27.8	30.8	32.1	31.9	32.6	32.2	33.1	34.4	35.4
14 Personal interest income.....	84.1	101.4	110.7	109.0	111.0	114.4	118.0	120.7	125.0
15 Transfer payments.....	118.9	140.3	175.2	175.5	179.1	182.5	188.6	187.6	192.4
16 Old-age survivors, disability, and health insurance benefits.....	60.4	70.1	81.4	77.8	84.7	86.3	88.1	89.5	95.8
17 LESS: Personal contributions for social insurance.....	42.2	47.6	50.0	49.5	50.1	51.0	53.4	54.3	55.2
18 EQUALS: Personal income.....	1,052.4	1,153.3	1,249.7	1,230.3	1,265.5	1,299.7	1,331.3	1,362.0	1,386.0
19 LESS: Personal tax and nontax payments.....	150.8	170.4	168.8	142.2	174.0	197.8	183.8	189.5	195.8
20 EQUALS: Disposable personal income.....	901.7	982.9	1,080.9	1,088.2	1,091.5	1,119.9	1,147.6	1,172.5	1,190.2
21 LESS: Personal outlays.....	831.3	910.7	996.9	983.6	1,011.1	1,036.2	1,068.0	1,089.6	1,114.3
22 EQUALS: Personal saving.....	70.3	72.2	84.0	104.5	80.5	83.7	79.5	82.9	75.8
MEMO:									
Per capita (1972 dollars):									
23 Gross national product.....	4,062	3,968	4,007	4,078	4,009	4,049	4,103	4,143	4,142
24 Personal consumption expenditures.....	809.9	887.5	973.2	960.3	987.3	1,012.0	1,043.6	1,064.7	1,088.5
25 Disposable personal income.....	854.7	840.8	855.5	869.7	857.1	867.5	880.4	890.5	892.0
26 Saving rate (per cent).....	7.8	7.3	7.8	9.6	7.4	7.5	6.9	7.1	6.4
Gross saving									
27 Gross private saving.....	210.5	211.6	255.6	273.2	262.7	269.4	273.8	279.1	278.6
28 Personal saving.....	70.3	72.2	84.0	104.5	80.5	83.7	79.5	82.9	75.8
29 Undistributed corporate profits ¹	22.6	1.7	10.3	9.9	17.9	16.2	20.6	18.5	21.2
30 Corporate inventory valuation adjustment.....	-18.6	-39.8	-11.4	-7.8	-9.0	-12.3	-11.5	-14.4	-12.6
Capital consumption allowances: ³									
31 Corporate.....	71.9	84.6	100.9	99.3	103.1	106.4	108.8	111.6	113.9
32 Noncorporate.....	45.8	53.1	60.4	59.5	61.3	63.2	64.8	66.1	67.7
33 Wage accruals less disbursements.....									
34 Government surplus, or deficit (-), national income and product accounts.....	6.3	-4.2	-64.4	-92.9	-58.1	-61.5	-51.6	-44.9	-44.4
35 Federal.....	-6.7	-11.5	-71.2	-99.9	-66.0	-69.4	-63.8	-54.1	-57.1
36 State and local.....	13.0	7.3	6.9	6.9	7.9	7.9	12.2	9.2	12.7
37 Capital grants received by the United States, (net).....		-2.0							
38 Investment.....	219.4	211.9	195.6	180.3	209.8	214.0	229.4	240.0	241.6
39 Gross private domestic.....	220.0	215.0	183.7	164.4	196.7	201.4	229.6	239.2	247.0
40 Net foreign.....	-6	-3.0	11.9	15.9	13.1	12.6	-2	.8	-5.5
41 Statistical discrepancy.....	2.6	6.8	4.4	.4	5.1	6.1	7.2	5.8	7.4

¹ With inventory valuation and capital consumption adjustments.² With capital consumption adjustment.

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars. Quarterly figures are seasonally adjusted except as noted.¹

Credits (+), debits (-)	1973	1974	1975	1975		1976		
				Q3	Q4	Q1	Q2	Q3
1 Merchandise exports.....	71,410	98,310	107,088	26,562	27,657	26,836	28,428	29,581
2 Merchandise imports.....	70,499	103,679	98,058	24,483	25,437	28,510	29,771	32,614
3 Merchandise trade balance ²	911	-5,369	9,030	2,079	2,220	-1,674	-1,343	-3,033
4 Military transactions, net.....	-2,287	-2,083	-883	-115	12	-5	-146	366
5 Investment income, net.....	5,178	10,227	6,007	1,682	1,670	2,279	2,460	2,712
6 Other service transactions, net.....	102	812	2,163	619	455	458	765	824
7 Balance on goods and services ³	3,905	3,586	16,316	4,265	4,357	1,058	1,736	869
8 Unilateral transfers.....	-3,883	-7,185	-4,620	-1,044	-1,251	-1,118	-920	-1,925
9 Remittances, pensions, and other transfers.....	-1,945	-1,710	-1,727	-429	-433	-483	-452	-464
10 U.S. Government grants (excluding military).....	-1,938	-5,475	-2,893	-615	-818	-635	-468	-1,461
11 Balance on current account.....	22	-3,598	11,697	3,221	3,106	-60	816	-1,056
12 Not seasonally adjusted.....				513	4,305	1,479	771	-4,033
13 U.S. Govt. capital transactions, other than official reserve assets, net (outflow, -).....	-1,492	1,089	-1,731	-401	-453	798	-212	301
14 Change in U.S. official reserve assets (increase, -).....	209	-1,434	-607	-342	89	-773	-1,578	-407
15 Gold.....								
16 SDR's.....	9	-172	-66	-25	-21	-45	14	-18
17 Reserve position in IMF.....	-33	-1,265	-466	-95	-57	-237	-798	-716
18 Foreign currencies.....	233	3	-75	-222	167	-491	-794	327
19 Change in U.S. private assets abroad (increase, -).....	-13,998	-32,323	-27,523	-3,297	-10,375	-8,550	-7,288	-7,040
20 Bank-reported claims.....	-5,980	-19,494	-13,487	-617	-5,348	-3,582	-4,767	-3,339
21 Long-term.....	-933	-1,183	-2,373	-608	-943	-250	-385	-989
22 Short-term.....	-5,047	-18,311	-11,114	-9	-4,405	-3,332	-4,382	-2,350
23 Nonbank-reported claims.....	-2,378	-3,221	-1,522	-972	-972	-751	-962	350
24 Long-term.....	-396	-474	-441	-139	-379	-187	146	21
25 Short-term.....	-1,982	-2,747	-1,081	-833	-593	-564	-1,108	329
26 U.S. purchase of foreign securities, net.....	-671	-1,854	-6,206	-938	-2,361	-2,460	-1,357	-2,806
27 U.S. direct investments abroad, net.....	-4,968	-7,753	-6,307	-770	-1,694	-1,757	-202	-1,245
28 Change in foreign official assets in the United States (increase, +).....	5,145	10,257	5,166	-1,977	2,272	2,460	3,308	1,258
29 U.S. Treasury securities.....	114	3,282	4,338	-2,847	1,069	1,998	2,166	1,261
30 Other U.S. Govt. obligations.....	582	902	891	25	307	68	316	66
31 Other U.S. liabilities reported by U.S. banks.....	4,126	5,818	-2,158	320	134	-275	135	-595
32 Other foreign official assets.....	323	254	2,095	525	762	669	691	526
33 Change in foreign private assets in the United States (increase, +).....	12,220	21,452	8,427	4,313	3,103	1,454	3,225	5,458
34 U.S. bank-reported liabilities.....	4,702	16,017	647	1,639	691	675	3,518	1,719
35 Long-term.....	227	9	-300	-114	146	-91	-25	67
36 Short-term.....	4,475	16,008	947	1,753	545	766	3,543	1,652
37 U.S. nonbank-reported liabilities.....	1,035	1,615	171	-141	-68	24	-248	-141
38 Long-term.....	298	-212	345	-99	10	-332	-188	-215
39 Short-term.....	737	1,827	-174	-42	-78	356	-60	74
40 Foreign private purchases of U.S. Treasury securities, net.....	-214	697	2,667	2,125	213	453	-598	3,020
41 Foreign purchases of other U.S. securities, net.....	4,041	378	2,505	738	1,038	1,030	131	77
42 Foreign direct investments in the United States, net.....	2,656	2,745	2,437	-48	1,229	-728	422	784
43 Allocations of SDR's.....								
44 Discrepancy.....	-2,107	4,557	4,570	-1,517	2,258	4,671	1,729	1,485
45 Owing to seasonal adjustments.....				-2,561	1,275	1,349	-76	-2,829
46 Statistical discrepancy in recorded data before seasonal adjustment.....	-2,107	4,557	4,570	1,044	983	3,322	1,805	4,314
MEMO:								
47 Changes in official assets:								
48 U.S. official reserve assets (increase, -).....	209	-1,434	-607	-342	89	-773	-1,578	-407
49 Foreign official assets in the U.S. (increase, +).....	5,145	10,257	5,166	-1,977	2,272	2,460	3,308	1,258
49 Transfers under military grant programs (excluded from lines 1, 4, and 10 above).....	2,809	1,817	2,232	56	177	50	99	156

¹ Seasonal factors are no longer calculated for capital transactions—lines 14 through 49.² Adjusted to a balance of payments basis; among other adjustments, excludes military transactions and includes imports into the Virgin Islands.³ Differs from the definition of "net exports of goods and services" in

the national income and product (GNP) account. The GNP definition excludes special military sales from exports and U.S. Govt. interest payments from imports.

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data, seasonally adjusted

Item	1973	1974	1975	1976						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments.....	70,823	97,908	107,130	9,578	9,716	10,022	9,688	9,872	9,728	9,625
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses.....	69,476	100,251	96,116	9,182	10,094	10,849	10,446	10,651	10,424	10,531
3 Trade balance.....	+1,347	-2,343	+11,014	+396	-377	-827	-758	-779	-696	-906

NOTE.—Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Before 1974 imports were reported on a customs import value basis. For calendar year 1974 the f.a.s. import value was

\$100.3 billion, about 0.7 per cent less than the corresponding customs import value.

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

3.12 U.S. RESERVE ASSETS

Millions of dollars outstanding; end of period

Type of asset	1973	1974	1975	1976						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Total.....	314,378	15,883	16,226	18,477	18,246	18,586	18,945	19,013	19,416	418,747
2 Gold stock, including Exchange Stabilization Fund ¹	311,652	11,652	11,599	11,598	11,598	11,598	11,598	11,598	11,598	11,598
3 Special Drawing Rights ²	32,166	2,374	2,335	2,316	2,318	2,325	2,357	2,352	2,365	42,395
4 Reserve position in International Monetary Fund.....	3552	1,852	2,212	3,198	3,466	3,818	3,952	3,997	4,307	44,434
5 Convertible foreign currencies.....	8	5	80	1,365	864	845	1,038	1,066	1,146	320

¹ Gold held under earmark at Federal Reserve Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.23.

² Includes allocations by the International Monetary Fund of SDR's as follows: \$867 million on Jan. 1, 1970; \$717 million on Jan. 1, 1971; and \$710 million on Jan. 1, 1972; plus net transactions in SDR's.

³ Change in par value of U.S. dollar on Oct. 18, 1973 increased total reserve assets by \$1,436 million, gold stock by \$1,165 million, SDR's by \$217 million, and reserve position in IMF by \$54 million.

⁴ Beginning July 1974, the IMF adopted a technique for valuing the SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 = \$1.20635) total U.S. reserve assets at end of December amounted to \$18,895; SDR holdings, \$2,482; and reserve position in IMF, \$4,495.

3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars outstanding, end of period

Type of liability, holder, and official, by area	1973	1974		1975	1976					
		Dec. 9			June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
1 Total	92,490	119,240	119,164	126,558	135,202	139,169	138,743	140,788	143,829	144,663
2 Foreign countries	90,487	115,918	115,842	120,926	129,255	132,430	131,693	133,032	136,200	136,424
3 Official institutions ¹	66,861	76,801	76,823	80,681	85,178	85,924	86,716	86,076	86,788	87,645
4 By type of liability:										
Short-term, reported by banks in the United States. U.S. Treasury bonds and notes:	43,923	53,057	53,079	49,513	50,014	50,474	51,249	49,657	48,990	49,180
5 Marketable ²	5,701	5,059	5,059	6,671	9,225	9,519	9,835	10,800	11,027	11,367
6 Nonmarketable ³	15,564	16,339	16,339	19,976	20,251	20,151	19,801	19,803	20,876	21,131
7 Other readily marketable liabilities ⁴	1,673	2,346	2,346	4,521	5,688	5,780	5,831	5,816	5,895	5,967
By area:										
8 Western Europe ⁵	45,764	44,328	44,328	45,676	42,425	42,321	41,504	41,564	41,927	44,024
9 Canada	3,853	3,662	3,662	3,132	3,578	3,410	3,212	3,417	3,389	2,406
10 Latin American republics	2,544	4,419	4,419	4,448	4,104	4,000	4,378	4,286	4,090	4,086
11 Asia	10,887	18,604	18,626	22,545	29,927	30,994	32,629	32,427	33,402	33,859
12 Africa	788	3,161	3,161	2,983	3,245	3,134	3,098	2,758	2,414	1,925
13 Other countries ⁵	3,025	2,627	2,627	1,897	1,899	2,065	1,895	1,624	1,566	1,345
14 Commercial banks abroad										
Short-term reported by banks in the United States ⁶	17,694	30,314	30,106	29,516	32,631	34,743	32,828	34,610	37,123	35,527
Other foreigners	5,932	8,803	8,913	10,729	11,446	11,763	12,149	12,346	12,289	13,252
15 Short-term, reported by banks in the United States	5,502	8,305	8,415	10,028	10,645	10,932	11,238	11,475	11,362	12,282
16 Marketable U.S. Treasury bonds and notes ^{2,7}	430	498	498	701	801	831	911	871	927	970
17 Nonmonetary international and regional organizations ⁸	2,003	3,322	3,322	5,632	5,947	6,739	7,050	7,756	7,629	8,239
18 Short-term reported by banks in the United States	1,955	3,171	3,171	5,301	5,365	5,671	5,649	5,965	5,101	5,518
19 Marketable U.S. Treasury bonds and notes ²	48	151	151	331	582	1,068	1,401	1,791	2,528	2,721

¹ Includes Bank for International Settlements.² Derived by applying reported transactions to benchmark data.³ Excludes notes issued to foreign official nonreserve agencies.⁴ Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.⁵ Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.⁶ Includes short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.⁷ Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad and other foreigners.⁸ Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.⁹ Data in the 2 columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable in coverage with those for the preceding date; figures in the second column are comparable with those shown for the following date.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks and brokers in the United States. Data exclude the holdings of dollars of the International Monetary Fund derived from payments of the U.S. subscription, and from the exchange transactions and other operations of the IMF. Data also exclude U.S. Treasury letters of credit and nonnegotiable, non-interest-bearing special U.S. notes held by nonmonetary international and regional organizations.

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

By Holder and by Type of Liability

Millions of dollars outstanding; end of period

Holder, and type of liability	1973	1974		1975	1976					
		Dec. ⁸			June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
1 All foreigners, excluding the International Monetary Fund	69,074	94,847	94,771	94,350	98,655	101,820	100,964	101,708	102,576	102,507
2 Payable in dollars	68,477	94,081	94,004	93,793	97,964	101,147	100,295	101,006	101,810	101,726
3 Deposits:										
4 Demand	11,310	14,068	14,051	13,564	14,135	14,714	14,198	14,793	14,645	15,846
5 Time ¹	6,882	10,106	9,932	10,348	9,978	10,259	10,194	10,644	10,491	10,586
6 U.S. Treasury bills and certificates ²	31,886	35,662	35,662	37,414	38,244	39,632	40,964	40,119	38,939	38,634
7 Other short-term liabilities ³	18,399	34,246	34,359	32,466	35,607	36,542	34,939	35,450	37,735	36,391
8 Payable in foreign currencies	597	766	766	558	691	673	669	702	766	781
9 Nonmonetary international and regional organizations ⁴	1,955	3,171	3,171	5,293	5,365	5,671	5,649	5,966	5,102	5,518
10 Payable in dollars	1,955	3,171	3,171	5,284	5,360	5,665	5,641	5,962	5,098	5,514
11 Deposits:										
12 Demand	101	139	139	139	258	483	379	331	256	287
13 Time ¹	83	111	111	148	160	192	148	151	164	199
14 U.S. Treasury bills and certificates	296	497	497	2,554	2,236	3,129	3,475	4,031	3,196	3,604
15 Other short-term liabilities ⁵	1,474	2,424	2,424	2,443	2,706	1,862	1,639	1,449	1,482	1,424
16 Payable in foreign currencies				8	5	6	8	4	4	4
17 Official institutions, banks, and other foreigners	67,119	91,676	91,600	89,057	93,290	96,149	95,315	95,742	97,475	96,989
18 Payable in dollars	66,522	90,910	90,834	88,508	92,604	95,482	94,654	95,045	96,713	96,212
19 Deposits:										
20 Demand	11,209	13,928	13,912	13,426	13,877	14,231	13,819	14,462	14,389	15,559
21 Time ¹	6,799	9,995	9,821	10,200	9,818	10,067	10,046	10,493	10,327	10,657
22 U.S. Treasury bills and certificates ²	31,590	35,165	35,165	34,860	36,008	36,504	37,489	36,088	35,743	35,030
23 Other short-term liabilities ³	16,925	31,822	31,935	30,023	32,900	34,680	33,300	34,001	36,254	34,967
24 Payable in foreign currencies	597	766	766	549	687	667	661	697	762	777
25 Official institutions ⁶	43,923	53,057	53,079	49,513	50,014	50,474	51,249	49,657	48,990	49,180
26 Payable in dollars	43,795	52,930	52,952	49,513	50,014	50,474	51,249	49,657	48,990	49,180
27 Deposits:										
28 Demand	2,125	2,951	2,951	2,644	2,632	2,932	2,380	2,544	2,694	2,672
29 Time ¹	3,911	4,257	4,167	3,423	2,395	2,251	2,207	2,144	2,107	2,128
30 U.S. Treasury bills and certificates ²	31,511	34,656	34,656	34,182	35,519	36,016	36,974	35,653	35,245	34,640
31 Other short-term liabilities ⁵	6,248	11,066	11,178	9,264	9,468	9,275	9,688	9,317	8,943	9,740
32 Payable in foreign currencies	127	127	127							
33 Banks and other foreigners	23,196	38,619	38,520	39,544	43,276	45,675	44,066	46,084	48,485	47,809
34 Payable in dollars	22,727	37,980	37,881	38,995	42,590	45,008	43,404	43,387	47,723	47,032
35 Banks ⁷	17,224	29,676	29,467	28,966	31,944	34,076	32,167	33,913	36,361	34,751
36 Deposits:										
37 Demand	6,941	8,248	8,231	7,534	8,100	7,992	7,934	8,233	8,361	8,946
38 Time ¹	529	1,942	1,910	1,942	1,884	2,275	2,206	2,578	2,291	2,104
39 U.S. Treasury bills and certificates	11	232	232	335	154	155	162	176	223	174
40 Other short-term liabilities ³	9,743	19,254	19,094	19,155	21,806	23,654	21,865	22,925	25,486	23,527
41 Other foreigners	5,502	8,304	8,414	10,029	10,646	10,932	11,238	11,474	11,362	12,282
42 Deposits:										
43 Demand	2,143	2,729	2,730	3,248	3,146	3,307	3,505	3,686	3,334	3,942
44 Time ¹	2,359	3,796	3,744	4,836	5,539	5,541	5,632	5,771	5,929	6,424
45 U.S. Treasury bills and certificates	68	277	277	342	335	333	353	259	274	216
46 Other short-term liabilities ⁵	933	1,502	1,664	1,605	1,626	1,751	1,747	1,759	1,824	1,700
47 Payable in foreign currencies	469	639	639	549	687	667	661	697	762	777

¹ Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."² Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.³ Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches of their head offices, bankers acceptances, commercial paper, and negotiable time certificates of deposit.⁴ Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.⁵ Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.⁶ Foreign central banks and foreign central governments and their agencies, and Bank for International Settlements.⁷ Excludes central banks, which are included in "Official institutions."⁸ Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable with those for the preceding date; figures in the second column are comparable with those shown for the following date.

NOTE.—"Short-term obligations" are those payable on demand, or having an original maturity of 1 year or less.

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

By Country

Millions of dollars outstanding; end of period

Area and country	1973	1974		1975	1976					
		Dec. 7			June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
1 Total.....	69,074	94,847	94,771	94,350	98,655	101,820	100,964	101,708	102,576	102,507
2 Foreign countries.....	67,119	91,676	91,600	89,057	93,290	96,149	95,315	95,742	97,475	96,989
3 Europe.....	40,742	48,667	48,813	43,988	40,796	39,899	38,990	40,165	40,155	42,557
4 Austria.....	161	607	607	754	549	589	412	335	334	332
5 Belgium-Luxembourg.....	1,483	2,506	2,506	2,898	2,336	1,977	1,976	1,946	1,879	2,085
6 Denmark.....	659	369	369	332	452	322	440	317	372	416
7 Finland.....	165	266	266	391	405	446	435	415	407	378
8 France.....	3,483	4,287	4,287	7,733	4,776	4,408	4,214	4,355	4,409	4,643
9 Germany.....	13,227	9,420	9,429	4,357	4,932	4,961	4,738	5,964	6,532	5,418
10 Greece.....	389	248	248	284	346	361	350	337	405	378
11 Italy.....	1,404	2,617	2,577	1,072	1,520	2,263	2,641	1,574	1,583	2,857
12 Netherlands.....	2,886	3,234	3,234	3,411	2,248	2,184	2,189	2,565	2,534	2,694
13 Norway.....	965	1,040	1,040	996	798	898	684	789	690	740
14 Portugal.....	534	310	310	195	196	250	257	193	177	206
15 Spain.....	305	382	382	426	447	416	419	540	506	478
16 Sweden.....	1,885	1,138	1,138	2,286	2,435	2,384	2,227	1,979	1,295	1,420
17 Switzerland.....	3,377	9,986	10,139	8,514	10,130	9,551	9,250	9,016	8,332	8,844
18 Turkey.....	98	152	152	118	95	80	100	65	74	88
19 United Kingdom.....	6,148	7,559	7,584	6,886	6,655	6,289	6,139	7,292	8,137	8,516
20 Yugoslavia.....	86	183	183	126	182	128	142	128	131	147
21 Other Western Europe ¹	3,352	4,073	4,073	2,970	2,066	2,150	2,130	2,103	2,098	2,628
22 U.S.S.R.....	22	82	82	40	40	35	34	70	75	84
23 Other Eastern Europe.....	110	206	206	200	188	209	215	182	184	204
24 Canada.....	3,627	3,517	3,520	3,076	3,789	3,995	3,790	4,780	4,033	3,944
25 Latin America.....	7,664	12,038	11,754	14,954	16,595	18,964	17,619	17,490	19,065	17,684
26 Argentina.....	924	886	886	1,147	1,394	1,407	1,510	1,437	1,374	1,293
27 Bahamas.....	852	1,448	1,054	1,827	2,908	4,838	3,006	2,628	4,817	2,685
28 Brazil.....	860	1,034	1,034	1,227	1,271	1,308	1,200	1,132	1,323	1,168
29 Chile.....	158	276	276	317	369	301	303	325	298	315
30 Colombia.....	247	305	305	417	686	762	772	767	804	922
31 Cuba.....	7	7	7	6	7	6	7	6	6	6
32 Mexico.....	1,296	1,770	1,770	2,078	2,162	2,110	2,301	2,348	2,475	2,860
33 Panama.....	282	488	510	1,099	1,207	1,050	1,387	912	866	1,188
34 Peru.....	135	272	272	244	221	235	239	236	247	243
35 Uruguay.....	120	147	165	172	229	219	226	244	233	238
36 Venezuela.....	1,468	3,413	3,413	3,289	2,643	2,747	3,092	3,208	2,644	3,009
37 Other Latin American republics.....	884	1,316	1,316	1,494	1,836	1,790	1,703	1,750	1,676	1,740
38 Netherlands Antilles ²	71	158	158	129	129	135	149	147	160	157
39 Other Latin America.....	359	519	589	1,507	1,533	2,057	1,723	2,348	2,142	1,860
40 Asia.....	10,839	21,073	21,130	21,539	26,347	27,522	29,360	28,406	29,676	28,910
41 China, People's Republic of (China Mainland).....	38	50	50	123	63	42	45	45	48	59
42 China, Republic of (Taiwan).....	757	818	818	1,025	1,182	1,070	1,131	1,122	1,115	1,022
43 Hong Kong.....	372	530	530	623	747	788	842	874	886	858
44 India.....	85	261	261	126	845	938	1,047	985	1,048	910
45 Indonesia.....	133	1,221	1,221	369	706	1,122	1,002	995	1,154	314
46 Israel.....	327	386	389	386	316	298	324	300	310	325
47 Japan.....	6,967	10,897	10,931	10,218	12,847	13,631	14,194	14,424	14,664	14,736
48 Korea.....	195	384	384	390	343	346	369	350	366	324
49 Philippines.....	515	747	747	698	742	636	653	622	582	606
50 Thailand.....	247	333	333	252	261	244	249	215	223	244
51 Middle East oil-exporting countries ³	4,633	4,623	4,623	6,461	7,290	7,286	8,127	7,198	7,741	8,109
52 Other ⁴	1,202	813	844	867	1,005	1,122	1,376	1,276	1,540	1,403
53 Africa.....	1,056	3,551	3,551	3,373	3,591	3,473	3,469	3,076	2,782	2,296
54 Egypt.....	35	103	103	343	211	236	200	186	213	171
55 Morocco.....	11	38	38	68	77	60	107	80	85	72
56 South Africa.....	114	130	130	169	161	123	164	165	183	132
57 Zaire.....	87	84	84	63	43	45	36	37	45	64
58 Oil-exporting countries ⁵	2,814	2,814	2,814	2,239	2,567	2,443	2,368	2,075	1,732	1,321
59 Other ⁴	808	383	383	491	531	567	593	533	524	537
60 Other countries.....	3,190	2,831	2,831	2,128	2,173	2,296	2,087	1,824	1,763	1,598
61 Australia.....	3,131	2,742	2,742	2,014	2,066	2,185	1,964	1,711	1,645	1,486
62 All other.....	59	89	89	114	107	111	122	114	119	112
63 Nonmonetary international and regional organizations.....	1,955	3,171	3,171	5,293	5,365	5,671	5,649	5,966	5,102	5,518
64 International.....	1,627	2,900	2,900	5,064	5,050	5,383	5,285	5,613	4,717	5,109
65 Latin American regional.....	272	202	202	187	189	176	168	154	182	172
66 Other regional ⁶	57	69	69	42	126	112	196	199	203	237

For notes see bottom of p. A59.

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

Supplemental "Other" Countries ¹

Millions of dollars outstanding; end of period

Area and country	1974		1975		1976	Area and country	1974		1975		1976
	Apr.	Dec.	Apr.	Dec.	Apr.		Apr.	Dec.	Apr.	Dec.	Apr.
<i>Other Western Europe:</i>						<i>Other Asia:</i>					
1 Cyprus.....	10	7	17	6	.....	25 Afghanistan.....	11	18	19	41	54
2 Iceland.....	11	21	20	33	.....	26 Bangladesh.....	12	21	50	54	.....
3 Ireland, Republic of.....	53	29	29	75	39	27 Burma.....	42	65	49	31	34
<i>Other Eastern Europe:</i>						28 Cambodia.....	4	4	4	4	.....
4 Bulgaria.....	6	36	13	19	13	29 Jordan.....	6	22	30	39	20
5 Czechoslovakia.....	19	34	11	32	10	30 Laos.....	3	3	5	2	2
6 German Democratic Republic.....	3	36	18	17	3	31 Lebanon.....	68	126	180	117	.....
7 Hungary.....	8	14	11	13	10	32 Malaysia.....	40	63	92	77	105
8 Poland.....	36	55	42	66	65	33 Nepal.....	21	25	22	28	34
9 Rumania.....	16	25	14	44	28	34 Pakistan.....	108	91	118	74	89
<i>Other Latin American republics:</i>						35 Singapore.....	165	245	215	256	.....
10 Bolivia.....	102	96	93	110	104	36 Sri Lanka (Ceylon).....	13	14	13	13	9
11 Costa Rica.....	88	118	120	124	69	37 Vietnam.....	98	126	70	62	33
12 Dominican Republic.....	137	128	214	169	149	<i>Other Africa:</i>					
13 Ecuador.....	90	122	157	120	.....	38 Ethiopia (incl. Eritrea).....	118	95	76	60	70
14 El Salvador.....	129	129	144	171	128	39 Ghana.....	22	18	13	23	.....
15 Guatemala.....	245	219	255	260	177	40 Ivory Coast.....	13	7	11	62	.....
16 Haiti.....	28	35	34	38	33	41 Kenya.....	20	31	32	19	37
17 Honduras.....	71	88	92	99	69	42 Liberia.....	29	39	33	53	61
18 Jamaica.....	52	69	62	41	49	43 Southern Rhodesia.....	1	2	3	1	1
19 Nicaragua.....	119	127	125	133	89	44 Sudan.....	2	4	14	12	17
20 Paraguay.....	40	46	38	43	43	45 Tanzania.....	12	11	21	30	18
21 Surinam ².....	.....	.....	.....	.....	12	46 Tunisia.....	17	19	23	29	33
22 Trinidad and Tobago.....	21	107	31	131	.....	47 Uganda.....	11	13	38	22	.....
<i>Other Latin America:</i>						48 Zambia.....	66	22	18	78	.....
23 Bermuda.....	201	116	100	170	.....	<i>All Other:</i>					
24 British West Indies.....	354	449	627	1,311	.....	49 New Zealand.....	33	47	36	42	29

¹ Represents a partial breakdown of the amounts shown in the "other" categories on preceding page.² Surinam included with Netherlands Antilles until January 1976.

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

Millions of dollars outstanding; end of period

Holder, and area or country	1973	1974	1975	1976						
				May	June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
1 Total.....	1,462	1,285	1,812	2,134	2,255	2,308	2,254	2,218	2,315	2,314
2 Nonmonetary international and regional organizations.....	761	822	415	135	189	235	246	214	333	308
3 Foreign countries.....	700	464	1,397	1,999	2,066	2,073	2,008	2,003	1,983	2,007
4 Official institutions, including central banks.....	310	124	931	1,429	1,490	1,479	1,402	1,386	1,314	1,315
5 Banks, excluding central banks.....	291	261	364	433	435	451	457	458	499	527
6 Other foreigners.....	100	79	100	137	141	143	149	159	170	165
<i>Area or country:</i>										
7 Europe.....	470	226	330	454	459	463	470	470	489	509
8 Germany.....	159	146	214	306	308	307	311	312	310	309
9 United Kingdom.....	66	59	66	87	88	89	92	91	99	115
10 Canada.....	8	19	23	24	24	26	26	26	28	26
11 Latin America.....	132	115	140	104	107	117	122	125	151	154
12 Middle East oil-exporting countries ¹.....	.....	94	894	1,399	1,458	1,448	1,369	1,340	1,286	1,237
13 Other Asia ²	82	7	8	16	16	17	20	41	27	79
14 African oil-exporting countries ³.....	.....	*	*	*	*	*	*	*	*	*
15 Other Africa ⁴	1	1	1	1	1	1	1	1	1	1
16 All other countries.....	7	*	*	1	1	1	1	1	1	1

¹ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).² Includes Middle East oil-exporting countries until December 1974.³ Comprises Algeria, Gabon, Libya, and Nigeria.⁴ Includes African oil-exporting countries until December 1974.

NOTE.—Long-term obligations are those having an original maturity of more than 1 year.

Notes to Table 3.15

¹ Includes Bank for International Settlements.² Surinam included with Netherlands Antilles until January 1976.³ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).⁴ Includes oil-exporting countries until December 1974.⁵ Comprises Algeria, Gabon, Libya, and Nigeria.⁶ Asian, African, and European regional organizations, except BIS, which is included in "Other Western Europe."⁷ Data in the two columns shown for this date differ because of changes in reporting coverage. Figures in the first column are comparable with those shown for the preceding date; figures in the second column are comparable with those shown for the following date.

3.18 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars outstanding; end of period

Area and country	1973	1974	1975	1976						
				May	June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
1 Total.....	20,723	39,056	50,240	57,622	57,965	59,332	58,016	60,317	60,941	64,194
2 Foreign countries.....	20,723	39,055	50,238	57,621	57,964	59,331	58,015	60,305	60,935	64,188
3 Europe.....	3,970	6,255	8,987	9,224	9,567	10,003	9,487	9,436	10,435	10,819
4 Austria.....	11	21	15	25	35	24	24	47	42	54
5 Belgium-Luxembourg.....	147	384	352	427	537	562	472	437	504	501
6 Denmark.....	48	46	49	57	62	68	50	57	64	129
7 Finland.....	108	122	128	109	125	133	176	129	137	136
8 France.....	621	673	1,471	1,109	1,145	1,100	929	1,169	1,096	1,100
9 Germany.....	311	589	436	442	384	432	414	501	585	667
10 Greece.....	35	64	49	62	53	70	68	117	88	76
11 Italy.....	316	345	370	492	552	644	617	648	733	877
12 Netherlands.....	133	348	300	267	318	251	266	254	399	240
13 Norway.....	72	119	71	76	71	74	78	68	79	85
14 Portugal.....	23	20	16	32	40	53	57	55	46	53
15 Spain.....	222	196	249	321	285	302	239	265	264	304
16 Sweden.....	153	180	167	116	106	97	143	106	101	93
17 Switzerland.....	176	335	237	355	401	374	442	417	499	510
18 Turkey.....	10	15	86	40	99	81	77	80	125	140
19 United Kingdom.....	1,459	2,580	4,718	4,987	5,074	5,435	5,167	4,844	5,376	5,522
20 Yugoslavia.....	10	22	38	44	45	45	40	28	37	38
21 Other Western Europe.....	25	22	27	41	57	42	50	56	54	58
22 U.S.S.R.....	46	46	103	70	70	69	53	52	83	103
23 Other Eastern Europe.....	44	131	108	102	110	147	125	107	123	134
24 Canada.....	1,955	2,776	2,817	3,364	3,166	3,027	3,050	3,169	3,129	3,136
25 Latin America.....	5,900	12,377	20,540	27,321	27,030	28,477	27,614	30,042	29,230	31,697
26 Argentina.....	499	720	1,203	1,342	1,149	1,149	1,149	961	902	858
27 Bahamas.....	883	3,405	7,577	11,114	11,466	12,381	11,532	14,192	12,587	14,686
28 Brazil.....	900	1,418	2,221	2,414	2,700	2,633	2,773	2,892	3,126	3,267
29 Chile.....	151	290	360	356	342	364	352	343	350	358
30 Colombia.....	397	713	689	518	534	537	501	459	517	523
31 Cuba.....	12	14	13	16	16	13	13	13	13	14
32 Mexico.....	1,373	1,972	2,804	3,444	3,494	3,562	3,559	3,456	3,210	3,298
33 Panama.....	274	505	1,052	991	840	697	778	809	1,119	780
34 Peru.....	178	518	583	621	623	665	666	694	638	630
35 Uruguay.....	55	63	51	33	34	31	31	28	28	35
36 Venezuela.....	518	704	1,086	1,280	1,153	1,237	1,503	1,305	1,328	1,512
37 Other American republics.....	493	852	967	1,137	980	1,059	978	1,112	1,037	1,068
38 Netherlands Antilles ¹	13	62	49	32	33	28	29	42	41	46
39 Other Latin America.....	154	1,142	1,885	4,023	3,667	4,121	3,751	3,737	4,334	4,621
40 Asia.....	8,224	16,226	16,057	15,774	16,240	15,898	15,832	15,695	16,099	16,516
41 China People's Republic of (China Mainland).....	31	4	22	9	10	12	4	4	5	3
42 China, Republic of (Taiwan).....	140	500	737	860	863	908	939	981	991	1,099
43 Hong Kong.....	147	223	258	228	273	296	251	252	208	267
44 India.....	16	14	21	34	38	36	36	33	64	48
45 Indonesia.....	88	157	102	167	160	125	108	119	117	120
46 Israel.....	155	255	491	285	315	269	257	313	320	330
47 Japan.....	6,398	12,518	10,776	10,009	10,389	10,340	10,116	10,220	10,534	10,429
48 Korea.....	403	955	1,561	1,679	1,713	1,614	1,551	1,594	1,555	1,577
49 Philippines.....	181	372	384	559	524	389	459	472	478	495
50 Thailand.....	273	458	499	491	490	465	437	434	415	414
51 Middle East oil-exporting countries ²	330	524	742	746	780	836	721	765	1,082	1,082
52 Other ³	392	441	684	713	719	665	838	552	647	653
53 Africa.....	388	855	1,228	1,323	1,314	1,310	1,395	1,332	1,381	1,394
54 Egypt.....	35	111	101	104	117	117	115	114	106	109
55 Morocco.....	5	18	9	16	21	18	15	17	8	15
56 South Africa.....	129	329	545	672	689	698	695	691	772	748
57 Zaire.....	61	98	34	30	28	24	24	23	14	23
58 Oil-exporting countries ⁴	115	231	211	181	185	268	176	215	215	211
59 Other ⁵	158	185	308	291	279	269	277	312	266	288
60 Other countries.....	286	565	609	615	647	617	638	631	661	625
61 Australia.....	243	466	535	547	548	542	553	521	558	502
62 All other.....	43	99	73	67	100	74	85	110	103	123
63 Nonmonetary international and regional organizations.....	1	*	1	1	1	1	*	12	6	6

¹ Includes Surinam until January 1976.² Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).³ Includes oil-exporting countries until December 1974.⁴ Comprises Algeria, Gabon, Libya, and Nigeria.

3.19 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Type of Claim

Millions of dollars outstanding; end of period

Type	1973	1974	1975	1976						
				May	June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
1 Total	20,723	39,056	50,240	57,622	57,965	59,332	58,016	60,317	60,941	64,194
2 Payable in dollars	20,061	37,859	48,910	56,203	56,370	57,875	56,474	58,661	59,238	62,389
3 Loans, total	7,660	11,296	13,247	15,815	15,190	15,597	15,266	14,914	16,221	16,342
4 Official institutions, including central banks	284	381	613	1,011	820	737	1,016	793	1,009	1,424
5 Banks, excluding central banks	4,538	7,337	7,705	9,537	9,130	9,670	9,059	9,003	10,067	9,614
6 All other, including nonmonetary international and regional organizations	2,838	3,579	4,928	5,267	5,240	5,190	5,191	5,118	5,144	5,304
7 Collections outstanding	4,307	5,637	5,467	5,379	5,517	5,542	5,495	5,746	5,586	5,735
8 Acceptances made for accounts of foreigners	4,160	11,237	11,147	11,323	11,541	11,451	11,144	11,213	11,461	11,422
9 Other claims ¹	3,935	9,689	19,049	23,686	24,123	25,285	24,568	26,789	25,970	28,890
10 Payable in foreign currencies	662	1,196	1,329	1,419	1,595	1,457	1,542	1,656	1,704	1,805
11 Deposits with foreigners	428	669	656	885	954	850	903	1,029	1,052	1,084
12 Foreign government securities, commercial and finance paper	119	289	301	141	158	132	143	120	102	85
13 Other claims	115	238	372	393	484	475	496	507	550	635

¹ Includes claims of U.S. banks on their foreign branches and claims of U.S. agencies and branches of foreign banks on their head offices and foreign branches of their head offices.

NOTE.—Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans

made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

3.20 LONG-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

Millions of dollars outstanding; end of period

Type, and area or country		1973	1974	1975	1976						
					May	June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
1	Total.....	5,996	7,179	9,540	10,266	10,216	10,386	10,960	11,205	11,345	11,611
By type:											
2	Payable in dollars.....	5,924	7,099	9,423	10,151	10,094	10,253	10,827	11,064	11,206	11,457
3	Loans, total.....	5,446	6,490	8,489	9,018	8,957	9,098	9,603	9,552	9,670	9,829
4	Official institutions, including central banks.....	1,156	1,324	1,350	1,358	1,346	1,323	1,340	1,312	1,323	1,373
5	Banks, excluding central banks.....	591	929	1,740	1,945	1,961	2,085	2,220	2,039	2,115	2,159
6	All other, including nonmonetary international and regional organizations....	3,698	4,237	5,399	5,715	5,650	5,690	6,043	6,201	6,232	6,297
7	Other long-term claims.....	478	609	934	1,133	1,138	1,155	1,224	1,512	1,536	1,629
8	Payable in foreign currencies.....	72	80	116	115	121	133	133	142	139	154
By area or country:											
9	Europe.....	1,271	1,908	2,708	2,840	2,741	2,871	3,093	3,133	3,191	3,287
10	Canada.....	490	501	555	607	590	575	592	623	570	590
11	Latin America.....	2,116	2,614	3,468	3,973	4,081	4,103	4,383	4,519	4,565	4,691
12	Asia.....	1,582	1,619	1,795	1,769	1,766	1,810	1,835	1,856	1,900	1,891
13	Japan.....	251	258	296	307	324	337	355	370	381	369
14	Middle East oil-exporting countries ¹		384	220	196	182	183	187	171	171	141
15	Other Asia ²	1,331	977	1,279	1,266	1,260	1,290	1,293	1,316	1,348	1,382
16	Africa.....	355	366	747	797	736	742	771	800	839	882
17	Oil-exporting countries ³		62	151	173	197	212	226	236	259	269
18	Other ⁴	355	305	596	624	539	529	544	564	580	612
19	All other countries ⁵	181	171	235	280	301	286	287	274	281	270

¹ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

² Includes Middle East oil-exporting countries until December 1974.

³ Comprises Algeria, Gabon, Libya, and Nigeria.

⁴ Includes oil-exporting countries until December 1974.

⁵ Includes nonmonetary international and regional organizations.

3.21 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars; end of period

Assets										
Account	1973	1974	1975	1976						
				Apr.	May ^r	June ^r	July ^r	Aug. ^r	Sept.	Oct. ^p
All foreign countries										
1 Total, all currencies	121,866	151,905	176,493	189,437	194,592	194,481	196,776	196,097	199,764	206,216
2 Claims on United States, total	5,091	6,900	6,743	9,054	9,610	6,613	8,703	7,169	6,677	10,133
3 Parent bank	1,886	4,464	3,665	6,049	6,450	3,272	5,569	3,927	3,247	7,021
4 Other	3,205	2,435	3,078	3,005	3,160	3,341	3,134	3,242	3,429	3,113
5 Claims on foreigners, total	111,974	138,712	163,391	173,827	178,215	181,239	181,239	182,232	186,065	188,968
6 Other branches of parent bank	19,177	27,559	34,508	39,563	39,982	40,975	41,682	40,959	41,133	41,523
7 Other banks	56,368	60,283	69,206	70,652	73,611	74,400	71,766	71,605	74,833	76,131
8 Official institutions	2,693	4,077	5,792	7,116	7,717	7,814	8,444	8,766	9,165	9,205
9 Nonbank foreigners	33,736	46,793	53,886	56,495	56,905	58,049	59,347	60,902	60,934	62,109
10 Other assets	4,802	6,294	6,359	6,557	6,767	6,629	6,834	6,695	7,022	7,115
11 Total payable in U.S. dollars	79,445	105,969	132,901	140,971	146,438	145,994	149,071	147,200	150,394	155,854
12 Claims on United States, total	4,599	6,603	6,408	8,759	9,294	6,296	8,434	6,855	6,317	9,789
13 Parent bank	1,848	4,428	3,628	5,980	6,374	3,203	5,524	3,888	3,184	6,976
14 Other	2,751	2,175	2,780	2,778	2,921	3,093	2,910	2,967	3,133	2,813
15 Claims on foreigners, total	73,018	96,209	123,496	129,141	133,900	136,629	137,246	137,139	140,831	142,724
16 Other branches of parent bank	12,799	19,688	28,478	31,510	32,121	32,857	33,790	32,971	33,319	33,775
17 Other banks	39,527	45,067	55,319	54,496	57,532	58,856	56,603	56,226	58,877	59,239
18 Official institutions	1,777	3,289	4,864	6,061	6,553	6,611	7,148	7,606	7,906	7,885
19 Nonbank foreigners	18,915	28,164	34,835	37,075	37,695	38,304	39,704	40,337	40,729	41,824
20 Other assets	1,828	3,157	2,997	3,072	3,243	3,070	3,392	3,206	3,246	3,342
United Kingdom										
21 Total, all currencies	61,732	69,804	74,883	74,055	75,926	74,460	73,494	73,229	73,589	76,854
22 Claims on United States, total	1,789	3,248	2,392	2,275	2,443	1,702	1,862	1,758	2,036	3,456
23 Parent bank	738	2,472	1,449	1,447	1,534	802	1,002	938	1,081	2,613
24 Other	1,051	776	943	827	909	900	860	821	955	843
25 Claims on foreigners, total	57,761	64,111	70,331	69,555	71,189	70,526	69,359	69,298	69,217	70,962
26 Other branches of parent bank	8,773	12,724	17,557	18,394	18,619	18,143	18,843	18,044	17,745	18,158
27 Other banks	34,442	32,701	35,904	34,879	36,270	35,799	33,589	34,135	34,405	35,336
28 Official institutions	735	788	881	934	851	888	909	1,007	1,138	1,211
29 Nonbank foreigners	13,811	17,898	15,990	15,348	15,499	15,695	16,018	16,112	15,929	16,257
30 Other assets	2,183	2,445	2,159	2,226	2,294	2,233	2,273	2,173	2,335	2,436
31 Total payable in U.S. dollars	40,323	49,211	57,361	54,516	56,667	55,360	54,871	54,522	54,547	57,161
32 Claims on United States, total	1,642	3,146	2,273	2,155	2,322	1,614	1,780	1,658	1,902	3,324
33 Parent bank	730	2,468	1,445	1,434	1,519	795	997	934	1,064	2,606
34 Other	912	678	828	721	803	819	783	724	838	719
35 Claims on foreigners, total	37,817	44,694	54,121	51,470	53,467	52,900	52,250	52,006	51,782	52,912
36 Other branches of parent bank	6,509	10,265	15,645	15,424	15,860	15,455	16,204	15,401	15,195	15,629
37 Other banks	23,389	23,716	28,224	25,820	27,218	27,066	25,370	25,826	25,866	26,421
38 Official institutions	510	610	648	633	635	631	659	799	862	912
39 Nonbank foreigners	7,409	10,102	9,604	9,593	9,754	9,747	10,018	9,980	9,859	9,950
40 Other assets	865	1,372	967	891	879	846	841	858	863	925
Bahamas and Caymans										
41 Total, all currencies	23,771	31,733	45,203	54,398	57,247	57,118	59,913	57,677	60,753	63,507
42 Claims on United States, total	2,210	2,464	3,229	5,695	5,884	3,716	5,835	3,750	3,378	5,464
43 Parent bank	317	1,081	1,477	3,835	3,950	1,636	3,864	1,641	1,257	3,483
44 Other	1,893	1,383	1,752	1,860	1,935	2,081	1,971	2,109	2,121	1,981
45 Claims on foreigners, total	21,041	28,453	41,040	47,536	50,040	52,363	52,898	52,737	56,206	56,806
46 Other branches of parent bank	1,928	3,478	5,411	6,437	6,435	7,254	7,149	6,791	7,250	7,296
47 Other banks	9,895	11,354	16,298	18,503	20,173	21,205	20,669	20,021	22,447	22,136
48 Official institutions	1,151	2,022	3,576	4,680	5,091	5,160	5,699	5,929	6,059	6,040
49 Nonbank foreigners	8,068	11,599	15,756	17,917	18,342	18,744	19,381	19,995	20,449	21,334
50 Other assets	520	815	933	1,166	1,322	1,039	1,180	1,190	1,169	1,238
51 Total payable in U.S. dollars	21,937	28,726	41,887	50,655	53,545	53,365	56,076	53,520	56,600	59,217

3.21 Continued

Liabilities											
Account	1973	1974	1975	1976							
				Apr.	May ^r	June ^r	July ^r	Aug. ^r	Sept.	Oct. ^p	
All foreign countries											
1 Total, all currencies.....	121,866	151,905	176,493	189,437	194,592	194,481	196,776	196,097	199,764	206,216	
2 To United States, total.....	5,610	11,982	20,221	26,755	28,272	27,968	28,620	27,116	30,146	29,541	
3 Parent bank.....	1,642	5,809	12,165	14,543	15,918	16,502	15,951	16,493	19,045	17,953	
4 Other.....	3,968	6,173	8,057	12,212	12,354	11,467	12,669	10,623	11,101	11,588	
5 To foreigners, total.....	111,615	132,990	149,815	156,870	160,261	160,364	161,543	162,635	163,161	170,017	
6 Other branches of parent bank..	18,213	26,941	34,111	38,811	38,994	39,969	41,061	40,064	40,115	41,040	
7 Other banks.....	65,389	65,675	72,259	72,720	75,919	75,527	74,189	74,348	75,033	78,879	
8 Official institutions.....	10,330	20,185	22,773	21,857	22,467	21,605	22,233	23,393	23,700	25,046	
9 Nonbank foreigners.....	17,683	20,189	20,672	23,482	22,881	23,262	24,060	24,829	24,312	25,052	
10 Other liabilities.....	4,641	6,933	6,456	5,812	6,059	6,148	6,612	6,346	6,458	6,658	
11 Total payable in U.S. dollars.....	80,374	107,890	135,907	145,817	151,124	150,502	153,175	151,749	155,109	160,333	
12 To United States, total.....	5,027	11,437	19,503	26,011	27,572	27,167	27,854	26,348	29,258	28,779	
13 Parent bank.....	1,477	5,641	11,939	14,286	15,657	16,229	15,697	16,254	18,714	17,719	
14 Other.....	3,550	5,795	7,564	11,725	11,914	10,938	12,157	10,094	10,544	11,060	
15 To foreigners, total.....	73,189	92,503	112,879	116,743	120,445	120,145	121,944	122,148	122,558	128,250	
16 Other branches of parent bank..	12,554	19,330	28,217	31,428	31,661	32,758	33,850	32,687	32,919	33,848	
17 Other banks.....	43,641	43,656	51,583	51,679	54,559	54,085	53,568	53,298	53,500	56,290	
18 Official institutions.....	7,491	17,444	19,982	19,080	19,791	19,036	19,580	20,585	20,756	21,848	
19 Nonbank foreigners.....	9,502	12,072	13,097	14,557	14,434	14,266	14,947	15,579	15,382	16,264	
20 Other liabilities.....	2,158	3,951	3,526	3,063	3,107	3,190	3,377	3,252	3,294	3,304	
United Kingdom											
21 Total, all currencies.....	61,732	69,804	74,883	74,055	75,926	74,460	73,494	73,229	73,589	76,854	
22 To United States, total.....	2,431	3,978	5,646	6,105	6,483	5,874	5,628	5,266	5,379	5,310	
23 Parent bank.....	136	510	2,122	1,764	1,796	1,562	1,727	1,520	1,442	1,468	
24 Other.....	2,295	3,468	3,523	4,340	4,687	4,312	3,901	3,746	3,938	3,842	
25 To foreigners, total.....	57,311	63,409	67,240	65,977	67,212	66,536	65,594	65,883	66,026	69,151	
26 Other branches of parent bank..	3,944	4,762	6,494	6,898	7,030	7,288	6,927	6,668	6,788	6,826	
27 Other banks.....	34,979	32,040	32,964	31,805	33,189	33,313	31,487	30,834	31,015	32,488	
28 Official institutions.....	8,140	15,258	16,553	15,521	15,782	14,825	15,462	16,147	16,389	17,567	
29 Nonbank foreigners.....	10,248	11,349	11,229	11,752	11,212	11,110	11,718	12,234	11,834	12,270	
30 Other liabilities.....	1,990	2,418	1,997	1,974	2,231	2,050	2,272	2,080	2,184	2,394	
31 Total payable in U.S. dollars.....	39,689	49,666	57,820	55,750	57,923	56,574	55,978	55,701	55,625	58,031	
32 To United States, total.....	2,173	3,744	5,415	5,880	6,271	5,682	5,443	5,093	5,183	5,152	
33 Parent bank.....	113	484	2,083	1,723	1,759	1,546	1,703	1,498	1,404	1,448	
34 Other.....	2,060	3,261	3,332	4,156	4,513	4,136	3,740	3,595	3,779	3,704	
35 To foreigners, total.....	36,646	44,594	51,447	48,992	50,727	50,044	49,691	49,746	49,579	52,017	
36 Other branches of parent bank..	2,519	3,256	5,442	5,771	5,863	6,218	5,878	5,604	5,790	5,742	
37 Other banks.....	22,051	20,526	23,330	21,230	22,544	22,690	21,765	20,910	20,526	21,493	
38 Official institutions.....	5,923	13,225	14,498	13,450	13,914	13,074	13,604	14,296	14,418	15,550	
39 Nonbank foreigners.....	6,152	7,587	8,176	8,541	8,406	8,062	8,444	8,936	8,846	9,233	
40 Other liabilities.....	870	1,328	959	877	925	848	844	862	862	862	
Bahamas and Caymans											
41 Total, all currencies.....	23,771	31,733	45,203	54,398	57,247	57,118	59,913	57,677	60,753	63,507	
42 To United States, total.....	1,573	4,815	11,147	16,872	18,286	18,286	19,370	18,237	21,388	20,734	
43 Parent bank.....	307	2,636	7,628	9,904	11,529	12,203	11,611	12,311	15,333	14,094	
44 Other.....	1,266	2,180	3,520	6,968	6,757	6,083	7,759	5,927	6,055	6,640	
45 To foreigners, total.....	21,747	26,140	32,949	36,553	38,112	37,817	39,411	38,380	38,331	41,815	
46 Other branches of parent bank..	5,508	7,702	10,569	11,903	11,918	12,117	13,317	12,416	11,854	13,381	
47 Other banks.....	14,071	14,050	16,825	18,907	20,303	19,724	20,350	20,125	20,621	22,240	
48 Official institutions.....	492	2,377	3,308	2,970	2,950	2,917	2,811	2,857	2,712	2,784	
49 Nonbank foreigners.....	1,676	2,011	2,248	2,774	2,941	3,059	2,933	2,982	3,144	3,409	
50 Other liabilities.....	451	778	1,106	972	849	1,016	1,131	1,059	1,035	958	
51 Total payable in U.S. dollars.....	22,328	28,840	42,197	51,185	54,160	53,834	56,636	54,154	57,232	59,970	

3.22 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1974	1975	1976 Jan.- Nov. ^p	1976						
				May	June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
	Holding, end of period ⁴									
1 Estimated total	5,708	7,703	.....	9,403	10,608	11,419	12,147	13,462	14,482	15,058
2 Foreign countries	5,557	7,372	.....	9,254	10,026	10,350	10,746	11,671	11,954	12,337
3 Europe	885	1,085	.....	1,443	1,566	1,604	1,733	2,024	2,064	2,293
4 Belgium-Luxembourg	10	13	.....	13	12	11	9	9	13	14
5 Germany	9	215	.....	225	227	221	324	518	535	746
6 Netherlands	6	16	.....	208	283	283	283	282	283	288
7 Sweden	251	276	.....	281	291	291	275	240	242	192
8 Switzerland	30	55	.....	99	101	132	171	268	267	291
9 United Kingdom	493	363	.....	349	380	368	383	396	403	433
10 Other Western Europe	81	143	.....	264	268	294	284	307	317	325
11 Eastern Europe	5	4	.....	4	4	4	4	4	4	4
12 Canada	713	395	.....	340	340	341	337	386	390	250
13 Latin America	100	200	.....	166	182	203	271	178	160	302
14 Latin American republics	12	33	.....	34	34	39	39	30	36	177
15 Netherlands Antilles ¹	83	161	.....	125	141	157	222	138	113	115
16 Asia	3,709	5,370	.....	6,875	7,466	7,701	7,883	8,552	8,808	8,950
17 Japan	3,498	3,271	.....	3,074	3,075	3,077	2,952	3,052	3,093	2,587
18 Africa	151	321	.....	431	471	501	521	531	531	543
19 All other . . . . .	*	*	.....	*	*	*	*	*	*	*
20 Nonmonetary international and regional organizations	151	331	.....	149	582	1,068	1,401	1,791	2,528	2,721
21 International	97	322	.....	149	582	1,065	1,388	1,768	2,504	2,655
22 Latin American regional	53	9	.....	*	*	3	13	23	23	66
	Transactions, net purchases, or sales (-), during period									
23 Total	-472	1,994	7,356	238	1,205	810	729	1,315	1,019	577
24 Foreign countries	-573	1,814	4,965	245	772	324	396	925	283	383
25 Official institutions	-642	1,612	4,695	263	717	294	316	964	227	340
26 Other foreign	69	202	270	-18	55	31	80	-39	56	43
27 Nonmonetary international and regional organizations	101	180	2,391	-7	434	486	333	390	736	193
MEMO: Oil-exporting countries										
28 Middle East ²		1,797	3,737	460	611	246	228	315	98	630
29 Africa ³		170	221	20	40	30	20	10	.....	11

¹ Includes Surinam until January 1976.
² Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States). Data not available until 1975.
³ Comprises Algeria, Gabon, Libya, and Nigeria. Data not available until 1975.

⁴ Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.23 FOREIGN OFFICIAL ACCOUNTS

Millions of dollars outstanding, end of period

Held at Federal Reserve Banks	1973	1974	1975	1976						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Deposits	251	418	352	349	295	254	393	362	305	352
Assets held in custody:										
2 U.S. Treasury securities ¹	52,070	55,600	60,019	63,212	62,955	63,457	64,215	64,942	63,962	66,532
3 Earmarked gold ²	17,068	16,838	16,745	16,633	16,607	16,565	16,590	16,505	16,457	16,414

¹ Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

² The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE.—Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.24 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country		1974	1975	1976 Jan.- Nov. ^p	1976						
					May	June	July	Aug.	Sept.	Oct. ^p	Nov. ^p
U.S. corporate securities ³											
Stocks:											
1	Purchases	7,636	15,347	16,641	1,212	1,432	1,595	1,050	1,124	1,226	974
2	Sales	7,096	10,678	14,177	1,097	1,178	1,363	962	1,116	1,321	1,022
3	Net purchases, or sales (-)	540	4,669	2,466	115	254	232	88	9	-95	-48
4	Foreign countries	527	4,651	2,446	115	252	233	85	7	-98	-50
5	Europe	281	2,491	222	-9	-47	-32	-19	-60	-251	-117
6	France	203	262	220	3	24	72	28	23	-12	-23
7	Germany	39	251	47	-44	-27	-20	-11	-6	-16	-13
8	Netherlands	330	359	-166	4	2	-22	-21	-26	-37	-29
9	Switzerland	36	899	-96	21	-47	-58	-11	-55	-95	-43
10	United Kingdom	-377	594	255	20	20	5	12	29	-72	-6
11	Canada	-6	361	255	30	-5	44	35	5	18	1
12	Latin America	-33	-7	155	6	11	3	-24	10	-17	24
13	Middle East ¹	1,640	1,688	67	266	209	92	60	126	64	64
14	Other Asia ²	288	142	108	16	20	10	-2	-4	28	-23
15	Africa	-6	10	7	1	3	-3	3	-4	-3	1
16	Other countries	3	15	13	4	3	1	2	*	1	*
17	Nonmonetary international and regional organizations	13	18	20	*	2	-2	3	2	4	2
Bonds ³ :											
18	Purchases	8,571	5,393	4,990	427	391	307	411	361	625	355
19	Sales	7,582	4,641	3,754	404	155	154	232	375	358	356
20	Net purchases, or sales (-)	988	752	1,233	22	236	153	179	-14	267	-1
21	Foreign countries	1,472	1,782	1,274	35	236	161	173	-9	203	113
22	Europe	741	106	67	-2	29	49	29	-16	19	24
23	France	96	82	39	3	6	10	4	-1	-1	5
24	Germany	33	-11	-49	-2	-1	-3	-3	*	5	4
25	Netherlands	183	15	-2	*	-2	4	-3	*	1	3
26	Switzerland	96	117	167	23	18	35	16	-7	20	-3
27	United Kingdom	395	87	6	19	8	3	23	7	*	15
28	Canada	45	128	91	-3	1	2	9	18	-1	16
29	Latin America	43	31	66	-3	*	7	9	5	29	6
30	Middle East ¹	1,553	1,200	37	224	104	121	18	156	74	74
31	Other Asia ²	632	-42	-116	6	-19	-2	5	-15	2	-5
32	Africa	*	5	-12	*	*	1	*	-19	-2	-2
33	Other countries	10	1	-20	*	*	*	*	*	*	*
34	Nonmonetary international and regional organizations	-483	-1,030	-41	-13	*	-8	6	-4	64	-115
Foreign securities											
35	Stocks, net purchases, or sales (-)	184	-189	-325	-42	-44	-129	-11	-27	-1	-1
36	Purchases	1,907	1,541	1,718	198	162	128	123	126	132	167
37	Sales	1,723	1,730	2,044	240	206	257	134	153	133	168
38	Bonds, net purchases, or sales (-)	-2,218	-6,301	-7,219	-449	-532	-1,734	-478	-427	-367	-394
39	Purchases	1,036	2,383	4,262	373	281	440	333	363	452	455
40	Sales	3,254	8,683	11,480	822	813	2,173	811	790	819	849
41	Net purchases, or sales (-) of stocks and bonds	-2,034	-6,490	-7,547	-491	-576	-1,862	-489	-454	-369	-396
42	Foreign countries	-1,974	-4,299	-6,178	-333	-582	-1,044	-423	-471	-282	-264
43	Europe	-546	-53	-695	-19	-52	-130	-60	-145	-37	-9
44	Canada	-1,508	-3,178	-4,465	-233	-328	-853	-98	-331	-301	-20
45	Latin America	-93	-306	-30	-39	10	19	47	20	13	-29
46	Asia	142	-622	-616	-77	12	-93	-317	-16	34	-9
47	Africa	7	15	46	32	11	9	1	*	1	*
48	Other countries	22	-155	-418	3	-234	3	3	2	9	-197
49	Nonmonetary international and regional organizations	-60	-2,192	-1,369	-158	6	-819	-66	17	-87	-132

¹ Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

² Includes Middle East oil-exporting countries until 1975.

³ Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investment abroad.

3.25 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars outstanding; end of period

Type, and area or country		1974	1975			1976	1974	1975			1976
		Dec.	June	Sept.	Dec.	Mar. ^p	Dec.	June	Sept.	Dec.	Mar. ^p
		Liabilities to foreigners					Claims on foreigners				
1	Total	5,916	5,924	5,997	5,958	6,264	11,276	10,886	11,712	12,244	12,808
By type:											
2	Payable in dollars	5,007	5,091	5,149	5,353	5,598	10,219	9,606	10,364	11,069	11,759
3	Payable in foreign currencies	909	834	849	605	666	1,058	1,281	1,348	1,176	1,049
4	Deposits with banks abroad in reporter's name						473	479	529	565	487
5	Other						584	801	819	611	562
By area or country:											
6	Foreign countries	5,758	5,667	5,730	5,683	6,046	11,276	10,885	11,712	12,243	12,807
7	Europe	3,007	2,545	2,518	2,304	2,327	4,467	3,761	4,238	4,519	4,970
8	Austria	20	22	18	14	6	26	13	15	16	17
9	Belgium-Luxembourg	519	340	336	294	286	128	132	131	133	116
10	Denmark	24	14	8	9	12	42	22	24	39	35
11	Finland	16	12	14	14	10	120	87	114	91	36
12	France	202	137	150	148	204	430	287	311	300	372
13	Germany	313	293	276	151	153	339	346	319	357	306
14	Greece	39	27	21	19	25	65	69	56	33	40
15	Italy	125	110	156	173	126	397	300	380	382	408
16	Netherlands	119	143	154	115	161	148	135	139	172	182
17	Norway	9	8	13	20	23	36	41	48	41	58
18	Portugal	19	13	13	4	3	81	32	39	44	45
19	Spain	57	60	75	82	70	369	324	315	408	514
20	Sweden	38	30	47	24	22	89	74	100	62	80
21	Switzerland	138	168	167	130	159	136	113	220	242	207
22	Turkey	8	14	22	25	14	26	28	31	27	27
23	United Kingdom	1,251	1,054	945	970	923	1,851	1,555	1,781	1,905	2,291
24	Yugoslavia	40	45	60	76	91	22	32	24	36	30
25	Other Western Europe	5	4	5	6	6	21	16	19	14	18
26	U.S.S.R.	48	34	31	20	23	91	91	101	149	106
27	Other Eastern Europe	16	15	7	11	10	50	62	69	70	80
28	Canada	307	283	299	295	314	1,618	1,954	2,102	2,124	2,235
29	Latin America	926	973	924	903	1,170	2,316	2,171	2,205	2,337	2,546
30	Argentina	36	30	28	31	35	67	63	52	58	48
31	Bahamas	372	357	290	270	376	594	631	686	662	882
32	Brazil	118	127	116	96	91	463	349	385	403	470
33	Chile	22	15	13	14	11	106	57	41	38	28
34	Colombia	14	12	14	17	16	54	50	47	49	47
35	Cuba	*	*	*	*	*	1	1	1	1	1
36	Mexico	60	71	81	82	92	302	322	317	352	331
37	Panama	28	27	19	24	17	132	128	103	92	86
38	Peru	14	16	19	23	24	44	50	48	41	36
39	Uruguay	2	3	2	3	2	5	5	5	4	4
40	Venezuela	49	45	56	100	163	190	166	153	167	147
41	Other Latin American republics	83	67	69	71	72	193	179	165	157	167
42	Netherlands Antilles ¹	26	60	76	35	58	20	13	12	12	7
43	Other Latin America	101	145	142	138	213	147	159	192	301	292
44	Asia	1,239	1,488	1,575	1,717	1,667	2,336	2,497	2,652	2,683	2,546
45	China, People's Republic of (China Mainland)	17	6	2	6	5	17	32	45	65	35
46	China, Republic of (Taiwan)	93	100	101	97	111	139	125	152	164	100
47	Hong Kong	19	30	29	18	24	63	85	85	111	67
48	India	7	21	22	7	9	37	39	48	39	60
49	Indonesia	60	87	104	137	137	92	147	137	169	194
50	Israel	50	62	45	29	23	44	60	63	54	42
51	Japan	348	273	279	296	308	1,239	1,250	1,269	1,141	1,170
52	Korea	75	43	63	69	54	201	178	207	265	108
53	Philippines	25	17	15	14	19	95	91	93	99	106
54	Thailand	10	6	8	18	18	24	25	21	22	21
55	Other Asia	536	841	908	1,027	958	384	465	532	555	643
56	Africa	193	323	341	391	502	374	364	388	440	378
57	Egypt	3	34	34	37	30	15	15	15	22	22
58	Morocco	14	6	8	8	7	7	9	10	10	10
59	South Africa	43	65	79	100	112	101	104	78	93	79
60	Zaire	18	9	9	6	7	24	17	22	28	28
61	Other Africa	115	209	212	240	347	227	218	263	287	239
62	Other countries	86	55	73	73	65	165	138	127	140	133
63	Australia	56	37	52	55	47	116	99	79	101	96
64	All other	30	18	21	17	18	49	39	48	39	37
65	Nonmonetary international and regional organizations	158	257	267	276	219	*	1	*	1	1

¹ Includes Surinam until 1976.

NOTE.—Reported by exporters, importers, and industrial and com-

mercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.26 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars outstanding; end of period

Type and country		1973	1974	1975	1976						
					Apr.	May	June	July	Aug.	Sept. ^a	Oct. ^a
1	Total.....	3,164	3,357	3,791	4,968	5,201	4,939	5,190	5,111	4,660	4,869
By type:											
2	Payable in dollars.....	2,625	2,660	3,035	4,267	4,512	4,308	4,552	4,507	3,987	4,284
3	Deposits.....	2,588	2,591	2,703	3,855	4,086	3,963	4,172	4,088	3,617	3,893
4	Short-term investments ¹	37	69	332	412	426	345	380	419	370	391
5	Payable in foreign currencies.....	540	697	756	700	689	631	638	604	673	586
6	Deposits.....	435	429	510	433	452	433	431	377	445	344
7	Short-term investments ¹	105	268	246	267	237	199	207	227	228	242
By country:											
8	United Kingdom.....	1,118	1,350	1,304	2,061	1,912	1,908	2,060	2,064	1,690	1,641
9	Canada.....	765	967	1,153	1,381	1,521	1,274	1,415	1,393	1,305	1,400
10	Bahamas.....	589	390	546	873	1,035	1,029	918	823	805	1,059
11	Japan.....	306	398	343	235	245	190	139	137	146	116
12	All other.....	386	252	445	418	488	538	658	694	714	653

¹ Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.25.

3.27 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars outstanding; end of period

Area and country	1974	1975			1976	1974	1975			1976
	Dec.	June	Sept.	Dec.	Mar.	Dec.	June	Sept.	Dec.	Mar.
	Liabilities to foreigners					Claims on foreigners				
1 Total	3,850	4,230	4,180	4,232	4,046	4,544	4,454	4,590	4,971	5,160
2 Europe	2,996	3,241	3,188	3,237	3,086	1,007	933	985	985	934
3 Germany	474	507	460	499	438	23	23	19	26	24
4 Netherlands	220	225	212	204	214	280	277	273	217	220
5 Switzerland	572	574	525	505	467	44	57	59	55	52
6 United Kingdom	1,240	1,442	1,529	1,616	1,584	364	299	366	396	348
7 Canada	110	110	145	164	153	1,290	1,328	1,347	1,426	1,474
8 Latin America	214	318	284	267	245	1,384	1,325	1,334	1,638	1,767
9 Bahamas	111	277	242	210	184	19	8	7	8	7
10 Brazil	3	3	3	4	5	187	182	177	171	182
11 Chile	1	1	1	1	1	435	336	315	315	313
12 Mexico	3	3	3	3	6	153	161	228	216	199
13 Asia	460	488	495	496	495	681	655	703	694	710
14 Japan	367	393	401	397	394	112	98	95	90	91
15 Africa	6	2	2	2	2	127	146	154	168	214
16 All other ¹	65	72	66	66	65	54	68	67	61	62

¹ Includes nonmonetary international and regional organizations.

3.28 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate as of Dec. 31, 1976		Country	Rate as of Dec. 31, 1976		Country	Rate as of Dec. 31, 1976	
	Per cent	Month effective		Per cent	Month effective		Per cent	Month effective
Argentina.....	18.0	Feb. 1972	France.....	10.5	Sept. 1976	Norway.....	6.0	Sept. 1976
Austria.....	4.0	June 1976	Germany, Fed. Rep. of.	3.5	Sept. 1975	Sweden.....	8.0	Oct. 1976
Belgium.....	9.0	Aug. 1976	Italy.....	15.0	Oct. 1976	Switzerland.....	2.0	June 1976
Brazil.....	28.0	May 1976	Japan.....	6.5	Oct. 1975	United Kingdom.....	14.25	Dec. 1976
Canada.....	8.5	Dec. 1976	Mexico.....	4.5	June 1942	Venezuela.....	5.0	Oct. 1970
Denmark.....	10.0	Dec. 1976	Netherlands.....	6.0	Nov. 1976			

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.

3.29 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum; averages of daily figures

Country, or type	1974	1975	1976	1976					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Euro-dollars.....	11.01	7.02	5.58	5.79	5.68	5.53	5.46	5.29	5.01
2 United Kingdom.....	13.34	10.63	11.35	11.19	11.07	12.11	14.57	14.75	14.27
3 Canada.....	10.47	8.00	9.39	9.48	9.54	9.40	9.34	9.08	8.51
4 Germany.....	9.80	4.87	4.19	4.36	4.51	4.57	4.76	4.61	4.82
5 Switzerland.....		3.01	1.45	1.09	1.17	1.40	1.80	2.12	1.98
6 Netherlands.....		5.17	7.02	8.38	12.92	12.67	10.23	8.22	6.51
7 France.....		7.91	8.65	8.49	9.58	9.53	10.39	10.41	10.55
8 Italy.....		10.37	16.32	18.55	17.43	16.83	18.61	17.76	17.13
9 Belgium.....		6.63	10.25	9.10	11.55	13.90	13.94	12.48	10.73
10 Japan.....		11.64	7.70	7.75	7.75	7.50	7.50	8.00	8.00

NOTE.—Rates are for 3-month interbank loans except for—Canada, finance company paper; Belgium, time deposits of 20 million francs and

over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.30 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country (currency)	1974	1975	1976	1976					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia (dollar).....	143.89	130.77	122.15	123.59	124.18	124.25	123.40	120.66	105.29
2 Austria (shilling).....	5.3564	5.7467	5.5744	5.4500	5.5645	5.6567	5.7960	5.8332	5.9061
3 Belgium (franc).....	2.5713	2.7253	2.5921	2.5182	2.5632	2.6046	2.6822	2.7047	2.7483
4 Canada (dollar).....	102.26	98.30	101.41	102.86	101.49	102.56	102.81	101.46	98.204
5 Denmark (krone).....	16.442	17.437	16.546	16.225	16.448	16.954	16.968	16.934	17.145
6 Finland (markka).....	26.565	27.285	25.938	25.750	25.754	25.781	25.938	26.073	26.315
7 France (franc).....	20.805	23.354	20.942	20.651	20.131	20.334	20.072	20.042	20.055
8 Germany (deutsche mark).....	38.723	40.729	39.737	38.842	39.538	40.169	41.165	41.443	41.965
9 India (rupee).....	12.460	11.926	11.148	11.205	11.143	11.036	11.243	11.155	11.296
10 Ireland (pound).....	234.03	222.16	180.48	178.50	178.28	172.72	163.77	163.81	167.84
11 Italy (lira).....	.15372	.15328	.12044	.11943	.11936	.11837	.11684	.11554	.11521
12 Japan (yen).....	.34302	.33705	.33741	.33940	.34410	.34800	.34344	.33879	.33933
13 Malaysia (ringgit).....	41.682	41.753	39.340	39.589	40.077	39.753	39.575	39.513	39.550
14 Mexico (peso).....	8.0000	8.0000	6.9161	8.0000	8.0000	5.0286	4.8535	4.0200	4.8626
15 Netherlands (guilder).....	37.267	39.632	37.846	36.643	37.393	38.390	39.265	39.678	40.240
16 New Zealand (dollar).....	140.02	121.16	99.115	99.049	99.657	98.869	98.484	95.392	92.179
17 Norway (krone).....	18.119	19.180	18.327	17.899	18.150	18.427	18.812	18.954	19.193
18 Portugal (escudo).....	3.9506	3.9286	3.3159	3.1810	3.1982	3.2062	3.1920	3.1742	3.1674
19 South Africa (rand).....	146.98	136.47	114.85	114.83	114.84	114.77	114.85	114.88	114.95
20 Spain (peseta).....	1.7337	1.7424	1.4958	1.4685	1.4651	1.4721	1.4675	1.4626	1.4634
21 Sri Lanka (rupee).....	14.978	14.385	11.908	11.469	11.504	11.516	11.453	11.479	11.246
22 Sweden (krona).....	22.563	24.141	22.957	22.379	22.660	22.998	23.511	23.699	24.051
23 Switzerland (franc).....	33.688	38.743	40.013	40.242	40.302	40.431	40.876	40.958	40.823
24 United Kingdom (pound).....	234.03	222.16	180.48	178.50	178.28	172.72	163.77	163.81	167.84
25 MEMO: United States (dollar) ¹	84.11	82.20	89.68	90.69	90.46	90.25	90.88	91.06	90.55

¹ Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland, May 1970 parities = 100. Weights are 1972 global trade of each of the 10 countries.

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

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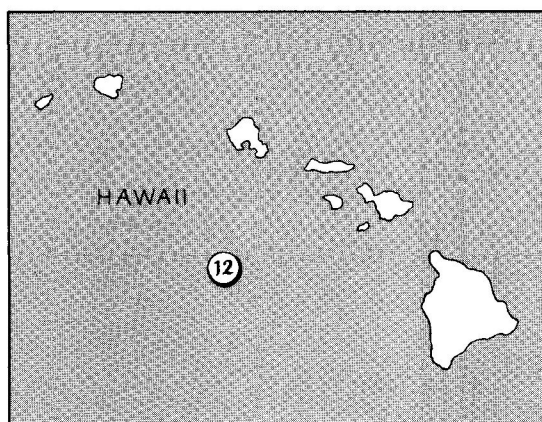
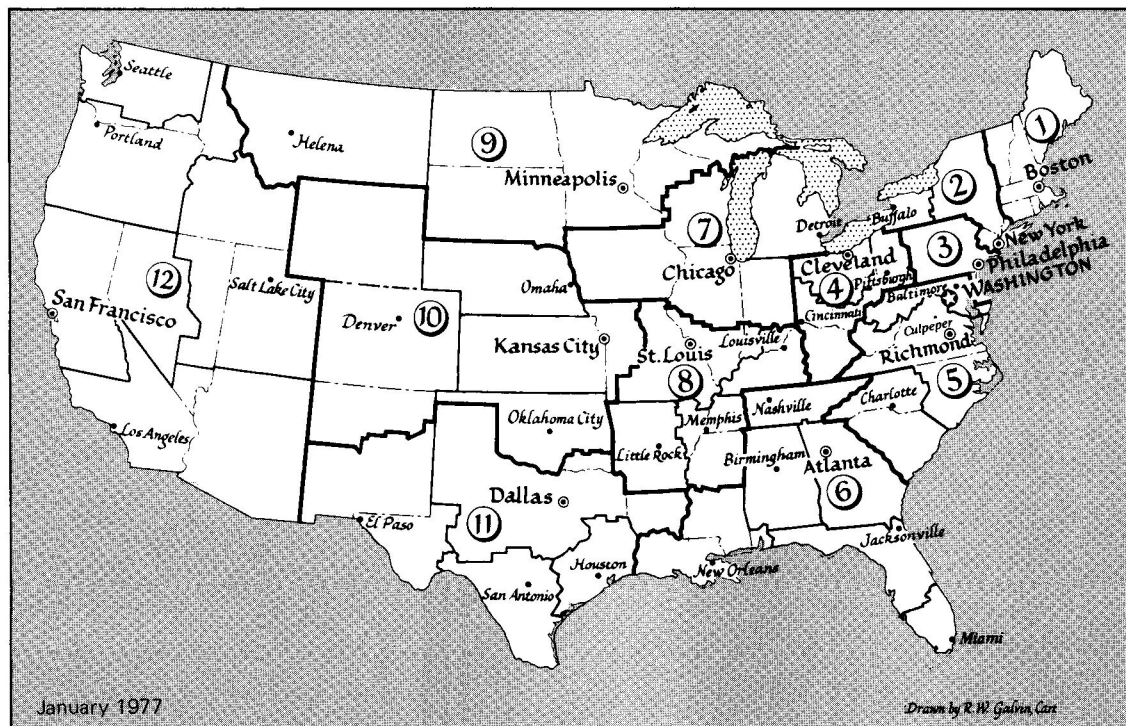
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The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

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- Boundaries of Federal Reserve Branch Territories
- ★ Board of Governors of the Federal Reserve System

- ⊙ Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Guide to Tabular Presentation and Statistical Releases

SYMBOLS AND ABBREVIATIONS

p	Preliminary	SMSA	Standard metropolitan statistical area
r	Revised	REITS	Real estate investment trusts
rp	Revised preliminary	*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
e	Estimated		(1) Zero, (2) no figure to be expected, (3) figure delayed or, (4) no change (when figures are expressed in percentages).
c	Corrected		
n.e.c.	Not elsewhere classified		
Rp's	Repurchase agreements		
IPC	Individuals, partnerships, and corporations		

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Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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