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JANUARY 1978

# FEDERAL RESERVE BULLETIN

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The Economic Expansion In 1977

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# FEDERAL RESERVE BULLETIN

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Board of Governors of the Federal Reserve System  
Washington, D.C.

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## 15 RECORD OF POLICY ACTIONS OF THE FEDERAL OPEN MARKET COMMITTEE

At its meeting on November 15, 1977, the Federal Open Market Committee decided that operations in the period immediately ahead should be directed toward maintenance of prevailing money market conditions, as represented by the then current level of the Federal funds rate. However, the members agreed that if growth in the aggregates should appear to approach or move beyond the limits of their specified ranges, the operational objec-

tive for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of  $6\frac{1}{4}$  to  $6\frac{3}{4}$  per cent. As to the annual rates of growth in *M-1* and *M-2* over the November–December period, the Committee specified ranges of 1 to 7 per cent and 5 to 9 per cent, respectively.

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The U.S. Treasury and the Board of Governors issued an announcement concerning joint intervention in the foreign exchange markets to check speculation and to re-establish order in those markets.

The results of a survey of foreign lending by large U.S. banks as of June 30, 1977, were made public by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors.

The Federal bank regulatory agencies issued a joint policy statement on January 17, 1978, concerning improper and illegal payments by banks and bank holding companies.

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Preliminary figures indicate that gross current earnings of the Federal Reserve Banks amounted to \$6.89 billion during 1977, an increase of 4.0 per cent from a year earlier.

The Board has approved the 1978 budgets of the 12 Federal Reserve Banks, permitting a 3 per cent increase over outlays anticipated for 1977.

Outline of procedures for processing of requests for copies of materials scheduled to be discussed at meetings of the Board that are open to public observation.

The proposed effective date of revisions in quarterly reports by State member banks of their condition and income has been postponed.

Comment has been invited on proposed plans to enhance and improve payments services to financial institutions and the public.

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# The Economic Expansion in 1977

*This article was prepared by James L. Freund of the National Income Section, Division of Research and Statistics.*

Expansion of economic activity was brisk from late 1976 to late 1977 with advances in aggregate demand widespread among sectors. Total employment rose at a near-record pace, and although the labor force also grew at an extremely rapid rate, unemployment had dropped significantly by the fourth quarter of 1977. Prices rose somewhat more during 1977 than 1976, in large part because of a steep increase in food prices early in the year. Higher energy costs continued to have an adverse effect on over-all economic activity; in particular, an increased volume of petroleum imports and higher oil prices were major factors in the shift of the Nation's net exports into deficit in 1977.

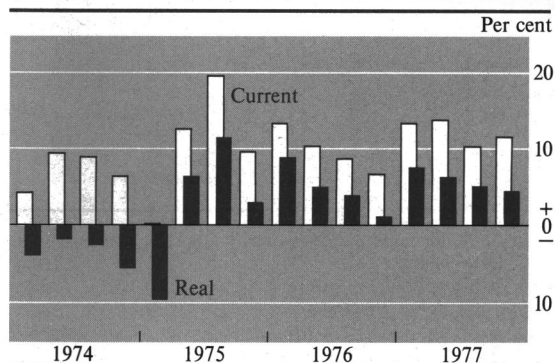
At the beginning of 1977 fundamental questions were raised as to the durability of the expansion. The unbalanced composition of growth—with consumer spending and inventory investment providing much of the strength—was a source of concern. The outlook for further gains in consumption was uncertain, with the saving rate at an unusually low level. Moreover, there were doubts whether spending on business fixed investment would gather momentum in light of factory operating rates that were still low and a persistent climate of uncertainty.

As the year unfolded, growth was marked by a pattern of uneven advances in domestic activity. Large gains occurred in the housing sector as construction activity rose sharply in response to strong underlying demands and an ample supply of mortgage funds. In the government sector, an upward shift in both State and local and Federal purchases also helped

to sustain growth in final sales. Further, following a sharp shift to inventory accumulation early in the year, a cautious posture by businesses kept stocks generally in line with sales.

The sectors of greatest concern—consumption and business fixed investment—also made important contributions toward maintaining over-all economic growth. Consumer spending advanced more moderately than gross national product as a whole in 1977. A strong surge in durable goods sales that boosted growth in the first quarter was followed by a midyear lull. However, renewed strength in consumption at year-end provided further momentum to economic growth. Business fixed investment provided substantial support during 1977, but gains moderated somewhat after a first-quarter surge that included a rebound from the effects of earlier strikes. At the end of the year, real capital spending by business remained below the pre-recession peak of early 1974, whereas at this point in previous expansions real capital outlays were typically well above earlier peak levels.

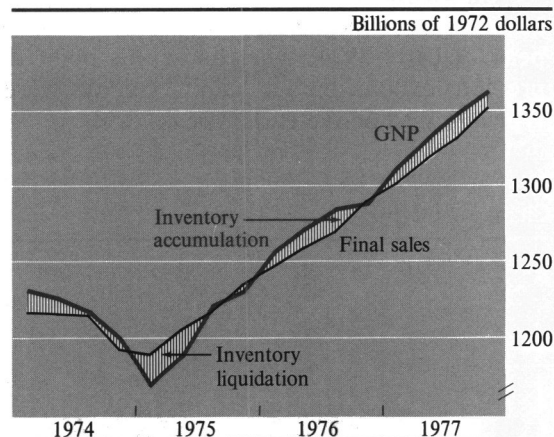
Change in GNP



Dept. of Commerce data, seasonally adjusted at compound annual rates. Real is in terms of 1972 dollars. 1977 Q4 estimated.

As 1977 came to a close, most indicators pointed to continued moderate growth over the near term. Consumer spending continued strong through the holiday season, and buyer sentiment remained at relatively high levels. In part because of this strength in sales, inventory investment moved lower at year-end, and a faster growth of stocks seemed likely in early 1978. The housing expansion continued to exhibit near-term strength as starts of new units continued to rise and as sales of existing units remained at record-setting levels. However, by the end of the year attention again centered on longer-term prospects for business fixed investment and personal consumption outlays. Surveys and commitments data suggested slower growth of investment outlays in 1978. In addition, both business and consumers were facing higher payroll taxes—which would damp growth of disposable income—in both January 1978 and January 1979. In view of these developments, the administration proposed reductions in both personal and corporate taxes designed to sustain these two critical components of aggregate demand.

GNP and final sales



Dept. of Commerce data, seasonally adjusted at annual rates. 1977 Q4 estimated.

## HOUSEHOLD SECTOR

Economic growth continued to be supported during 1977 by strong demands originating in the household sector. Such support was no-

table in the housing area, as sales and construction of single-family dwellings reached unusually high levels. Consumption outlays rose somewhat less rapidly in 1977 than during the two prior years but continued to provide considerable support to over-all growth.

## HOUSING

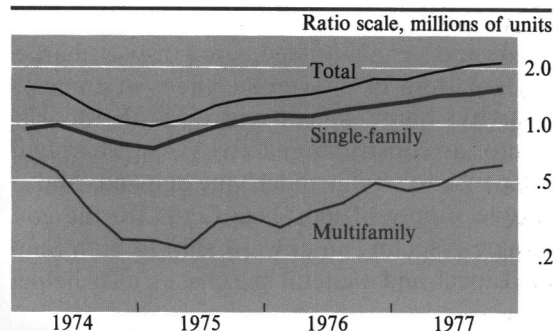
Throughout the recovery, housing activity has been very brisk, with especially large gains in the West and South. In 1977 continued strong demand led to record levels of sales for new and existing homes. This strength stimulated a continuous rise in housing starts that, together with heavy spending on additions and alterations, boosted real residential outlays 15 per cent during the year.

Employment and product demands spawned by the rise in residential investment were impressive. Employment in the construction industry—including both residential and nonresidential work—increased almost 10 per cent during the year. In addition, production of building supplies rose about 7½ per cent, generating large gains in employment within supplier industries.

The strong showing of residential construction activity in 1977 was facilitated by developments in financial markets. Net residential mortgage debt formation is estimated to have totaled a record \$98 billion, as lending by thrift institutions was supplemented by stepped-up commercial bank participation and by large issues of mortgage-backed, "pass-through" securities.

For the year as a whole private housing

Privately owned housing starts



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

starts totaled almost 2 million units. Starts of single-family homes rose about one-fourth from the 1976 volume to about 1.45 million units, reaching the highest level since 1955. In the multifamily sector, special Federally supported units—primarily under the Department of Housing and Urban Development's Section 8 Rental Assistance Program—accounted for about a fifth of all multifamily starts. Market conditions facing builders of units that were not Federally supported varied considerably across the country. In some areas low vacancy rates and rising rents provided the basis for moderate increases in rental housing starts, while elsewhere rents remained too low to justify much construction. Nationwide, multifamily starts totaled 535,000 units during 1977—an increase of 40 per cent from 1976 but still only approximately half the peak reached in 1972.

Activity in housing markets was particularly ebullient in the final quarter of the year. Combined sales of new and existing homes were at an annual rate of 4.8 million units, and single-family housing starts were at an annual rate of nearly 1.6 million units—the highest since the beginning of this series in 1959. Starts of multifamily units were at an annual rate of 635,000 units, almost 30 per cent above a year earlier. Outstanding mortgage lending commitments at thrift institutions were at a record level—about \$39 billion seasonally adjusted toward the end of 1977—which was sufficient to support high levels of homebuilding for some months.

## CONSUMPTION

Consumption spending rose unevenly last year with especially large increases in the first and last quarters and comparatively small gains in the middle quarters. The very sharp rise in consumer spending early in 1977 largely reflected two events: the auto industry strike of late 1976, which apparently had delayed auto purchases, and the unusually severe winter weather, which had widespread impacts on consumption of heating fuels and on some food prices. Late in the year, the strong growth of employment and disposable income, coupled with the improved rate of

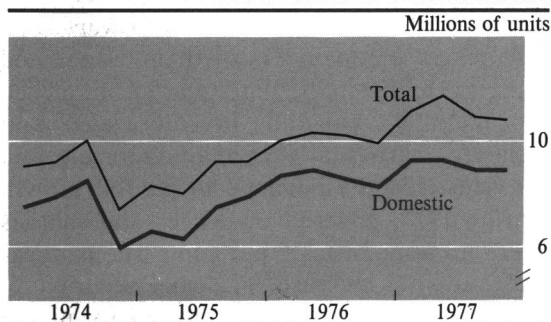
personal savings, provided support for a sharp upturn of consumption spending.

Purchases of durable goods rose at a rapid pace during the first quarter of 1977, as unit sales of automobiles jumped more than 10 per cent from the prior quarter. The strong sales pace early in the year was partly attributable to deferred purchases following the auto strike late in 1976. Auto sales rose further to an annual rate of 11.7 million units in the second quarter—the strongest quarterly pace since 1973. During that quarter, demand for autos appeared to shift strongly in the direction of foreign models—in part, perhaps, because the administration's energy proposals stimulated renewed interest in fuel-efficient cars. Sales of foreign model autos continued strong and for the year totaled 2.1 million, a record level.

Sales of domestic autos, at an annual rate of about 8.9 million units during the second half of 1977, were somewhat below manufacturers' anticipations, especially at year-end. With inventories building up, selected downward adjustments in production were instituted in November and December. Thus, prospects for this important sector were ambiguous at year-end.

Outlays for other consumer durable goods rose most strongly after midyear. Purchases of furniture and appliances, stimulated in part by record purchases of homes, rose at a 12 per cent annual rate during the last three quarters of the year. Outlays for luxury items such as jewelry and sporting goods, as well as for a wide variety of other "nonessential" durable goods, also rose briskly late in the year.

Auto sales



Ward's "Automotive Reports" data.

Consumers faced larger bills for essentials during the winter of 1976–77. Over-all consumption of heating fuels rose sharply in response to unusually cold weather east of the Rockies. At the same time, prices of fuels were rising sharply. Spending for natural gas, fuel oil, coal, and electricity was at an annual rate of nearly \$52½ billion in the first quarter, an increase of 22 per cent from a year earlier with more than half of the rise due to higher prices. With the return of more favorable weather, such spending fell to an annual rate of \$48½ billion in the second quarter.

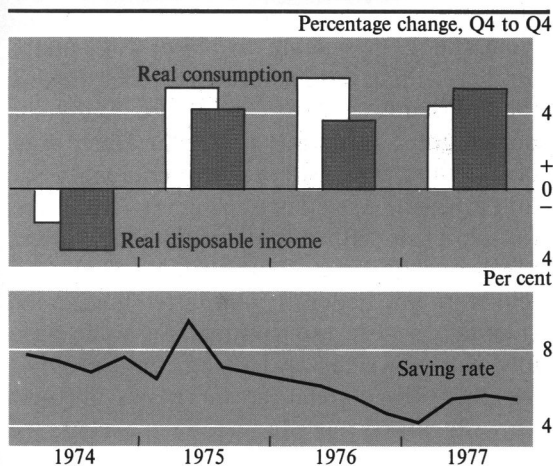
Consumer outlays for food rose sharply in the first quarter, in part because of steep increases in prices. Rising prices, which were only partially a result of weather damage to crops, persisted through the spring months. With utility and grocery bills large, spending on most other nondurable goods was not particularly ebullient early in the year. During the spring, as fuel bills eased and food price increases began to moderate, purchases of apparel moved into an upswing that was still strong at year-end.

Consumer surveys conducted near the end of 1977 indicated that confidence remained at a relatively high level. Further, with growth of disposable income quite strong and with personal tax cuts proposed, continued advances in consumer outlays appear to be in prospect for 1978.

## INCOME

An acceleration in income growth was supportive of household demand in 1977. Personal income rose 11¾ per cent during the four quarters of 1977—up from less than 10 per cent during 1976. Advances were quite sharp in the first half of the year as wages and salaries rose rapidly. Growth in wages and salaries slowed in the third quarter but picked up again at year-end. Private wages and salaries, particularly in manufacturing and services, led the advance in payroll growth during 1977; government wages and salaries were up a modest 7½ per cent. The midyear cost-of-living increase for social security recipients bolstered transfer payments in the

## Income, consumption, and saving



Dept. of Commerce data, seasonally adjusted at annual rates. Real is in terms of 1972 dollars. 1977 Q4 estimated.

second half of the year. And farm income, after declining for two quarters due in part to falling farm prices, contributed significantly to income growth at year-end because of stepped-up wheat price-support payments.

Although increases in Federal gift and social security taxes held down growth in disposable income early in the year, such income was strongly bolstered thereafter by a cut in Federal income tax rates. Lower withholding rates, which contribute directly to disposable income, were instituted in the second quarter. The reduction in withholding accounted for almost one-tenth of the growth of disposable income between the first and third quarters. Some of the growth in disposable income was used to rebuild consumer savings. The saving rate—which had reached a 26-year low in the first quarter, in part because of recently enacted estate and gift tax law revisions—rose moderately during the last three quarters.

Despite the large increase in disposable income, financial obligations of the household sector reached new highs relative to disposable income late in 1977 largely as a result of the record increase in home mortgage debt. Thus, while this sector was supportive of over-all activity during 1977, rising debt service requirements may narrow the proportion of disposable income available for discretionary spending in the future.

## BUSINESS SECTOR

Business investment advanced cautiously during 1977 as uncertainties concerning legislative developments as well as the prospects for economic growth and inflation continued to cloud the long-term outlook. Nonetheless, capital spending was comparatively strong during the year, and inventory imbalances were successfully avoided as production was, in general, quickly adjusted to the uneven pace of retail sales during the year.

## FIXED INVESTMENT

By the fourth quarter of 1977, real outlays for plant and equipment had risen almost 9½ per cent from a year earlier—well above the 1976 rise and the largest increase of the current expansion. The sharpest advances in outlays occurred in the first half and reflected purchases of motor vehicles following a pause in such buying during the fourth quarter of 1976, when strikes in the auto and farm equipment industries evidently interrupted normal purchasing schedules. Real capital outlays rose only moderately in the third quarter, as purchases of transportation equipment leveled off and construction of the Alaskan pipeline drew to a close. During the fourth quarter, however, growth of capital outlays strengthened again, reaching an 8.4 per cent annual rate.

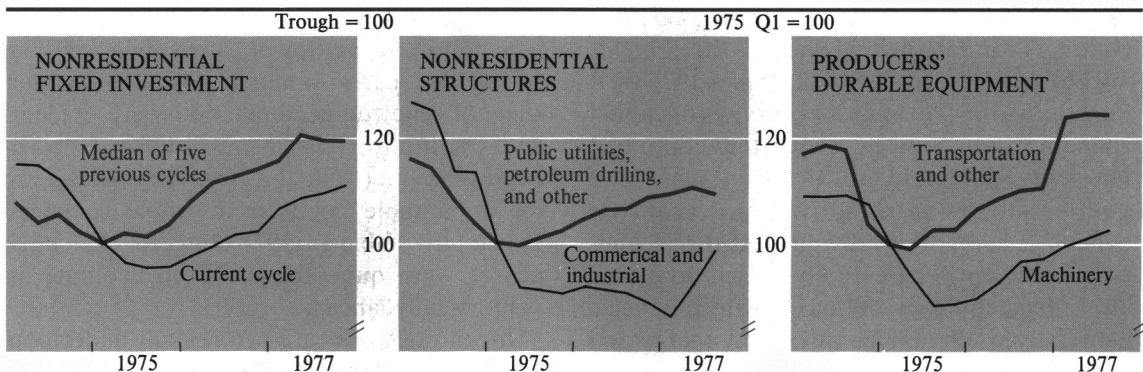
Continuing the pattern of recent years, spending for new equipment was the primary

source of strength for capital outlays in 1977; it rose 11 per cent over the year. Within the equipment sector, spending on machinery strengthened as the year progressed, although such outlays still did not account for the share of capital spending that historical experience would suggest. Total nonresidential construction advanced modestly during 1977—about 6 per cent—but commercial and industrial building activity appeared to gain strength as the year progressed, following 2 years of little change.

As was true in the four previous years, growth of outlays was largest in the manufacturing sector. Spending by producers of durable goods was particularly robust, led by gains in the motor vehicles sector—which retooled to reduce the size of many models—and in the machinery sector. Among producers of nondurable goods, relatively large increases were recorded by the petroleum and rubber industries. Capital spending by materials producers was damped by relatively low levels of capacity utilization and readily available foreign supplies at competitive prices. Among nonmanufacturing industries, a renewal of commercial investment and another year of large advances by utilities were partially offset by a sharp decline in the transportation sector due to the completion of the Alaskan pipeline.

Despite healthy gains during 1977, business fixed investment at year-end was still 3 per cent below its earlier peak; a more typical cyclical experience would have seen such

Capital outlays, constant dollars



Dept. of Commerce data, seasonally adjusted.

outlays almost 13 per cent above their previous peak. In part, this weakness can be attributed to earlier imbalances between expansion in capacity and growth in output. In the manufacturing sector, for example, capacity grew about 3 per cent a year during the 1973-76 period, whereas the level of factory output was about the same in both years. This increase in capacity, together with a comparatively moderate expansion of industrial production during 1977, left capacity utilization rates around 83 per cent at year-end, well below the levels normally recorded at this stage of an expansion and not much above the reading for late 1976. These low utilization rates probably have had a depressing effect on investment demand.

Other factors also contributed to the relatively modest recovery in investment spending. Continued uncertainty over tax and energy policies heightened the caution that already characterized longer-range investment plans. The weakness in stock prices pushed up the cost of capital and made the acquisition of existing capital relatively attractive. Financial developments outside of equity markets did not seem to be affecting capital spending in an adverse manner, however. And while the sharp advance in book-value profits in 1977 was partially attributable to the continued, distorting effect of inflation, the gap between internally generated funds and capital outlays remained unusually small over the course of the year.

Judging from the available indicators, capital spending appears likely to increase at a more moderate pace this year than in 1977. New orders for nondefense capital goods and contracts for commercial and industrial building both rose more slowly after mid-1977 than they had earlier. In addition, surveys of capital spending anticipations suggested continued but more moderate advances in plant and equipment spending during the year. Of course, it should be remembered that spending plans were progressively scaled up during 1977. This could be the case again this year, especially when ambiguities about energy and tax policies are clarified.

## INVENTORIES

Investment in business inventories proceeded cautiously in 1977 and inventory/sales ratios remained below historical averages in most sectors. Conservative inventory policies represented a continuation of attitudes developed earlier in the recovery.

Inventory accumulation picked up sharply in the first quarter of 1977 after the abrupt shift to liquidation that had taken place in the final quarter of 1976. There were further advances in the second and third quarters in response to gains in final demand. At year-end, however, the pace of accumulation abated considerably as final sales strengthened. The manufacturing sector rebuilt inventories at a rapid pace in the first half of 1977, reflecting an upswing in the nondurable goods sector. In the second half such accumulation moderated again. Inventory investment in the trade sector remained at generally advanced levels throughout the year. Trade accumulation was strongest in nondurable goods in the first quarter, but as the year progressed trade accumulation in durable goods became quite rapid.

By type of good, accumulation in durable goods—which had slowed dramatically in the fourth quarter of 1976—was fairly steady during 1977. The inventory/sales ratio for the total durable goods sector was little changed over the year, remaining below its average for the last decade. By contrast, inventory activity in the nondurable goods sector fluctuated widely over the year as firms adjusted production quickly to changes in sales. A rapid build-up of stocks during March and April was followed by lower investment in late spring and early summer. By late summer signs of renewed accumulation were evident, and production was again adjusted downward. The fact that the inventory/sales ratio for nondurable goods as a whole remained essentially stable in 1977 suggests that businesses were quite successful in avoiding inventory imbalances.

Inventories appeared to remain under control at the close of the year. The rate of

inventory accumulation was apparently reduced in the fourth quarter from the rates maintained over the second and third quarters of the year. Indeed, stocks might be a bit on the lean side in some sectors; hence, there could be some pick-up in accumulation during early 1978.

## GOVERNMENT SECTOR

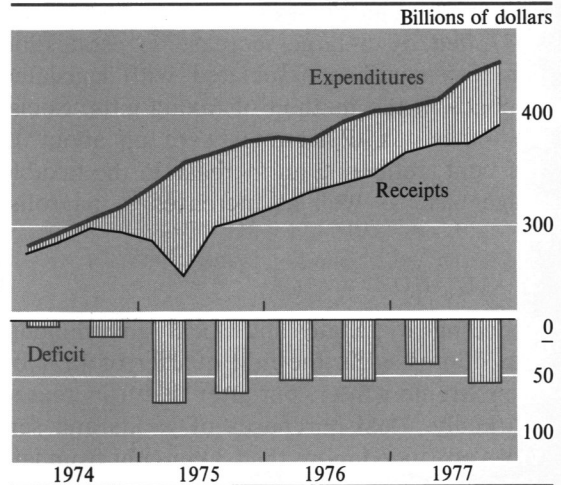
Activity picked up in the government sector during 1977. The Federal Government initiated efforts to stimulate the economy through tax cuts, countercyclical grants-in-aid, and increased purchases. State and local governments increased their spending somewhat; nevertheless as a group they recorded a record-setting operational surplus. Thus, the over-all deficit for the entire government sector was down about \$15 billion from the previous year.

### FEDERAL

The Federal Government continued to run a substantial deficit in 1977, reflecting in part planned fiscal initiatives. Spending was buoyed by grants-in-aid to States and localities to implement various countercyclical spending programs, and receipts were held down by tax cuts embodied in the Tax Reduction and Simplification Act of 1977. The Federal budget deficit, on a national-income-accounts (NIA) basis, was about \$50 billion during calendar year 1977—\$4 billion less than the previous year.

Real Federal purchases including both defense and nondefense rose slightly more than 7 per cent during 1977. This contrasts with the small decline recorded a year earlier and was the largest advance since the Vietnam war build-up in the mid-1960's. National defense purchases were particularly strong, rising more than 11 per cent in nominal terms. Nondefense spending was bolstered by a \$4½ billion (annual rate) purchase of agricultural products by the Commodity Credit Corporation in the third quarter that followed a sharp drop in farm prices at midyear. The Federal

Federal receipts and expenditures



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

civilian work force remained essentially unchanged in 1977 and, thus, continued below the peak level reached in 1968.

Among other types of Federal expenditures, total grants-in-aid to State and local governments increased as a result of expansion in public works, public employment, and the countercyclical revenue-sharing programs. The largest increases in these grants occurred around midyear and marked the initial spend-out from the programs recommended by the administration in February. Substantially higher payments to farmers were mainly responsible for a sharp increase in subsidies (less current surplus) during 1977.

As has often occurred, spending during fiscal year 1977 fell short of administration and congressional expectations. After allowing for the withdrawal of the proposed income tax rebate, the shortfall in expenditures for the entire year was around \$11½ billion. The 1977 shortfall was most noticeable in defense spending for procurement and construction and in countercyclical programs in which delays occurred both in congressional enactment and in agency implementation.

Total receipts in the Federal sector rose more than 12 per cent in 1977—slightly less than the increase a year earlier. The slowing

resulted from planned tax cuts. Personal tax collections recorded a twelve per cent gain in 1977, led by a large increase in estate and gift levy receipts associated with legislated changes in the method of taxing gifts. Social insurance tax collections were up about 13 per cent, reflecting an increase in the taxable wage base as well as increases in payrolls.

### STATE AND LOCAL

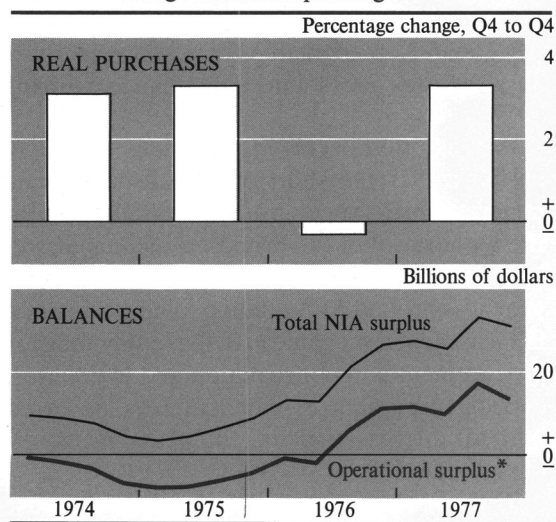
Spending by State and local governments was depressed in the first quarter of 1977 by the extreme winter, but after that it increased markedly. Real purchases of goods and services advanced more than 3 per cent from late 1976 to late 1977 after a slight decline in 1976. Renewed growth in hiring bolstered spending on compensation, in large part due to increases in Federally subsidized public service jobs in the second half of the year. Between the fourth quarter of 1976 and the fourth quarter of 1977, over-all employment in this sector increased by more than 350,000 jobs; this compares with an advance of just over 200,000 positions in the corresponding period a year earlier. A healthy rise in educational employment contributed to the over-all

growth, notwithstanding declining total enrollments.

Real spending by States and localities on new structures did rise somewhat over the four quarters of 1977, but much of the gain was the result of a recovery from the depressed levels to which activity had fallen during the severe winter. Despite an infusion of countercyclical Federal aid for public works projects and record bond volume in 1977, real capital spending late in the year was about one-fifth lower than the level 3 years earlier.

Total receipts rose about 11 per cent during the year. The advance reflected increases in local tax bases associated with the general economic expansion as well as sharply higher Federal grants-in-aid during the second half of the year. State and local governments held spending below incoming revenues throughout the year. As a result, the operational balance—which excludes net savings by social insurance funds—showed a record annual surplus of more than \$13 billion in 1977. This is more than double the level of the surpluses recorded at the outset of general revenue sharing in 1972 and 1973. While the surplus during 1977 reflected to some extent unspent countercyclical grants, it also manifested an attitude of fiscal conservatism. Many governments apparently used unspent revenues to rebuild cash balances that had been drawn down by several years of fiscal stress.

State and local government spending



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

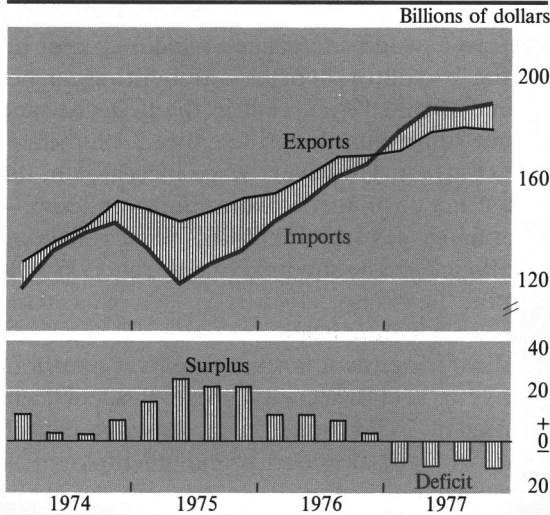
\*Excludes net savings by social insurance funds.

### INTERNATIONAL

U.S. net exports of goods and services showed a deficit of \$9 billion in 1977 on an NIA basis—a sharp reversal from the \$7.8 billion surplus recorded in 1976. The swing into deficit was the result of a marked decline in the merchandise trade balance that was only partially offset by rising net investment income. Merchandise imports rose almost \$27 billion—oil imports, in particular, were up sharply—while merchandise exports rose a moderate \$5½ billion.

Exports of merchandise from the United

## U.S. foreign transactions



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

States were constrained by slow growth in the economies of our major trading partners. The weakness of recoveries in capital investment in both developing and developed countries was a major depressant in this regard since it particularly limited growth of demand for machinery and industrial materials, which account for about half of our merchandise exports. The volume of agricultural exports in 1977 continued the strong trend established in 1976, but the value of these exports declined in the latter half of the year as grain prices fell sharply.

The sharp rise in merchandise imports in 1977 reflected a broad range of developments. A major factor was the substantial rise in imports of petroleum. The bill for imported oil was \$46 billion—up about 30 per cent from 1976. Increased consumption and substantial inventory building of petroleum were met almost entirely by imports. Nonfuel imports rose almost 20 per cent, paced by industrial supplies, autos and related equipment, and consumer goods. This increase reflected demands generated by the recovery of the domestic economy as well as the effect on import prices of excess supplies produced by slack economies abroad. At the same time, sharply higher prices for coffee and other agricultural commodities provided a signifi-

cant boost to the value of imports in 1977.

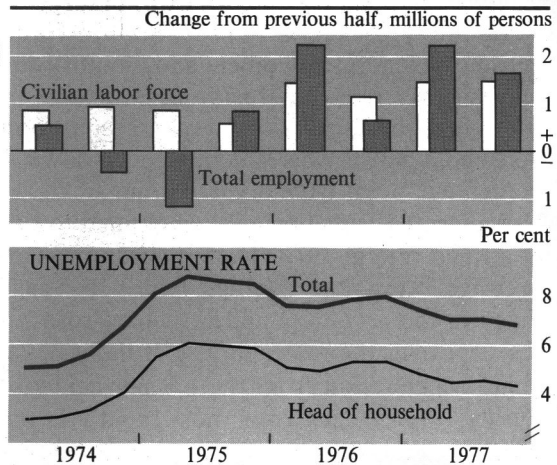
Net exports of services and military transactions (NIA defined) rose \$5 billion in 1977 to \$22 billion. The importance of these transactions has increased over the past several years as income from U.S. investment abroad and sales of military equipment to foreign governments have grown.

## LABOR MARKET

With over-all demand strong during 1977, employment and earnings rose sharply, and unemployment declined. Gains were widespread among the various occupation and industry groups as total employment recorded its largest relative increase—4.4 per cent—in more than 20 years. Nonfarm payroll employment rose 3.1 million from late 1976 to late 1977. Service-producing industries—trade, miscellaneous services, and finance—provided the largest and steadiest growth in employment, advancing about 2 million. State and local governments added 360,000 jobs, with more than half the net increase in Federally subsidized positions.

With industrial production continuing to advance at a healthy, although somewhat uneven, rate, about 700,000 jobs were added to manufacturers' payrolls during 1977. By

## Labor force employment and unemployment



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

year-end the factory workweek and average overtime hours had each risen 0.4 hour. New hiring was concentrated in the durable goods sector as demand for motor vehicles, business equipment, and consumer durable goods picked up. By contrast, growth in most non-durable goods industries was modest over the year. Finally, for the first time in the expansion period, employment in the construction industry posted a significant gain.

Although rapid growth in the work force is typical of expansionary periods, the 3.1 per cent increase in 1977 was one of the largest since post-World-War-II demobilization. Extending and enlarging the patterns of recent years, adult women and teenagers entered the labor force in near-record numbers and accounted for three-fourths of the increase during the year. The labor force participation rate of adult women rose 1.2 percentage points to 48.6 per cent in the fourth quarter of 1977, while teenage participation had jumped 2.6 percentage points to 57.0 per cent by the end of the year. The participation rate of adult males was essentially unchanged.

Unemployment fell from 7.8 per cent of the labor force in the fourth quarter of 1976 to 6.6 per cent in the fourth quarter of 1977. Although unemployment declined for most demographic and economic groups, the reduction was concentrated among experienced workers who had lost their jobs. Three-quarters of a million "job losers" were re-employed over the year. Conversely, at year-end joblessness among labor force entrants—generally women and youth—was only slightly reduced. In the final quarter of the year the unemployment rate among household heads was 4.2 per cent—down 1 percentage point from a year earlier.

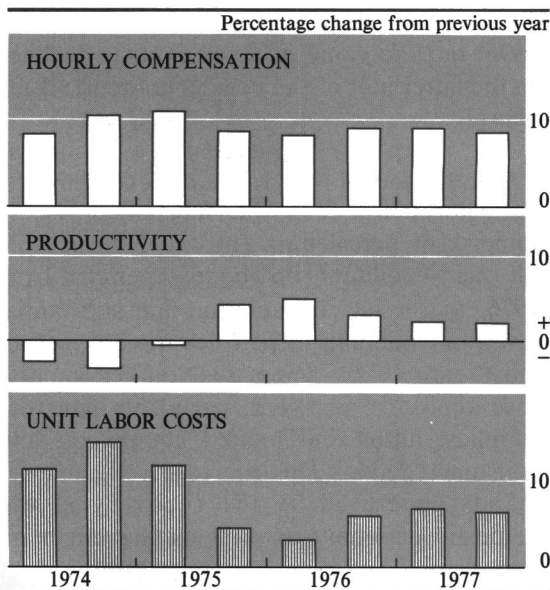
Wages and fringe benefits continued to rise at a rapid rate in 1977. The broadest measure of wage rates—the average hourly earnings index in the private nonfarm sector—rose 7.6 per cent over the four quarters of the year—a slight acceleration from the 6.8 per cent rise during 1976. Wages grew most rapidly in the service sector and in those manufacturing industries in which major collective bargaining

agreements were negotiated. Most major contracts closely resembled the steel pact, with effective wage increases—including cost-of-living escalator clauses—amounting to between 10 and 12 per cent in the first year and about 30 per cent over the entire 3-year life of the contract. However, wage increases in the construction industry were more moderate—averaging 4.8 per cent—in part reflecting continued high unemployment rates in this sector.

Hourly compensation—which includes the costs of fringe benefits and employer contributions to social security—rose 8.6 per cent during 1977. First-quarter increases in payroll taxes for social security and unemployment compensation, as well as an increase in the minimum wage, contributed importantly to the rise.

At the same time, growth in productivity decelerated in 1977. Over the four quarters of 1977, increases in productivity in the private nonfarm business sector averaged about 2¾ per cent—down from about a 3¼ per cent rise recorded during 1976.

Productivity and costs



Dept. of Labor data for the private nonfarm business sector, seasonally adjusted.

## COSTS AND PRICES

The combination of large increases in compensation and slower growth of productivity resulted in a rise in unit labor costs of about 5¾ per cent during 1977. This was associated with an underlying inflation rate that, excluding the volatile effects of food and energy prices, remained for a second year in the neighborhood of 6 per cent.

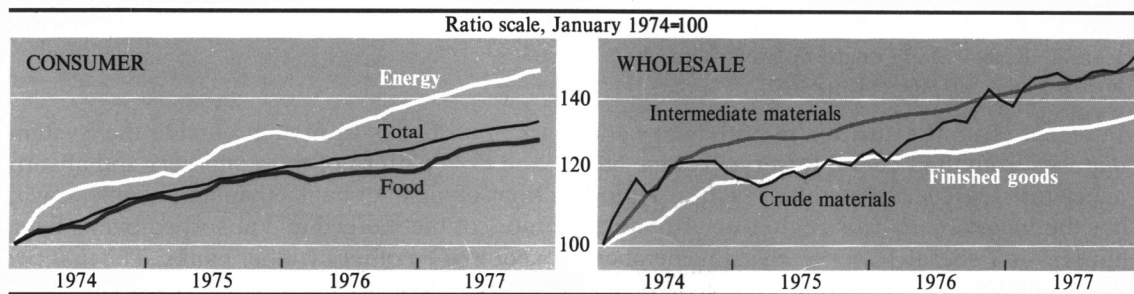
Over-all prices rose more during 1977 than during 1976, with most broad measures of price change rising from 6 to 6½ per cent, up from around 5 per cent during 1976. As has been the case in recent years, developments in food markets were a crucial element in the pattern of price movements. Food prices rose sharply in the first half of 1977, in part reflecting the effects of weather-related interruptions of supplies. Over the summer months—as supplies became more abundant—food prices at wholesale fell sharply, and by the third quarter increases in consumer food prices had abated.

The consumer price index rose about 6½ per cent during 1977 compared with about a 5

per cent increase during 1976. Exclusive of food and energy items, however, the pace of inflation was about the same in both years—6.4 per cent in 1976 and 6.1 per cent in 1977. The most rapid increases in 1977 were during the first half when, in addition to the 12 per cent annual rate of increase in food prices, used car prices rose markedly. The rate of rise moderated in the second half of the year as food prices rose only slightly, used car prices fell very sharply, and smaller increases were registered for services.

Wholesale prices rose about 6 per cent during 1977—after a 4.1 per cent rise during 1976. The entire acceleration reflected developments in prices of farm products and processed foods and feeds. Wholesale prices of these groups, which had declined during 1976, rose about 3½ per cent during 1977. By contrast, wholesale prices of industrial commodities rose a bit more than 6½ per cent during both 1976 and 1977. Prices of crude nonfood materials continued to advance rather rapidly, rising more than 8 per cent over the year. Prices of producer finished goods rose about 7¼ per cent. □

### Prices



Dept. of Labor data, seasonally adjusted.

## Staff Economic Studies

*The research staffs of the Board of Governors of the Federal Reserve System and of the Federal Reserve Banks undertake studies that cover a wide range of economic and financial subjects, and other staff members prepare papers related to such subjects. In some instances the Federal Reserve System finances similar studies by members of the academic profession.*

*From time to time the results of studies that are of general interest to the economics profession and to others are summarized—or they may be printed in full—in this section of the Federal Reserve BULLETIN.*

*In all cases the analyses and conclusions set forth are those of the authors and do not necessarily indicate concurrence by the Board of Governors, by the Federal Reserve Banks, or by the members of their staffs.*

*Single copies of the full text of each of the studies or papers summarized in the BULLETIN are available in mimeographed form. The list of Federal Reserve Board publications at the back of each BULLETIN includes a separate section entitled "Staff Economic Studies" that enumerates the papers prepared on these studies for which copies are currently available in mimeographed form.*

### STUDY SUMMARIES

#### AN ANALYSIS OF FEDERAL RESERVE SYSTEM ATTRITION SINCE 1960

JOHN T. ROSE—Staff, Board of Governors  
*Prepared as a staff paper in late 1977*

In recent years the attrition of both banks and deposits from the Federal Reserve System has accelerated. Because of this, much attention has been given to the regulatory/financial burden of Federal Reserve System membership and to the implications of membership attrition for monetary policy. Little attention, however, has been directed to the various structural factors, which, in the aggregate, produce the observed attrition phenomenon. The present study examines these factors as they relate to System attrition from 1960 through mid-1977.

The first part of the study focuses on attrition associated with changes in the number of member and nonmember banks. Principal contributing factors include (1) a pattern of net withdrawals from the System, (2) a tendency of

*de novo* banks to remain outside the System, and (3) a pattern of more mergers and absorptions of member banks than nonmembers, with most of the merged and absorbed banks being acquired by other member banks. The first two factors have contributed to attrition of both member banks and member bank deposits. However, in recent years these two factors have been attenuated somewhat by less withdrawal activity on the part of subsidiary banks of multibank holding companies as well as by the preference of holding companies for chartering *de novo* member banks. The third factor—bank mergers and absorptions—also has contributed to attrition of member banks, but it has served as an offset to member bank deposit attrition. In fact, only since the late 1960's has deposit attrition from net System

withdrawals been sufficiently large to exceed the net flow of nonmember deposits into the member bank sector through acquisition.

Still, as the second part of this study demonstrates, the bulk of deposit attrition has not been caused by net System withdrawals. Rather, it has been due to a more rapid rate of internal deposit growth by nonmember banks—including the growth of *de novo* nonmember banks chartered since 1960—than member banks, resulting in a relative increase in the average size of nonmember banks. Moreover, since the late 1960's, deposit attrition due to differences in internal growth between member and nonmember banks has increased. This fact, along with the increase in deposit attrition from net System withdrawals and a smaller offset from bank mergers and absorptions, accounts for the general acceleration of deposit attrition from 1960 to 1977.

These developments have implications for the future pattern of System attrition. First,

without any reduction in the burden of System membership, the pattern of net System withdrawals, as well as the preference of *de novo* banks for nonmember status, may be expected to continue and thereby to produce further decreases in both the number of banks and the amount of deposits in the System. Second, a further reduction in the offsetting effect of bank mergers and absorptions on deposit attrition can be expected to the extent that the number and average size of nonmember banks continue to increase relative to member banks and that such a development continues to lead to further relative growth in bank acquisition activity by the nonmember sector. Finally, the significant contribution to deposit attrition resulting from faster internal deposit growth by nonmember banks than by member banks suggests that deposit attrition will continue in the future, even without additional changes in the number of member and nonmember banks. □

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## PROBLEMS IN APPLYING DISCRIMINANT ANALYSIS IN CREDIT SCORING MODELS

ROBERT A. EISENBEIS—Staff, Board of Governors

*Presented at the Financial Management Association Meetings, October 14, 1977*

Since the mid-1960's financial institutions and other creditors with increasing frequency have applied credit scoring and related loan review procedures to appraise the creditworthiness of loan applicants. The passage of the Equal Credit Opportunity Act and promulgation of the Federal Reserve's Regulation B to implement this act place an important burden on institutions that are subject to the regulation and that employ screening models to ensure that their procedures are, statistically and methodologically sound.

This paper reviews the types of credit scoring models that have been described in various journals. It gives particular attention to the methodological approaches that have been employed and the statistical problems associated with those models using discriminant

analysis techniques. The paper points out that the statistical scoring models discussed in the literature have focused primarily on the minimization of default rates, which is in fact only one dimension of the more general problem of granting credit. To the extent that for the lender profit maximization or cost minimization is, or should be, the objective of a scoring model, then most of the applied literature seems incomplete. The paper also shows that, even ignoring these shortcomings, the models used typically suffer from statistical deficiencies. And it finds that some of the problems of these models seem to be inherent in the discriminant analysis techniques employed or seem to be hard to remedy, given the state of the art concerning estimation and sampling procedures. □

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# Record of Policy Actions of the Federal Open Market Committee

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MEETING HELD ON NOVEMBER 15, 1977

## Domestic Policy Directive

The information reviewed at this meeting suggested that growth in real output of goods and services—which had slowed to an annual rate of 3.8 per cent in the third quarter, according to preliminary estimates of the Commerce Department—was picking up in the current quarter. At the same time the rise in average prices, as measured by the fixed-weighted price index for gross domestic business product, appeared to be stepping up somewhat from the annual rate of 5.2 per cent estimated for the third quarter. Staff projections suggested that growth in real GNP would continue at a moderate, although gradually diminishing, pace throughout 1978. It was also expected that the rate of increase in prices would remain high.

The staff estimate of a pick-up in growth of real GNP in the current quarter was attributable to expectations of accelerated expansion in final sales of goods and services, reflecting indications of renewed strength in consumer spending for both durable and nondurable goods, in business fixed investment, and in residential construction. It was anticipated that business inventory accumulation would remain near the rate of the second and third quarters.

The staff projections of growth in real GNP during the year ahead reflected expectations that the expansion in business capital outlays would be sustained; that growth in consumer spending would remain moderate; that increases in State and local government purchases of goods and services would continue to be sizable; that the expansion in residential construction activity would taper off as the period progressed; and that the rise in Federal purchases of goods and services would be smaller than over the past year. The projections implied a gradual further decline in the unemployment rate over the year ahead.

In October industrial production expanded 0.3 per cent, almost the same as in September, owing in part to an increase in automobile assemblies and to a large rise in coal output after the striking miners had returned to work. Capacity utilization in manufacturing was estimated to have remained at about 83 per cent; in both the materials-producing and the advanced processing industries, utilization rates were close to their levels in the second and third quarters. For the former group of industries, the rate was about 10 percentage points below the high reached in the preceding period of business expansion.

Total nonfarm payroll employment expanded in October, although by considerably less than in September. Growth in employment in the service-producing industries slowed; in manufacturing both employment and the length of the average workweek of production workers changed little. Total employment, as measured by the survey of households, also increased less than in September, and the unemployment rate edged up from 6.9 to 7.0 per cent. From April through October the unemployment rate had fluctuated between 6.9 and 7.1 per cent.

The pace of expansion in wage and salary disbursements and in total personal income picked up in September, the latest month for which data were available. In the third quarter as a whole, the gain in total personal income in current dollars was less than that in the first two quarters of 1977, but in real terms it was about equal to the average gain in the first two quarters.

The dollar value of retail sales had risen 1.8 per cent in October, according to the advance report. Moreover, sales estimates for August and September were revised upward substantially—resulting in an increase of 1.5 per cent from the second to the third quarter, rather than the 0.3 per cent that had been reported earlier.

Unit sales of new autos—domestic and foreign models—rose about 5 per cent in October, after having declined more than 10 per cent in September. At an annual rate of 10.9 million units, the level of sales in October was the same as in the third quarter but somewhat less than in the second quarter.

Private housing starts were at an annual rate of slightly more than 2 million units in September, virtually unchanged from August. For the third quarter as a whole, starts were almost 8 per cent more than for the second quarter and at the highest level since

1973. Nearly three-fourths of the gain in the third quarter was accounted for by starts of multifamily units.

The latest Department of Commerce survey of business plans, taken in late July and August and published in early September, suggested that spending for plant and equipment would be 13.3 per cent greater in 1977 than in 1976 and that the expansion in spending would be somewhat less in the second half of the year than in the first half. Private surveys suggested a somewhat smaller increase in capital outlays in 1978 than in 1977.

Manufacturers' new orders for nondefense capital goods advanced sharply in September, bringing the total for the third quarter up to the second-quarter level. The machinery component of such orders—generally a better indicator of underlying trends in demand for business equipment—expanded about 5 per cent in the third quarter. At the same time contract awards for commercial and industrial buildings—measured in terms of floor space—rose about 10 per cent to a level 30 per cent higher than in the third quarter of 1976.

The index of average hourly earnings for private nonfarm production workers advanced at a fast pace in October. The rate of increase over the first 10 months of the year was about 8 per cent, compared with a rise of about 7 per cent over the 12 months of 1976.

The wholesale price index for all commodities, which had turned up in September after 3 months of little change, rose sharply in October. Average prices of farm products and foods advanced appreciably, after having declined over the preceding 4 months. The rise in average prices of industrial commodities in October was a little less than in September but about equal to the rate of increase over the past year.

In September the consumer price index rose at an annual rate of about 4 per cent, the same as over the preceding 2 months but considerably less than during the first half of 1977. From June to September retail prices of foods increased only about 0.4 per cent, in contrast with a rise of nearly 7 per cent over the first 6 months of the year. The rise in average prices of commodities other than foods and of services also slowed during the third quarter.

The trade-weighted value of the dollar—which had declined about 1½ per cent from late September to mid-October—

depreciated about 1 per cent further over the period to mid-November, reflecting mainly appreciation of the Japanese yen, of the Swiss franc, and of the U.K. pound. Over the period, moreover, foreign central banks purchased a substantial amount of dollars, even though on October 31 the U.K. authorities allowed the pound to float upward. The downward pressure on the dollar was associated with continuing concern about the deficit in the U.S. current account, especially as compared with the surpluses in the current accounts of several other industrial countries.

The U.S. foreign trade deficit declined somewhat in September, reflecting a sharp increase in exports that was attributable in large part to temporary factors—specifically, anticipation of the strike by longshoremen that began on October 1 and a rebound in shipments of coal from a strike-depressed level in August. For the third quarter as a whole, the deficit was about the same as for the second quarter.

At U.S. commercial banks, growth in total credit accelerated in October from the relatively slow pace recorded in September. The pick-up reflected a vigorous expansion in bank lending that was offset only in part by a further reduction in holdings of Treasury securities.

Growth in business loans at banks was especially strong in October, following little change in September. To some extent the monthly changes appeared to reflect a shift in the seasonal pattern that had not yet been captured in adjustment factors; the average increase over the 2 months represented a continuation of relatively strong growth. The outstanding volume of commercial paper issued by nonfinancial corporations declined in October by the same amount that it had in September. Nevertheless, business credit expansion through these two sources was brisk over the 2-month period.

Growth in the narrowly defined money stock ( $M-1$ ) accelerated in October to an annual rate of 12 per cent. However, data for early November suggested a sharp slowing of growth.

Growth in  $M-2$  also picked up during October and then slowed again in early November. In October expansion in the total of interest-bearing deposits included in  $M-2$  was maintained at about its September pace, although the key components of this total showed divergent changes. Inflows of savings deposits to banks

slowed appreciably as yields on competitive market securities rose further above the ceiling rate on savings deposits, and the rate of expansion in small-denomination time deposits changed little. However, the rate of expansion accelerated for nonnegotiable, large-denomination time deposits, which are not subject to interest rate ceilings. In association with the increase in loan demand, banks also expanded the outstanding volume of negotiable, large-denomination CD's (not included in *M-2*) by the largest amount for any month in nearly 3 years.

Growth in *M-3* changed little in October. Inflows of funds to nonbank thrift institutions slowed somewhat from the strong pace of the preceding 2 months, offsetting the effect on *M-3* of the acceleration of the expansion in *M-1*.

At its October meeting the Committee had decided that operations in the period immediately ahead should be directed toward maintaining about the prevailing money market conditions, as represented by a weekly-average Federal funds rate of  $6\frac{1}{2}$  per cent, provided that *M-1* and *M-2* appeared to be growing over the October–November period at annual rates within ranges of 3 to 8 and  $5\frac{1}{2}$  to  $9\frac{1}{2}$  per cent, respectively. However, the members also had agreed that if growth in the aggregates appeared to approach or move beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of  $6\frac{1}{4}$  to  $6\frac{3}{4}$  per cent.

Immediately following the meeting, incoming data had suggested that over the October–November period *M-1* and *M-2* would grow at rates within their specified ranges. Accordingly, the Manager of the System Open Market Account sought to maintain the Federal funds rate at around  $6\frac{1}{2}$  per cent. In late October, however, additional data suggested that *M-1* and *M-2* were growing at rates approaching or moving beyond the upper limits of their ranges. Therefore, the Manager sought a slight firming in the funds rate. Still later, available data again suggested that growth in both aggregates would be within the ranges; hence the Manager's objective for the funds rate was returned to  $6\frac{1}{2}$  per cent. During the inter-meeting period the funds rate generally fluctuated between  $6\frac{1}{2}$  and  $6\frac{5}{8}$  per cent, and it was at the lower rate in the last few business days before this meeting of the Committee.

Fluctuations in other market interest rates were larger than those

in the funds rate, owing chiefly to changes in the perceptions of market professionals concerning the probable course of monetary policy. But on balance over the period, changes in interest rates were quite small; short- and medium-term rates generally declined a little, and changes in bond yields were mixed. In late October most large commercial banks raised the rate on loans to prime business borrowers from  $7\frac{1}{2}$  to  $7\frac{3}{4}$  per cent. A few major banks, located chiefly on the west coast, held their prime rate at  $7\frac{1}{2}$  per cent.

On October 25 the Board of Governors announced its approval of actions by directors of all 12 Federal Reserve Banks raising the discount rate from  $5\frac{3}{4}$  to 6 per cent, effective October 26. In announcing the approval, the Board stated that the action was taken in recognition of increases that had occurred in other short-term interest rates and that it would bring the discount rate into closer alignment with short-term rates generally. The Board also stated that the increase would reduce the incentive for member banks to borrow from the Federal Reserve. Member bank borrowing had increased to a daily average of more than \$1.8 billion during the week ending October 19, compared with an average of \$337 million 5 weeks earlier. In the week ending November 9, daily-average borrowings were down to \$887 million.

Major indexes of stock prices declined to new lows for 1977 during the initial weeks of the inter-meeting period, but then rallied in early November. At the time of the November meeting the indexes were about 5 per cent above their 1977 lows.

In November, in connection with its quarterly refinancing, the U.S. Treasury refunded \$2.4 billion of maturing debt held by the public; sold \$4.1 billion of additional securities to the general public for cash; and sold \$700 million of new securities directly to foreign central banks for cash. Securities issued to the public in this operation included \$3.3 billion of 3-year notes, sold at an average yield of 7.24 per cent; \$2.0 billion of 10-year notes, sold at an average yield of 7.69 per cent; and \$1.3 billion of 30-year bonds, sold at an average yield of 7.94 per cent. At the time that plans for the November refinancing were announced, the Treasury reported that its cash-borrowing needs in the fourth quarter were expected to total \$18 $\frac{3}{4}$  billion.

Gross public bond offerings by nonfinancial corporations de-

clined in October. However, the total volume of new corporate bond issues was sustained by unusually large offerings by financial firms, including several large issues of mortgage-backed bonds.

In October the volume of mortgage lending apparently remained close to its unprecedented third-quarter pace. The increase in mortgage loans at commercial banks was almost as large as the record monthly-average gain in the third quarter; and net acquisitions of mortgage loans at savings and loan associations were probably about maintained, even though inflows of deposits to these institutions slowed somewhat. Outstanding mortgage commitments of the associations had risen to a record level at the end of September, and in October these institutions increased their reliance on borrowings from the Federal home loan banks and on the sale of mortgage-backed bonds. Between mid-October and mid-November the average interest rate on new commitments for conventional home mortgages at savings and loan associations changed little.

In the Committee's discussion of the economic situation, the members agreed that the staff projections—suggesting that growth in real GNP would continue at a moderate, although gradually diminishing, pace throughout 1978—were reasonable. There were, however, some shadings of view about prospects for the economy.

Two members suggested that the outlook was potentially stronger than that implied by the staff's projections. One of these members remarked that some of the uncertainties that had plagued this business expansion were being cleared up. In his judgment a reasonably good fourth quarter, which he was inclined to expect, could have a favorable influence on business and consumer attitudes; and that development, in turn, could affect business activity in 1978. The other member observed that there was a real possibility that 1978 would prove to be a very good year, particularly if administration statements were of a kind that tended to strengthen business confidence. In a related comment, another member observed that business decisions were being influenced by uncertainty generated not only by Federal tax and energy policies but also by expectations of further inflation.

Two members expressed the view that while the staff projections were not unreasonable, any deviations from them were more likely to be in the direction of shortfalls than of overshoots—particularly

in the latter part of the projection period. One of these members remarked that economic policy-makers, including the Federal Reserve, would need to act if any marked slowing in the rate of economic growth appeared likely to develop. However, in his judgment it was too early to reach such a conclusion. In this connection, he noted that there seemed to have been a general tendency among economic forecasters in recent years to underestimate growth rates by progressively larger amounts for more distant periods. The other member who thought the staff's projections were on the high side of the range of possibilities observed that there was ample time for new developments to lead to improved prospects for the second half of 1978. At the moment, however, he did not find such developments to be clearly in prospect.

It was noted during the discussion that, according to projections of the Federal budget on a "high employment" basis, fiscal policy would move from a highly stimulative stance in the second half of 1977 to approximate neutrality by the end of 1978, unless some new fiscal initiatives were undertaken. It was also noted that sustained growth in spending by State and local governments was likely to contribute to the strength of the expansion, but that the foreign trade sector would probably be a source of weakness.

It was suggested that prospects for business capital spending were a key element in the economic outlook. One member observed that the underlying need for additions to capacity might soon have an increasing impact on spending for plant and equipment—a greater impact than implied by the recent private surveys of business spending plans—especially if proposals for reductions in taxes should prove to be reasonable and if business confidence should improve. Another member remarked that enough time had elapsed since the culmination of the recession in early 1975 for businessmen to conclude that profit opportunities had been neglected and for them to become more willing to take risks on longer-term commitments. This member added, however, that he expected uncertainties to persist throughout 1978, in part because of a bulge in the rate of inflation early in the year that in his opinion would be produced mainly by recent and prospective Federal legislation.

Other comments about the outlook included the observation by

one member that the rate of economic growth projected by the staff for late 1978, although somewhat below the rates projected for earlier in the year, was still quite satisfactory. Another member remarked that he expected the growth rate to be lower in the first quarter of 1978 and higher in the second quarter than the staff's projections suggested. In his judgment it was too early to arrive at any firm view about prospects for the second half of next year.

At its October meeting the Committee had agreed that from the third quarter of 1977 to the third quarter of 1978 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 8 to 10½ per cent. The associated range for the rate of growth in commercial bank credit was 7 to 10 per cent. It was agreed that the longer-run ranges, as well as the particular aggregates for which such ranges were specified, would be subject to review and modification at subsequent meetings.

In the discussion of policy for the period immediately ahead, members noted that growth in the monetary aggregates appeared to be slowing sharply in November. It was observed that for a number of reasons growth rates for December were particularly difficult to project, but even if they also proved to be low, two consecutive months of slow growth would be acceptable in view of the rapid monetary expansion of recent months. The comment was made that the sharp slowing in early November suggested that the aggregates might grow at reasonably satisfactory rates over the November–December period, assuming continuation of a Federal funds rate at about its current level. Many members indicated that they would like to maintain stable conditions in the money market for a time and that they were willing to accept a rate of growth in *M*-1 over the November–December period within a somewhat wider range than usual, encompassing relatively low growth.

Most members expressed a preference for continuing to give greater weight than usual to money market conditions in conducting open market operations in the period until the next meeting of the Committee. However, a number of members were in favor of basing operating decisions primarily on the behavior of the monetary aggregates.

The members did not differ greatly in their preferences for

operating specifications for the period immediately ahead. Most members favored a range of 1 to 6 or 1 to 7 per cent for the annual rate of growth in *M-1* over the November–December period and a range of 5 to 9 per cent, or a slightly lower one, for growth in *M-2*. With respect to *M-1*, some sentiment was also expressed for a range of 2 to 7 per cent. And one member suggested a range of  $2\frac{1}{2}$  to  $7\frac{1}{2}$  per cent because he was concerned that the velocity of *M-1* would not tend to increase so much in the period ahead as he thought was implied by the lower range.

With respect to the Federal funds rate, almost all members favored an operating range of  $6\frac{1}{4}$  to  $6\frac{3}{4}$  per cent for the period until the next meeting. However, one member who preferred to base decisions for operations primarily on the behavior of the monetary aggregates suggested a wider range, one of 6 to 7 per cent.

At the conclusion of the discussion the Committee decided that operations in the period immediately ahead should be directed toward maintenance of prevailing money market conditions, as represented by the current level of the Federal funds rate. However, the members agreed that if growth in the aggregates should appear to approach or move beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of  $6\frac{1}{4}$  to  $6\frac{3}{4}$  per cent. With respect to the annual rates of growth in *M-1* and *M-2* over the November–December period, the Committee specified ranges of 1 to 7 per cent and 5 to 9 per cent, respectively. It was also agreed that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to the behavior of *M-1* and *M-2*.

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 is picking up in the current quarter from the reduced pace in the third quarter. The dollar value of total retail sales, which had been unchanged in September, rose substan-

tially in October. Industrial production and employment increased somewhat. The unemployment rate, at 7.0 per cent, remained in the narrow range prevailing since April. The wholesale price index for all commodities rose sharply in October, as average prices of farm products and foods increased after having declined appreciably over the preceding 4 months. Prices of industrial commodities rose at about the average rate of the preceding 12 months. The index of average hourly earnings increased sharply in September and has advanced at a somewhat faster pace so far this year than it had on the average during 1976.

The trade-weighted value of the dollar against major foreign currencies has declined further since mid-October. In September the U.S. foreign trade deficit was reduced somewhat, in part as a result of temporary factors.

*M-1* and *M-2* increased substantially in October, but growth slowed sharply in early November. In October inflows to banks of the total of savings deposits and small-denomination time deposits fell off, but banks expanded the outstanding volume of large-denomination CD's substantially as credit demands strengthened. Inflows to nonbank thrift institutions slowed somewhat in October from the strong pace of the preceding 2 months. Following a substantial rise in member bank borrowings, Federal Reserve discount rates were increased from  $5\frac{3}{4}$  to 6 per cent in late October. Market interest rates have fluctuated moderately since mid-October and most recently have tended to decline.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster bank reserve and other financial conditions that will encourage continued economic expansion and help resist inflationary pressures, while contributing to a sustainable pattern of international transactions.

At its meeting on October 18, 1977, the Committee agreed that growth of *M-1*, *M-2*, and *M-3* within ranges of 4 to  $6\frac{1}{2}$  per cent,  $6\frac{1}{2}$  to 9 per cent, and 8 to  $10\frac{1}{2}$  per cent, respectively, from the third quarter of 1977 to the third quarter of 1978 appears to be consistent with these objectives. These ranges are subject to reconsideration at any time as conditions warrant.

At this time, the Committee seeks to maintain about the prevailing money market conditions during the period immediately ahead, provided that monetary aggregates appear to be growing at approximately the rates currently expected, which are believed to be on a path reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, the Committee seeks to maintain the weekly-average Federal funds rate at about the current level, so long as *M-1* and *M-2* appear to be growing over the November–December period at annual rates within ranges of 1 to 7 per cent and 5 to 9 per cent, respectively. If, giving approximately equal weight to *M-1* and *M-2*, it appears that growth

rates over the 2-month period are approaching or moving beyond the limits of the indicated ranges, the operational objective for the weekly-average Federal funds rate shall be modified in an orderly fashion within a range of  $6\frac{1}{4}$  to  $6\frac{3}{4}$  per cent.

If it appears during the period before the next meeting that the operating constraints specified above are proving to be significantly inconsistent, the Manager is promptly to notify the Chairman who will then decide whether the situation calls for supplementary instructions from the Committee.

Votes for this action: Messrs. Burns, Volcker, Coldwell, Gardner, Guffey, Jackson, Lilly, Mayo, Morris, Partee, Roos, and Wallich. Votes against this action: None.

\* \* \* \* \*

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

### RESERVES OF MEMBER BANKS

The Board of Governors has amended its Regulation D to exempt from the definition of the term deposit a member bank's borrowings from a member bank whose head office is located outside the United States.

Effective December 23, 1977, Section 204.1(f) is amended to read as follows:

#### SECTION 204.1—DEFINITIONS

\* \* \* \* \*

(f) DEPOSITS AS INCLUDING CERTAIN PROMISSORY NOTES AND OTHER OBLIGATIONS. For the purposes of this Part, the term "deposits" also includes a member bank's liability on any promissory note, acknowledgment of advance, due bill, banker's acceptance, or similar obligation (written or oral) that is issued or undertaken by a member bank as a means of obtaining funds to be used in its banking business, except any such obligation that:

(1) Is issued to (or undertaken with respect to) and held for the account of (i) a domestic banking office<sup>6</sup> of another bank or (ii) an agency of the United States or the Government Development Bank for Puerto Rico;

\* \* \* \* \*

### MEMBERSHIP OF STATE BANKING INSTITUTIONS IN THE FEDERAL RESERVE SYSTEM

#### BANK HOLDING COMPANIES

The Board of Governors has adopted a revised

<sup>6</sup> Any banking office (i) in any State of the United States or the District of Columbia of a bank organized under domestic or foreign law or (ii) of a member bank whose head office is located outside the States of the United States or the District of Columbia provided, reserves are required to be maintained by such member bank under this Part against the deposit liabilities of such office.

Schedule B to Form TA-1 ("revised Schedule B"), the form used for the registration of transfer agents. The Board has also amended instructions to Form TA-1, and adopted a temporary exemptive rule extending the filing deadline for the schedule from January 30, 1978, to April 6, 1978.

1. Section 208.8(f) is amended by adding a new paragraph (4) to read as follows:

#### SECTION 208.8—BANKING PRACTICES

\* \* \* \* \*

(f) STATE MEMBER BANKS AS TRANSFER AGENTS.

\* \* \* \* \*

(4) Every State member bank or any of its subsidiaries that is registered with the Board as a transfer agent is exempted until April 3, 1978, from that part of the provision of Section 208.8(f)(2) that states that "[w]ithin thirty calendar days following the close of any calendar year . . . during which the information required by Item 7 of Form TA-1 becomes inaccurate, misleading, or incomplete, the bank or its subsidiary shall file an amendment to Form TA-1 correcting the inaccurate, misleading or incomplete information."

2. Section 225.5(c) is amended by adding a new paragraph (4) to read as follows:

#### SECTION 225.5—ADMINISTRATION

\* \* \* \* \*

(c) Registration of certain bank holding companies and their nonbank subsidiaries as transfer agents.

\* \* \* \* \*

(4) Every bank holding company and nonbank subsidiary of a bank holding company that is registered with the Board as a transfer agent is exempted until April 3, 1978, from that part of the provision of

Section 225.5(c)(2) that states that "[w]ithin thirty calendar days following the close of any calendar year . . . during which the information required by Item 7 of Form TA-1 becomes inaccurate, misleading or incomplete, the bank holding company or its nonbank subsidiary shall file an amendment to Form TA-1 correcting the inaccurate, misleading or incomplete information".

ing or incomplete, the bank holding company or its nonbank subsidiary shall file an amendment to Form TA-1 correcting the inaccurate, misleading or incomplete information".

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

### ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

Dexter Banking Company,  
Dexter, Kansas

#### *Order Approving Formation of Bank Holding Company*

Dexter Banking Company, Dexter, 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 by acquiring 80 per cent or more of the voting shares of The Farmers & Merchants State Bank of Dexter, Kansas ("Bank"), Dexter, Kansas.

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 Kansas corporation, was formed in 1973 for the purpose of engaging in general insurance agency activities in Dexter, Kansas.<sup>1</sup> Upon acquisition of Bank (deposits of \$2.9 million), Applicant will control the 546th largest bank in Kansas, holding approximately 0.03 per cent of total deposits in commercial banks in the State.<sup>2</sup>

Bank is the sixth largest of eight banks competing in Cowley County, Kansas, which approximates the relevant banking market, and holds approximately 2.7 per cent of the total deposits in commercial banks in that market. Since the proposed transaction is essentially a reorganization whereby

the shareholders who now control Bank directly will control Bank indirectly through Applicant, and since Applicant controls no other banks in the relevant market,<sup>3</sup> consummation of the proposal would not eliminate competition or increase the concentration of banking resources in any relevant area. Thus, the Board concludes that the competitive effects of the proposal are consistent with approval of the application.

The financial and managerial resources and the future prospects of Applicant and Bank, as well as of the other banks with which one of Applicant's principals is associated, are considered generally satisfactory. Although Applicant will incur debt in connection with the proposal, it appears that the projected income from Bank should provide sufficient revenue to service the debt without impairing the financial condition of Bank. Accordingly, considerations relating to banking factors are consistent with approval of the application.<sup>4</sup>

While consummation of the proposal would have no immediate effect on services offered in the area, considerations relating to the convenience and needs of the community to be served are consistent with approval. Accordingly, it is the Board's judgment that consummation of the proposed transaction is consistent with the public interest and that the application should be approved.

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

<sup>1</sup> Applicant has engaged in the sale of insurance in Dexter, Kansas, since its incorporation in November, 1973. Before it acquires Bank, Applicant will terminate its insurance agency activities, and Bank will engage in insurance activities in accordance with Kansas law.

<sup>2</sup> All banking data are as of December 31, 1976.

<sup>3</sup> One of Applicant's principals is associated with three other banks, one of which, State Bank of Burden, Burden, Kansas, is within the relevant banking market and, with deposits of \$2.3 million, controls 2.2 per cent of the deposits in commercial banks in that market. State Bank of Burden and Bank together control only 4.9 per cent of total market deposits. Moreover, Applicant's principal serves only as a director of State Bank of Burden and has only a minority interest in that bank. In view of these facts, competitive factors related to this application are considered to be consistent with approval.

<sup>4</sup> On January 23, 1975, the Board denied an earlier application by Applicant to acquire Bank. 61 Federal Reserve BULLETIN 103 (1975). That denial was based primarily on considerations relating to banking factors that were at that time unsatisfactory but that have since improved.

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

By order of the Board of Governors, effective December 21, 1977.

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

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

[SEAL]

First Bank System, Inc.,  
Minneapolis, Minnesota

*Order Approving  
Acquisition of Bank*

First Bank System, Inc., Minneapolis, Minnesota, 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 Granite City National Bank of St. Cloud, St. Cloud, Minnesota.

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)). These comments include, but are not limited to, those on behalf of the Independent Bankers of Minnesota, Minneapolis, Minnesota; the St. Cloud National Bank & Trust Company, St. Cloud, Minnesota; Zapp National Bank of St. Cloud, St. Cloud, Minnesota; Plaza Park State Bank, Waite Park, Minnesota; and The First American National Bank of St. Cloud, St. Cloud, Minnesota (hereinafter collectively referred to as "Protestants").

Applicant, the largest banking organization in Minnesota, controls 87 banks with total deposits of \$6.2 billion.<sup>1</sup>

Fifty of Applicant's subsidiary banks are located in Minnesota, controlling \$4.2 billion in deposits, or

26.3 per cent of total deposits in commercial banks in the State. Since Bank is a proposed new bank, Bank's acquisition by Applicant would not cause any immediate increase in Applicant's share of commercial bank deposits in the State.

The Comptroller of the Currency has granted preliminary approval of a charter for Bank and it is to be located in the area of the Crossroads Shopping Center in St. Cloud, Minnesota. Applicant is not currently represented in the relevant market, which is approximated by the eastern half of Stearns County, the western half of Sherburne County, and all of Benton County. Protestants challenge this market definition, asserting that the relevant market extends to portions of several counties adjacent to the market area described above. Protestants' market definition includes the cities of Little Falls, Paynesville, and Sauk Centre, where Applicant has bank subsidiaries. Protestants' market definition is based on an analysis of highway access to the St. Cloud area, banking business in the area derived from adjacent counties, and marketing patterns of St. Cloud broadcast and print media, whereas the relevant market approximation used by the Board is derived from similar criteria in addition to commuting data, level of retail sales, and service availability in the St. Cloud area.

Examination of submissions by Protestants and Applicant indicates that the amount of business that Applicant's subsidiaries located in the market defined by Protestants derive from St. Cloud is insignificant. Media circulation patterns are not regarded as a reliable guide for defining markets, as illustrated by the fact that such an approach would put most of the State of Minnesota and portions of neighboring States in the Minneapolis/St. Paul banking market. The evidence of record in this case demonstrates that Little Falls, Paynesville, and Sauk Centre are sufficiently removed from St. Cloud in terms of distance and commuting levels to be placed in banking markets separate from that of St. Cloud. On the basis of its analysis of all the facts of record, the Board has concluded that the appropriate market for analyzing the competitive effects of the subject proposal is approximated by the tri-county area described above.

The St. Cloud banking market is served by 18 commercial banking institutions, the four largest of which hold 63.7 per cent of total commercial bank deposits in the market. The market shares of the four largest organizations range from 10.8 per cent to 21.1 per cent, so that no one of the four can be said to dominate the market. In view of the market shares of the largest organizations and the number

<sup>1</sup> Banking data are as of March 31, 1977.

of banking organizations represented in the market, the St. Cloud market cannot be regarded as significantly concentrated. Since Bank is a proposed new bank, consummation of Applicant's proposal would not eliminate any existing competition.

In its analysis of the subject application, the Board has considered the comments submitted by Protestants. Protestants are concerned that consummation of the subject proposal would strengthen Applicant's "dominant" position in the State, increase concentration of banking resources on a statewide level, and have adverse effects on competition in the St. Cloud market. Protestants argue that acquisition of Bank by Applicant will preempt a valuable site for future *de novo* entry into the St. Cloud market.<sup>2</sup> Protestants request that the Board hold a hearing on the subject application.

The Board has examined the record of the hearing held in connection with the chartering of Bank and in which each of the Protestants participated, the written submissions of Protestants and Applicant's responses, and is unable to conclude that a hearing would significantly supplement the record before the Board or resolve issues not already discussed at length in the written submissions of Protestants and Applicant and in the record of the hearing before the Office of the Comptroller of the Currency. Protestants have neither specified any particular issue of material fact that a hearing would resolve nor indicated what additional evidence, if any, they would adduce at such a hearing. In view of the foregoing, Protestants' requests for a hearing are hereby denied.

While Protestants characterize Applicant as "dominant" in the relevant market, its definition of the relevant market, as discussed above, is overly broad. None of Applicant's subsidiaries are represented in the relevant market as it is properly defined. Applicant cannot be considered "dominant" in a market in which it does not currently have a competitive presence. Indeed, Applicant's subsidiary banks in markets adjacent to the St. Cloud market derive insubstantial amounts of deposits from Bank's proposed service area. Addi-

tionally, the Board is unable to conclude that Protestants' assessment of the effect of this acquisition on statewide concentration is correct, since Applicant's acquisition of shares of Bank, which currently holds no deposits, will not increase *per se* the amount of banking resources under Applicant's control. Any increase in Applicant's resources that may eventually result from its control of Bank would occur through the operation of a normally competitive market.

While, in some instances, *de novo* expansion in a market by a leading organization within that market could reduce prospects for market deconcentration by preempting sites for *de novo* entry or expansion by other firms, that does not seem to be the case here. Applicant's *de novo* expansion into St. Cloud would tend to lower overall market concentration inasmuch as Applicant is not presently represented in the relevant market. Growth trends in the market area indicate that establishment of Bank is not premature and does not represent a site-preemption strategy on the part of Applicant.<sup>3</sup> Rather, it appears that the formation of Bank is a response to the growing needs of a growing market.

On the basis of the facts of record, including the record of the chartering hearing and the submissions of Protestants and Applicant, the Board concludes that, given the growth of the market and the fact that Applicant is not currently represented in that market, consummation of this proposal would not result in concentration of financial resources or adversely affect competition in the relevant market.

Based upon the information on record in this application, the financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are regarded as generally satisfactory. Bank, a proposed new bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Considerations relating to banking factors are therefore consistent with approval of the application.

Bank will operate in the growing St. Cloud area as an additional full-service banking facility offering a wide array of customer services. Accordingly, considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application. It is the

<sup>2</sup> In support of their contentions Protestants submitted, *inter alia*, a research report on Minnesota's banking structure prepared by Paul F. Jessup for the Federal Reserve Bank of Minneapolis. In support of its position, Applicant submitted a privately commissioned economic report prepared in April 1975, in connection with Bank's application to the Comptroller of the Currency for a charter. Also included in the record on this application is the transcript of a hearing conducted by the Regional Administrator of National Banks on May 30, 1975, at which Protestants objected to the chartering of Bank, making essentially the same contentions that they have made in protesting the subject application.

<sup>3</sup> The tri-county area has grown in population from 110,493 in 1960 to a State-estimated 150,060 in 1975. According to the Minnesota Department of Employment Services, the annual average number of workers employed in the St. Cloud area increased 14.6 per cent between 1970 and 1976. The State of Minnesota recently characterized St. Cloud as its fastest growing metropolitan area.

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) Granite City National Bank of St. Cloud, St. Cloud, Minnesota 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, 1977.

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

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

Kansas City Bancshares, Inc.,  
Kansas City, Missouri

*Order Approving  
Formation of Bank Holding Company*

Kansas City Bancshares, Inc., Kansas City, Missouri, 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 by acquiring 67.2 per cent of the voting shares of Kansas City Bank & Trust Co., Kansas City, Missouri ("Kansas City Bank"), and 97 per cent of the voting shares of Westport Bank, Kansas City, Missouri ("Westport 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 Missouri corporation organized for the purpose of becoming a bank holding company. Kansas City Bank and Westport Bank have aggregate deposits of approximately \$19.3 million, representing 0.48 per cent of the total deposits in com-

mercial banks in Missouri.<sup>1</sup> Upon consummation of the proposed transaction, Applicant would be the 27th largest banking organization in the State. Approval of the application would not increase significantly the concentration of banking resources in Missouri.

Kansas City Bank (\$48.4 million in deposits) controls 0.87 per cent of deposits in the relevant banking market,<sup>2</sup> while Westport Bank (\$42.9 million in deposits) controls 0.78 per cent of deposits in the same market. Upon consummation of the proposal, Applicant would control 1.65 per cent of total deposits in commercial banks in the relevant market and would be the 17th largest banking organization in the market.

Kansas City Bank and Westport Bank are commonly owned and managed by principals of Applicant<sup>3</sup> and the proposal represents essentially a restructuring of ownership into corporate form. In a case where a prior purchase of the shares of two banks by an applicant's principals eliminates substantial competition between the banks, the Board is reluctant to approve the formation of a bank holding company, even though such a formation, on its face, would not appear to eliminate significant competition.<sup>4</sup> While approval of the subject proposal would further solidify the existing relationship between these two banks and reduce the likelihood that they would become independent competitors in the future, it is the Board's view that consummation of this proposal would not have any significant adverse effect on existing or potential competition in the relevant market.

Each bank holds less than one per cent of the total deposits in commercial banks in the relevant market. The Kansas City banking market is relatively unconcentrated with the 10 largest banking organizations controlling just 56.5 per cent of total market deposits. In view of the size of the banks to

<sup>1</sup> All banking data are as of December 31, 1976.

<sup>2</sup> The relevant banking market is the Kansas City banking market, which is approximated by the northern half of Cass County, all of Clay, Jackson, and Platte Counties in Missouri and Johnson and Wyandotte Counties in Kansas. This market contains 134 banks.

<sup>3</sup> Applicant purchased 17.9 per cent of the voting shares of Kansas City Bank in 1976. Applicant's principals control 59 per cent of the voting shares of Kansas City Bank. This raises a rebuttable presumption, pursuant to § 225.2(b)(2) of Regulation Y (12 CFR 225.2(b)(2)), that Applicant exercises a controlling influence over Kansas City Bank. Consummation of the proposed transaction would formalize the control relationship that may have existed between Applicant and Bank.

<sup>4</sup> See the Board's Order of May 11, 1977, denying the application of Mahaska Investment Company, Oskaloosa, Iowa, to become a bank holding company (63 Federal Reserve BULLETIN 579 (1977)).

be acquired and the large number of banking organizations competing in the market, it does not appear that consummation of the proposed transaction will result in the elimination of a significant amount of existing competition. While approval of this application would eliminate two potential entry vehicles for bank holding companies not represented in the market, the Board notes that 6 of 10 largest multibank holding companies in Missouri are already represented in the market and that a large number of independent banks would remain available as entry vehicles after consummation of the subject transaction.<sup>5</sup> Moreover, the Kansas City banking market appears to be attractive for *de novo* entry.<sup>6</sup> Two principals of Applicant are also associated with six other banks in Missouri.<sup>7</sup> However, none of these banks competes in the relevant banking market nor are they part of any holding company system and, hence, the subject proposal would eliminate no existing competition between these six banks and Kansas City Bank or Westport Bank. Accordingly, on the basis of the facts of record, the Board concludes that consummation of the proposal would not have any significantly adverse effect on competition.

The financial and managerial resources and future prospects of Applicant, Kansas City Bank and Westport Bank are considered to be satisfactory and are consistent with approval of the application. Although Applicant will incur debt in connection with the proposal, it appears to have the necessary financial resources available to service the debt without impairing the financial condition of either bank. Furthermore, the financial and managerial resources of the other banking organizations with which Applicant's principals are associated are regarded as satisfactory. While there will be no immediate increase in the services offered by either bank as a result of the proposed transaction, the considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. It is the Board's judgment that the proposed transaction would be consistent with the public interest and that the application 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 12, 1977.

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

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

[SEAL]

Manchester Financial Corp.,  
St. Louis, Missouri

*Order Denying Requests  
for a Stay and Reconsideration*

Plaza Bank of West Port, St. Louis, Missouri ("Petitioner"), has requested reconsideration and a stay, pending judicial review, of the Order of the Board of Governors, dated August 15, 1977, whereby the Board approved the application of Manchester Financial Corp., St. Louis, Missouri ("MFC"), for Board approval filed pursuant to section 3(a)(3) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(3)) to acquire shares of Manchester Bank West County, Maryland Heights, Missouri ("Bank"), a *de novo* bank.<sup>1</sup>

The Board has reviewed the request for reconsideration and finds that it does not present any new facts that, for good cause shown, were not previously presented to the Board; nor does it otherwise appear to the Board that reconsideration would be appropriate. Petitioner has requested that the Board specifically address two issues: (1) whether the Board was required to consider whether the chartering of Bank was invalid under § 362.415 of the Missouri Statutes<sup>2</sup>; and (2) whether the Board was required to file an Environmental Impact Statement ("EIS") pursuant to the Environmental

<sup>5</sup> Of the 134 banks in the Kansas City banking market 94 banks are not affiliated with multibank holding companies.

<sup>6</sup> The ratio of deposits in the relevant market is \$41.3 million as compared with \$26.9 million in the State of Missouri as a whole.

<sup>7</sup> The banks are: Citizens State Bank of Fair Play, Fair Play; Tri-County State Bank of El Dorado Springs, El Dorado Springs; Humansville Bank, Humansville; The Lowry City Bank, Lowry City; Osceola Bank, Osceola; Citizens Bank of Appleton City, Appleton City, Missouri.

<sup>1</sup> 63 Federal Reserve BULLETIN 848 (1977).

<sup>2</sup> MO. STAT. ANN. § 362.415 (Vernon's 1968). Section 362.415 provides in pertinent part:\*\*\*

1. No person unauthorized by law shall subscribe to or become a member of, or be in any way interested in any association, institution or company formed or to be formed for the purpose of issuing notes or other evidences of debt to be loaned or put in circulation as money; nor shall any such person subscribe to or become in any way interested in any bank or fund created or to be created for the like purposes or either of them.\*\*\*

Policy Act of 1969.<sup>3</sup> In the context of this application, the Board is of the view that it is not required to consider issues of State law of the type advanced by Petitioner in deciding whether to approve or deny an application. Similarly, the Board is not required to file an EIS in connection with the subject application as the Board's approval of the Application does not represent a "major Federal action significantly affecting the quality of the human environment" necessitating the filing of an EIS.

The Petitioner argues that the chartering of Bank was invalid under § 362.415 of the Missouri Statutes and that, pursuant to the Supreme Court's holding in *Whitney National Bank of Jefferson Parish v. Bank of New Orleans and Trust Company* ("Whitney"),<sup>4</sup> the Board is required to consider issues of State law such as that presented by the acquisition of Bank by MFC.

Although the Board did not specifically address the issue of the alleged violation of § 362.415 of the Missouri Statutes in its Order, it did address the closely related issue of the alleged violation of § 362.015 of the Missouri Statutes.<sup>5</sup> The Board found that under *Whitney*, the Board was not required to consider a violation that occurred, if at all, upon the issuance of the charter for Bank by the Missouri Commissioner of Finance. Only where the acquisition of a bank by a bank holding company would result in a violation of State law is the Board required to consider issues of State law. However, the alleged violation of § 362.415, like the alleged violation of § 362.015 previously considered by the Board, occurred, if at all, upon the issuance of the charter for Bank by the Missouri Finance Commissioner. Approval of the application by the Board constituted an approval of Applicant's acquisition of shares of Bank, not approval of the chartering of Bank.

The second argument advanced by Petitioner, that an EIS statement is required to be filed by the Board, is based upon section 102(2)(c) of the National Environmental Policy Act (42 U.S.C. § 4332 (2)(c)) ("NEPA"), which provides that an EIS must be prepared by any federal agency taking "... major Federal action significantly affecting the quality of the human environment. . . ." The "Federal action" taken by the Board on August 15, 1977, was its approval of a transfer of shares of

Bank from five individual incorporators of Bank to MFC. The Board finds that such a transfer, alone, would not significantly affect the quality of the human environment.<sup>6</sup> Moreover, the Petitioner has not indicated how it believes the Board's action would affect the environment.<sup>7</sup> Thus, having reviewed the question in the context of Protestant's request, the Board finds that it is not required to file an EIS in connection with the acquisition of Bank by MFC.

Upon consideration of Petitioner's request for a stay of the Board's Order pending judicial review thereof, the Board finds that the stay should not be granted for the following reasons.<sup>8</sup> First, the Board finds it unlikely, for the reasons discussed above, that the Petitioner will succeed on the merits in its case now before the Eighth Circuit U.S. Court of Appeals. The Board finds by this Order that the arguments advanced by Petitioner in favor of the Board's reconsideration of its August 15, 1977 Order are without merit. Secondly, the Petitioner has not made a showing that it will suffer irreparable harm if the stay is denied. Indeed, the record relied upon by the Board in its August 15, 1977 Order contradicts Petitioner's claim. The Order indicates that: (1) the acquisition of Bank by MFC would have "no adverse competitive effect"; and (2) that there is "no evidence in the record to indicate that this area will not continue to experience growth or that the area is unable to support a new bank." Therefore, it appears from the facts that Petitioner will not suffer irreparable harm if the stay is denied. Thirdly, a stay would act to seriously harm MFC and the public. On December 2, 1977,

<sup>6</sup> In more than twenty years of administering the Act, no one has ever brought to the Board's attention any adverse environmental consequence of any transfer of shares approved by the Board under the Act. Any environmental effect of the formation of a new bank derives from the chartering of the bank, not from the transfer of its shares from its incorporators to a bank holding company. See *First National Bank of Homestead v. Watson*, 363 F. Supp. 466 (D.C. D.C. 1973).

<sup>7</sup> Under the Bank Holding Company Act, the Board is required to take the convenience and needs of the community to be served into consideration in acting upon an application filed with the Board pursuant to section 3(a)(3) of the Act, § 12 U.S.C. § 1842(a)(3). Had the Petitioner asserted specific facts suggesting somehow that approval of the application may have had an adverse environmental impact, the Board could have considered that impact in its consideration of the convenience and needs of the community. However, no such assertions have been made in this case and NEPA concerns have been raised seriously for the first time in Petitioner's request for reconsideration.

<sup>8</sup> The Board has taken into consideration the four factors that courts apply in deciding whether to stay agency orders: (1) likelihood of success on the merits; (2) irreparable injury to movant; (3) substantial harm to interested parties; and (4) the public interest, *Washington Metropolitan Area Transit Commission v. Holiday Tours, Inc.*, No. 77-1379 (July 5, 1977).

<sup>3</sup> 42 U.S.C. § 4332. Section 4332 provides that an EIS must be prepared by any Federal agency taking "... major Federal action significantly affecting the quality of the human environment."

<sup>4</sup> 379 U.S. 411 (1965).

<sup>5</sup> 63 Federal Reserve BULLETIN 848, 850-851.

Bank opened for business. A stay, if granted, could result in the closing of Bank, the sale of Bank's shares by MFC, and lost revenue for Bank during the time it may be closed. Furthermore, Bank's closing would cause disruption and inconvenience to those innocent members of the community who are customers of Bank. Finally, the public interest would not be served by a stay for, if the stay were granted, the community may lose the only source of banking services available to it, other than Petitioner, in the Bank's proposed service area.<sup>9</sup> The Board in its Order stated that the acquisition of Bank by MFC would "significantly enhance the convenience and serve the needs of the community." This benefit would be lost to the community during such time as the stay would remain in effect.

Therefore, in light of the above considerations, the Board denies the Petitioner's requests for reconsideration and a stay of the Board's August 15, 1977 Order.

By order of the Board of Governors, effective December 7, 1977.

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

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

Tennessee Homestead Company,  
Ogden, Utah

#### *Order Approving Retention of Bank Shares*

Tennessee Homestead Company ("Applicant"), Ogden, Utah, 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 retain 0.47 per cent of the voting shares of Bank of Utah ("Bank"), Ogden, Utah.

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

<sup>9</sup> The Board notes that Petitioner has diligently pursued its position through administrative and judicial procedures at the State level in its efforts to keep Bank from opening. Notwithstanding such efforts, neither the Missouri Commissioner of Finance, the State Banking Board, nor the Missouri State courts have seen fit to stay the effectiveness of the Commissioner's order granting Bank its charter.

Applicant is a bank holding company by virtue of its ownership of 46.7 per cent of the shares of Bank and its control of the Bank of Northern Utah, Clearfield, Utah. Applicant is the 8th largest of 54 commercial banking organizations in Utah, with total deposits of \$98.2 million, representing approximately 2.6 per cent of the total deposits in commercial banks in Utah.<sup>1</sup> Applicant acquired 522 voting shares, or 0.47 per cent of the total outstanding voting shares of Bank, without the Board's prior approval, and now seeks the Board's approval to retain these shares.<sup>2</sup>

Bank (\$92.1 million in deposits) controls 2.4 per cent of the total commercial bank deposits in Utah and is the eighth largest commercial bank in the State. Bank is the third largest of eleven commercial banks in the relevant banking market,<sup>3</sup> controlling 16.8 per cent of market deposits.<sup>4</sup> In view of the fact that Applicant already controlled Bank before acquiring additional shares, it does not appear that Applicant's retention of Bank's shares would have any adverse effect on competition, or increase the concentration of banking resources. Thus, competitive considerations are consistent with approval of the application.

The financial resources and future prospects of Applicant, Bank, and Bank of Northern Utah are considered generally satisfactory. In making its analysis of the managerial resources of these organizations, the Board notes that this application represents an after-the-fact request for the Board's approval to retain Bank shares acquired in violation of the Act. Upon consideration of the facts and

<sup>1</sup> Banking data are as of June 30, 1977, unless indicated otherwise.

<sup>2</sup> On November 1, 1976, Applicant purchased 275 shares of Bank and on March 11, 1977, Applicant purchased an additional 247 shares of Bank, representing 0.47 per cent of the total outstanding voting shares of Bank. Prior to April 15, 1974, Applicant held 52.8 per cent of the outstanding shares of Bank. As a result of the merger of Bank of Ben Lomond, Ogden, Utah, into Bank on April 15, 1974, Applicant's ownership interest was reduced to 46.25 per cent of the total outstanding shares of Bank. Prior to the merger, because Applicant owned over 50 per cent of the voting shares of Bank, Applicant could have acquired additional shares of Bank without the Board's prior approval, pursuant to § 3(a)(B) of the Act. It appears that Applicant believed that § 3(a)(B), which permits a company to acquire additional bank shares without prior Board approval if the company already owns or controls a majority of the bank's shares, was available to it because of an additional 4.7 per cent of Bank's shares held by Applicant's principals and by various family trusts.

<sup>3</sup> The relevant banking market is approximated by the Ogden, Utah RMA, which is comprised of portions of Weber and Davis Counties, Utah.

<sup>4</sup> Market data are as of June 30, 1976.

Through Bank and Bank of Northern Utah, Applicant is the third largest of ten banking organizations in the market, controlling \$79 million in deposits, or 18.1 per cent of total deposits in the market.

circumstances surrounding Applicant's violations and other information in the record evidencing Applicant's intent and efforts to comply with the requirements of the Act, including Applicant's adoption of a definite program to prevent the recurrence of violations, the Board has determined that the circumstances of the violations do not reflect so adversely on the managerial resources of Applicant as to warrant denial of the application. In other respects, the managerial resources of Applicant, Bank, and Bank of Northern Utah are regarded as generally satisfactory. Accordingly, considerations relating to banking factors are consistent with approval.

Although there are no changes contemplated in the services or facilities of Bank as a result of the retention of the voting shares, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. Therefore, it is the Board's judgment that the proposed transaction is consistent with the public interest and that the application should be approved.

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

By Order of the Board of Governors, effective December 19, 1977.

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.

Pacesetter Financial Corporation,  
Grand Rapids, Michigan

#### *Order Approving Acquisition of Bank*

Pacesetter Financial Corporation, Grand Rapids, Michigan, ("Applicant") 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 of Western Michigan Corporation, Niles, Michigan ("Western") a registered bank holding company owning 100 per cent of the First National Bank of Southwestern Michigan, Niles, Michigan ("Niles Bank"), and The First National Bank of Cassopolis, Cassopolis, Michigan ("Cassopolis Bank").<sup>1</sup>

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 16th largest banking organization in Michigan, controls four banks with aggregate deposits of \$362.1 million, representing approximately 1.1 per cent of the total deposits in commercial banks in Michigan.<sup>2</sup> Acquisition of Western, which holds aggregate deposits of \$158.8 million, and is thereby the 30th largest banking organization in Michigan, will increase Applicant's share of statewide deposits by 0.5 per cent and Applicant would thereby become the 14th largest banking organization in Michigan.

Both Niles Bank and Cassopolis Bank operate in the Niles, Michigan/South Bend-Elkhart, Indiana banking market.<sup>3</sup> Niles Bank also has branches in the adjacent St. Joseph-Benton Harbor, Michigan banking market.<sup>4</sup> Western is the sixth largest banking organization in the Niles market, holding 8.1 per cent of market deposits, and the fifth largest in the St. Joseph market, with 5.8 per cent of that market's deposits.<sup>5</sup> None of Applicant's subsidiary banks competes in either of these markets. It does not appear that any of Applicant's subsidiary banks derives significant amounts of deposits or loans from the service area of Western's subsidiary banks; nor does it appear that any significant competition currently exists between any of Applicant's subsidiary banks, on the one hand, and Western's subsidiary banks, on the other. Thus, it does not appear that consummation of this proposal would eliminate any significant existing competition.

Western has demonstrated no inclination to become a statewide competitor, and its competitive presence is felt only in the far southwestern portion of Michigan. Neither the Niles nor the St. Joseph banking markets is highly concentrated and thus, elimination of Applicant as a potential *de novo* or foothold entrant into either market would not have a significant adverse effect on potential competition.

<sup>2</sup> Unless otherwise indicated, banking data are as of June 30, 1977.

<sup>3</sup> This market is approximated by the Niles South Bend-Elkhart Rand McNally Area plus Cass County, Michigan.

<sup>4</sup> The St. Joseph-Benton Harbor banking market is approximated by the north-northwestern two-thirds of Berrien County, Michigan plus the western half of Van Buren County, Michigan.

<sup>5</sup> As of December 31, 1976.

<sup>1</sup> By Order dated April 29, 1977 (63 Federal Reserve BULLETIN 507 (1977)), the Board approved Western's application to acquire Cassopolis Bank. It is expected that this acquisition will be consummated shortly, and such consummation is assumed for purposes of this Order.

In view of the size of the market shares held by Western, consummation of the proposed transaction, in any event, would eliminate only a very slight amount of probable future competition, if any, between Western and Applicant.

The financial and managerial resources of Applicant, Western, and Western's subsidiary banks are regarded as satisfactory, and the future prospects of each appear favorable. The managerial resources of Applicant's subsidiary banks are also satisfactory and, in light of pending capital injections, their financial resources appear satisfactory and their future prospects favorable. Accordingly, considerations relating to banking factors are consistent with approval.

Considerations relating to the convenience and needs of the community to be served lend some weight toward approval of the application, since Applicant will seek, among other things, to improve trust services and to utilize electronic funds transfer services. These convenience and needs factors are sufficient to outweigh clearly the very slight adverse competitive factors mentioned above, and the Board concludes that on balance 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 23, 1977.

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

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

Parish National Corporation,  
Bogalusa, Louisiana

*Order Approving Formation  
of Bank Holding Company*

Parish National Corporation, Bogalusa, Louisiana, 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 by acquiring 81 per cent or more of

the voting shares of Parish National Bank, Bogalusa, Louisiana ("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 application and all comments received have been considered in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, a non-operating company with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank. Bank has total deposits of \$36 million, representing less than 1 per cent of total deposits in commercial banks in the State of Louisiana.<sup>1</sup> Bank is the smallest of three commercial banks in the relevant banking market,<sup>2</sup> controlling 26.5 per cent of the deposits therein. Principals of Applicant are principals of First National Corporation, Covington, Louisiana, a one-bank holding company controlling First National Bank, Covington, Louisiana. First National Bank is located 25 miles from Bank in a separate banking market. In view of the distance between Bank and First National Bank, consummation of the instant proposal will have no adverse effect upon existing competition, nor will consummation adversely affect potential competition or increase the concentration of banking resources in any relevant area. Accordingly, it is concluded that competitive considerations are consistent with approval of the application.

The Board applies multi-bank holding company standards in assessing the financial and managerial resources and future prospects, both of an applicant seeking to become a one-bank holding company and of its proposed subsidiary bank, where the principals of the applicant are engaged in establishing a chain of one-bank holding companies.<sup>3</sup> The financial and managerial resources and future prospects of Applicant appear to be satisfactory. In view of Applicant's commitment to augment Bank's capital by \$500,000 from the proceeds of Applicant's sale of its common stock and in view of Bank's commitment to issue subordinated debentures in the amount of \$500,000, the financial resources and future prospects of Bank appear to be satisfactory. The proposed transaction does not involve a change in management or management policies of Bank. The considerations relat-

<sup>1</sup> All deposit data are as of December 31, 1976.

<sup>2</sup> The relevant banking market is approximated by Washington Parish, Louisiana.

<sup>3</sup> See, e.g., Board's Order dated June 14, 1976, denying the application of Nebraska Banco, Inc., Ord, Nebraska, 62 Federal Reserve BULLETIN 638 (1976).

ing to banking factors are consistent with approval of the application.

There are no significant proposed changes in the operation or services of Bank. Considerations relating to the convenience and needs of the community to be served are consistent with approval of the application. It has been determined that consummation of the proposed transaction would be consistent with the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be 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 Secretary of the Board, acting pursuant to delegated authority for the Board of Governors, effective December 2, 1977.

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

United Banks of Colorado, Inc.,  
Denver, Colorado

#### *Order Approving Acquisition of Bank*

United Banks of Colorado, Inc., Denver, Colorado, 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 United Bank of Arvada, N.A. Arvada, Colorado ("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 on behalf of Northwest State Bank, Arvada, Colorado ("Protestant"), in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the second largest banking organization in Colorado, controls 18 banks with aggregate deposits of approximately \$1.3 billion, representing 15.4 per cent of the total deposits in commercial

banks in the State.<sup>1</sup> Since Bank is a proposed new bank, its acquisition by Applicant would not increase the concentration of banking resources in Colorado.

Bank, which is currently in formation, would be located in the city of Arvada, in the northwest portion of the Denver banking market.<sup>2</sup> There are three other banks located in Arvada, one of which is Protestant. Applicant is the second largest banking organization in the market, with seven of its banking subsidiaries controlling 19.8 per cent of market deposits. Since Bank is a proposed new bank, consummation of the proposal would not eliminate any existing competition in the market. Moreover, given the size of the market, the number of banks operating therein, and the prospects for continuing growth in the area, it does not appear that the proposal would have any adverse effects on potential competition. On the basis of the above and facts of record, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources of Applicant, its subsidiaries, and Bank are regarded as generally satisfactory. Bank has no financial or operating history; however, its future prospects as a subsidiary of Applicant appear favorable and considerations relating to banking factors are therefore regarded as consistent with approval of the application. As a new institution in the city of Arvada and the Denver market, Bank would serve as an additional source of a full range of banking services in the market. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval of the application.

In its review of the subject application, the Board has given careful consideration to the comments submitted on behalf of Protestant, a bank located near the proposed site of Bank. Protestant contends, *inter alia*, that the banking needs of the community area are being adequately met at the present time and there is no need for a new bank; that the acquisition is anti-competitive; and that Applicant's subsidiary banks are acting as *de facto* branches in violation of Colorado law.<sup>3</sup>

<sup>1</sup> All banking data are as of December 31, 1976, and reflect bank holding company formations and acquisitions approved by the Board through August 17, 1977.

<sup>2</sup> The Denver market includes all of Denver, Adams, Arapahoe and Jefferson Counties and the Broomfield area in Boulder County.

<sup>3</sup> Protestant also requested a hearing on the instant application, (Footnote continued on following page)

Protestant gave evidence in opposition to the chartering of Bank at a public hearing before the Regional Administrator of the Office of the Comptroller of the Currency, Denver, Colorado, on May 11, 1976. The Comptroller of the Currency found that adequate demand for banking services existed to support an additional bank, and approved Bank's national charter. The Board has reviewed the facts of record, including the transcript of the hearing before the Comptroller, and finds that the market can reasonably be expected to support an additional banking facility.

With regard to competition, Protestant contends that consummation of the proposal would enhance Applicant's penetration in the market by placing Applicant in a dominant position in the market and pre-empting a location for entry into the Denver market. Applicant competes with 80 banks in the Denver market, and its market share of 19.8 per cent is not such that it could be characterized as such a "dominant" organization in that market that it should be denied the opportunity to expand *de novo*. Furthermore, Applicant's market share has actually decreased by 6 percentage points from 20.4 per cent as of December 31, 1969. While, in certain instances, *de novo* expansion in a market by a leading organization within that market might reduce the prospects for market deconcentration by preempting viable sites for *de novo* entry or expansion by other firms, Applicant's *de novo* expansion in the northwest portion of the Denver market<sup>4</sup> is not viewed by the Board with such concern. In fact, it appears that the proposal would have only a minimal impact on the market since the structure and prospects for the market should provide ample opportunity for foothold entry or *de novo* expansion by the State's other banking organizations.

Protestant also contends that Bank's proposed affiliation with Applicant would offend Colorado law prohibiting branch banking, 1973 C.R.S. 11-6-

101. It is clear from a long line of court cases that a State's restrictive branch banking laws do not automatically bar bank holding company operations. In a given case, the Board must examine the facts to determine whether a particular acquisition would constitute an illegal branch under State law. See *Gravois Bank v. Board of Governors* 478 F.2d 546 (1973). If the Board determines that a violation of State law would occur as a result of the consummation of the proposal, it is required to disapprove the transaction. *Whitney National Bank v. Bank of New Orleans* 323 F.2d 290 (D.C. Cir 1963), reversed on other grounds, 379 U.S. 411 (1965).

The facts of record indicate that Bank will be a separate corporation, with its own capital stock and a loan limit based upon such capital stock; that Bank will be managed by its own officers; that Bank's board of directors will be generally separate and independent from the boards of Applicant and of Applicant's subsidiaries; and that Bank will maintain its own separate books of account, issue its own distinctive checks, and use its own stationery. Moreover, except as permitted by law, money deposited at Bank will not be credited to the account of a depositor at any other banking subsidiary, nor will money deposited at the other subsidiaries be credited to accounts at Bank;<sup>5</sup> Bank's officers and employees will not directly perform any services for customers of Applicant's other subsidiary banks other than those services that would be provided for customers of other area banks, and, conversely, officers and employees of Applicant's other subsidiary banks will not directly perform any services for customers of Bank that would not be provided for customers of other area banks. Applicant further represents that it will purchase Bank's shares through use of its own capital resources.

The Board concludes, based upon the above and other facts of record, that Applicant is a "traditionally recognized bank holding company which, with its own capital, invests in or buys the stock of banks,"<sup>6</sup> and that, upon consummation of the proposed acquisition, Bank would not be an illegal branch of any of Applicant's other banking sub-

and that request is hereby denied. Under § 3(b) of the Act, the Board is required to hold a hearing when the primary supervisor of the Bank to be acquired recommends disapproval of the application (12 U.S.C. 1842(b)). In this case, after a hearing on the charter application, the Comptroller of the Currency issued preliminary charter approval to Bank on February 14, 1977, and he has not subsequently recommended that the subject application be denied. Thus, there is no statutory requirement that the Board hold a hearing. In view of the Board's conclusion that the record in this case is sufficiently complete to render a decision, the Board has denied Protestant's request for a hearing.

<sup>4</sup> The Denver market has a population of 17,273 per banking office, as compared with 11,583 per banking office in the state of Colorado. Thus the market may be characterized as an attractive one for *de novo* entry and approval of this proposal will not preclude entry into the market by other banks or banking organizations.

<sup>5</sup> Under recently enacted Colorado law, 73 C.R.S. 11-6.5-101, which becomes effective on January 1, 1978, Colorado banks are authorized to engage, *inter alia*, in certain banking transactions (including making deposits and withdrawals) with their account holders through on-or off-premises communications facilities notwithstanding the limitations imposed by C.R.S. 11-6-101. Inasmuch as Bank would not open until after the effective date of this provision, any deposit taking arrangements involving such communications facilities would be permissible under State law.

<sup>6</sup> *Whitney* 323 F.2d 290,303.

subsidiaries. Furthermore it appears that any indicia of unitary operations that may be present in Applicant's future operations of Bank are those that are inherent in the structure of bank holding companies generally and permissible under Colorado law. *Grandview Bank and Trust Company v. Board of Governors* 550 F.2d 415 (1977).

In view of the foregoing discussion and having considered the facts of record and all the comments of Protestant in light of the statutory factors the Board must consider under § 3(c) of the Act, it is the Board's judgment that consummation of the subject proposal would be in the public interest and that the application to acquire Bank should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) United Bank of Arvada, N.A., Arvada, Colorado, 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 Kansas City pursuant to delegated authority.

By order of the Board of Governors, effective December 27, 1977.

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

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

United Missouri Bancshares, Inc.,  
Kansas City, Missouri

#### *Order Approving Acquisition of Bank*

United Missouri Bancshares, Inc., Kansas City, 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 acquire 100 per cent (less directors' qualifying shares) of the voting shares of The Cass County Bank, Peculiar, 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 applica-

tion and all comments received, including those submitted by the Missouri State Commissioner of Finance, in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the sixth largest banking organization in Missouri, controls 19 banks with total deposits of \$919 million, representing 4.8 per cent of the total deposits in commercial banks in the State.<sup>1</sup> Acquisition of Bank (deposits of \$7.2 million) would increase Applicant's share of commercial bank deposits in Missouri by .04 per cent and would have no appreciable effect upon concentration of banking resources in Missouri.

Bank is one of the smallest of 134 commercial banks in the relevant banking market<sup>2</sup> and holds approximately .13 per cent of the total commercial bank deposits in the market. Applicant has five banking subsidiaries in the Kansas City market and is the third largest banking organization in the market, controlling 10.8 per cent of market deposits. Upon consummation of the proposed acquisition, Applicant's share of commercial bank deposits in the market would increase to 10.9 per cent and Applicant's rank in the market would not change. Inasmuch as Applicant and Bank operate in the same relevant market, the proposed acquisition would eliminate some existing competition and increase somewhat the concentration of banking resources in that market. However, the Board does not view much effects as being particularly serious in light of the competitive banking structure in the Kansas City market. Six of the ten largest banking organizations in Missouri are represented in the market and are among the largest banking organizations in the market. While consummation of the proposal would reduce the number of independent banking organizations in the Kansas City market, this does not appear to be significant since a large number of independent banks would remain available as entry vehicles into the market after consummation of the proposal. In light of the above and other facts of record, the Board concludes that the proposed acquisition would have only slightly adverse effects on competition and, in light of the considerations discussed below, the Board does not view such effects as being so serious as to require denial of this proposal.

<sup>1</sup> All banking data are as of December 31, 1976, and are adjusted to reflect bank holding company applications approved by the Board to date.

<sup>2</sup> The relevant banking market is the Kansas City banking market, which is approximated by the northern half of Cass County, all of Clay, Jackson, and Platte Counties in Missouri and Johnson and Wyandotte Counties in Kansas.

The financial and managerial resources and future prospects of Applicant, its subsidiary banks, and Bank are regarded as satisfactory and consistent with approval of the proposal. As a result of affiliation with Applicant, Bank's ability to meet increasing residential mortgage loan demand and agricultural and commercial loan demand will be improved. Thus, considerations relating to the convenience and needs of the community to be served lend weight toward approval of the application and, in the Board's judgment, are sufficient to outweigh any slightly adverse effects on competition that might result from consummation of the proposal. It is the Board's judgment that approval of the application 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 23, 1977.

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

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

WISCUB, Inc.,  
Milwaukee, Wisconsin

*Order Approving  
Formation of Bank Holding Company*

WISCUB, Inc., Milwaukee, Wisconsin, 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 86 per cent (or more) of the voting shares of Cleveland State Bank, Cleveland, Wisconsin ("Bank").

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 3(b) of the Act. The time for filing comments and views has expired, and the Board has considered the application and all comments received, including those of Associated Banc-Corp., the State Bank of Howards Grove and the Wisconsin Bankers Association

("Protestants"), opposing the proposal, in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a recently formed corporation organized for the purpose of becoming a bank holding company through the acquisition of Bank.<sup>1</sup> Bank holds total deposits of approximately \$7 million, representing 2.5 per cent of total deposits in commercial banks in the relevant banking market<sup>2</sup> and is the seventh largest of 11 banking organizations in the market.<sup>3</sup>

Since Applicant has no present operations or subsidiaries, consummation of the proposed transaction would not have any adverse effect on existing or potential competition, nor would it increase the concentration of banking resources or have an adverse effect on other banks in the relevant market. Accordingly, 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, and the future prospects for each appear favorable. Applicant would incur no debt incident to the subject proposal. Accordingly, the Board concludes that the banking factors are consistent with approval of the application.

As noted above, the Board has received comments opposing the subject proposal. Protestants contend generally that consummation of the proposal would have adverse competitive effects. Protestants argue that because bank holding companies may not acquire shares of a savings and loan, credit union or any similar financial organization, credit unions should not be allowed to acquire shares of banks or bank holding companies. In addition, Protestants argue that the proposal is an attempt by members of the credit union industry to obtain a captive commercial bank and thereby avoid having to use other commercial banks. Similarly, Protestants argue that Applicant's acquisition of Bank would serve the needs of the State's credit union

<sup>1</sup> Applicant was organized by the Wisconsin Credit Union League ("WCUL"), and members thereof would each be permitted to purchase not more than 4.95 per cent of the outstanding voting stock of Applicant. The application indicates that each credit union-shareholder of Applicant would sign a voting trust agreement naming WCUL as trustee for the shares of Applicant that it holds. Each credit union-shareholder would retain the power to direct the Trustee in the exercise of the voting rights of the shares of Applicant that the Trustee would hold on behalf of the individual credit union-shareholder.

<sup>2</sup> The relevant banking market for purposes of competitive analysis of this proposal is the Manitowoc-Two Rivers banking market, which is approximated by all except the southwestern portion of Manitowoc County.

<sup>3</sup> All banking data are as of December 31, 1976.

industry and not the convenience and needs of the community. Protestants also contend that the proposed arrangement among the credit union-shareholders of Applicant with WCUL as the voting Trustee would result in a bank holding company being created, and Protestants urge the Board to reconsider its earlier determinations that such arrangements do not constitute a "company", as that term is defined in the Act.<sup>4</sup> Finally, Protestants have requested that a formal hearing be held in connection with the issues that have been raised in Protestants' comments.

Section 3(b) of the Act requires the Board to hold a formal hearing when the primary supervisor of the bank to be acquired (in this case, the Wisconsin Banking Commissioner) recommends disapproval of the application (12 U.S.C. § 1842(b)). Since the Wisconsin Banking Commissioner has interposed no such objection, there is no statutory requirement that the Board hold a formal hearing in the instant matter.<sup>5</sup> The Board has reviewed the entire record of this application, including the views expressed in the written submissions of Protestants and Applicant's responses to those submissions, and concludes that the record is sufficiently complete to render a decision on the application and that no useful purpose would be served by holding a formal hearing. Accordingly, Protestants' request for a hearing is denied.

With respect to the competitive issues raised by Protestants in connection with the proposal, the Board is unable to agree that this acquisition would result in adverse competitive effects in any relevant market.<sup>6</sup> Indeed, it appears more likely that Bank

would continue as a competitor in the relevant market and that Applicant's acquisition of Bank may even have a somewhat positive competitive effect as a result of Bank becoming a more aggressive competitor for services performed by commercial banks for credit unions. Similarly, the Board finds without substantial merit Protestants' contention that this proposal would result in bank holding companies being at a disadvantage with respect to other financial institutions because the Board has determined that bank holding companies may not acquire savings and loan associations<sup>7</sup> or similar financial institutions. This argument has only limited relevance to the subject proposal and, in addition, overlooks the degree of flexibility provided bank holding companies in § 4(c)(6) of the Act (12 U.S.C. § 1843(c)(6)), which permits investments by bank holding companies in the shares of any company so long as the bank holding company does not acquire more than 5 per cent of any class of the outstanding voting shares of the company.<sup>8</sup>

Finally, the Board has reconsidered its earlier decisions that voting trust arrangements involving credit unions such as that proposed in the instant application do not result in the creation of a "company", as that term is defined in the Act, in light of Protestants' comments, and has determined that its earlier decisions should be modified to the extent described herein in order to carry out the purposes of the Act.<sup>9</sup> Where, as here, the voting trust Trustee is a trade association of credit unions, the Board is concerned that the Trustee would have responsibilities to its credit union members as an association and at the same time responsibilities to the beneficiaries of the voting trust. Such dual responsibilities may result in the trade association acting less as a disinterested Trustee and more as a company exercising control over Applicant's and Bank's management. Moreover, the proposal as presently structured would result in a group of

<sup>4</sup> Company is defined, in part, in § 2(b) of the Act as "... any corporation, partnership, business trust, association, or similar organization, or any other trust unless by its terms it must terminate within twenty-five years. . . ." (12 U.S.C. § 1841(b)). The Board has previously determined that similar arrangements would not constitute companies in its Orders approving the formation of CUBanc Corp., Columbus, Ohio (62 Federal Reserve BULLETIN 792 (1976)) and CU Bank Shares, Inc., Dallas, Texas (62 Federal Reserve BULLETIN 364 (1976)).

<sup>5</sup> See *Farmers & Merchants Bank of Las Cruces v. Board of Governors of the Federal Reserve System*, [1977] Fed. Banking L. Rep. (CCH) ¶ 97,271 (D.C. Cir. Nov. 7, 1977) with respect to the statutory requirement of a hearing.

<sup>6</sup> As the Board has noted on previous occasions (cf. the Board's Order approving the acquisition of The First National Bank of Mexico, Mexico, Missouri, by Central Banccompany, Jefferson City, Missouri (62 Federal Reserve BULLETIN 843 (1977))), § 3(c) of the Act requires the Board to consider whether a proposed acquisition would have adverse effects upon competition among commercial banking organizations within a relevant market. This analysis relates primarily to the existing or potential number of commercial banking organizations competing in the market to provide commercial banking services, which is the relevant product (see *U.S. v. Philadelphia National Bank*, 374 U.S. 321 for a discussion of the relevant product definition to be used in analyzing the competitive effects of bank acquisitions).

<sup>7</sup> See the Board's Order denying the application of D. H. Baldwin Co. to retain Empire Savings, Building and Loan Association (63 Federal Reserve BULLETIN 280 (1977)).

<sup>8</sup> The credit unions acquiring shares of Applicant are each acquiring less than 5 per cent of the outstanding voting shares of Applicant. Moreover, the Board has approved a similar arrangement among one-bank holding companies in Oklahoma (see the Board's Order of May 6, 1977, approving the formation of SYB Corporation, Oklahoma City, Oklahoma (63 Federal Reserve BULLETIN 587 (1977))).

<sup>9</sup> In view of the Board's disposition of this case, the Board has today directed those bank holding companies previously approved by the Board that involved similar arrangements among their credit union-shareholders to bring themselves into conformity with the conditions imposed upon the Applicant and its shareholders in the instant case within six months of the date of this Order.

shareholders united through both a voting trust agreement and through common membership in the trade association that would serve as the Trustee for the voting trust, thus necessitating a finding that the group constitutes a company.<sup>10</sup> Therefore, the Board has determined that approval of this application, and a decision not to treat the stockholder group, the voting trust, and/or the voting Trustee as a bank holding company, should be conditioned upon the selection of a bona fide independent trustee for the voting trust and upon WCUL's refraining from any role by any means in the management of Bank or Applicant.<sup>11</sup>

Applicant has indicated that upon consummation of its proposal it would make changes in the customer services provided by Bank. Bank would provide service-free checking for senior citizens, higher interest rates for certain categories of time deposits, additional loan programs, overdraft checking, free bank by mail services, and free printed checks. Thus, the Board is unable to agree with Protestants' contention that Bank would no longer serve the convenience and needs of the local community if Applicant's proposal were approved. Accordingly, considerations relating to the convenience and needs of the communities to be served lend some weight toward approval of the application.

On the basis of the foregoing and the facts of record, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved. Accordingly, the application is approved for the reasons summarized above and subject to the conditions specified herein. 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, 1977.

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

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

#### ORDERS UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

Central Bancshares of the South, Inc.,  
Birmingham, Alabama

##### *Order Approving Acquisition of The Trust Company of California*

Central Bancshares of the South, Inc., Birmingham, Alabama, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire The Trust Company of California, Newport Beach, California ("Trust Company"), a company that engages in the activities that may be carried on by a trust company (including activities of a fiduciary, agency, or custodian nature), in the manner authorized by State law. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(4)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Federal Register* 58202). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the fourth largest commercial banking organization in Alabama, controls ten banks with aggregate deposits of approximately \$1.0 billion, representing 10 per cent of the total deposits in commercial banks in the State.<sup>1</sup> Applicant does not currently engage in any nonbanking activities, either directly or through subsidiaries.

Trust Company is presently an inactive organization. In November 1975, it opened for business as a trust company authorized under the State of

<sup>10</sup> The Board noted in its SYB Order, *infra*, that a "... group of shareholders (of a bank or a bank holding company) may itself, through agreement or understanding among the members or through its structure alone, constitute a "company" within the meaning of § 2(b) of the Act (12 U.S.C. § 184(b))". Where the companies in a consortium owning or controlling shares of a bank or bank holding company engage in other banking or nonbanking activities as part of a group that consists of substantially the same companies as are shareholders of the bank or bank holding company, that influence is even stronger.

<sup>11</sup> Because WCUL is an organization that falls within the definition of a company, the rebuttable presumptions of control contained in the Board's Regulation Y would apply if WISCUB were to enter into any agreement or understanding whereby it exercised significant influence with respect to the general management or overall operations of Bank or Applicant (12 CFR § 225.2(b)(3)).

<sup>1</sup> All banking data are as of December 31, 1976.

California. However, by May 1976, Trust Company had ceased to engage in any trust activities and has not engaged in any such activities since that time. Through the acquisition of Trust Company, Applicant proposes to engage in trust activities in the greater Los Angeles area.<sup>2</sup> In particular, Applicant proposes to provide trust services for employee benefit plans holding \$100 thousand to \$2 million in assets. Although three of Applicant's subsidiary banks engage in trust activities in Alabama, it does not appear that they derive any business from the Los Angeles area or elsewhere in California. Since Trust Company is inactive, the subject proposal is viewed as essentially a proposal to engage in trust activities *de novo*. Thus, it appears that consummation of the proposal would not have any significant adverse effects on competition in any relevant area.

It is anticipated that Applicant's acquisition of Trust Company would result in benefits to the public by providing an additional source of trust services in the Los Angeles area. Furthermore, there is no evidence in the record to indicate that consummation of the proposed transaction would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other effects that would be adverse to the public interest.

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

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

By order of the Board of Governors, effective December 16, 1977.

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

voting: Chairman Burns and Governors Wallich and Jackson.

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

[SEAL]

#### ORDERS UNDER SECTION 4

First Amtenn Corporation,  
Nashville, Tennessee

*Order Approving  
Acquisition of Lee, Robinson & Steine, Inc.*

First Amtenn Corporation, Nashville, Tennessee, a bank holding company within the meaning of the Bank Holding Company Act ("Act"), has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire all of the shares of Lee, Robinson & Steine, Inc., Nashville, Tennessee ("LR&S"), a company that engages in the activities of acting as an investment adviser registered under the Investment Company Act of 1940. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(5)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Federal Register* 52486). The time for filing comments and views has expired, and the Board has considered that application and all comments received, including those of J. R. Wauford & Company Employees Profit Sharing Plan, Nashville, Tennessee ("Protestant"), in light of the public interest factors set forth in section 4(c)(8) of the Act.

Applicant, the third largest banking organization in Tennessee, controls eight banks with aggregate deposits of approximately \$1.3 billion, representing 9.2 per cent of total deposits in commercial banks in the State.<sup>1</sup> Applicant also controls several nonbanking companies whose activities include consumer financing, accounts receivable and inventory financing, and equipment leasing.

LS&R is an investment adviser, registered with the Securities and Exchange Commission under the Investment Company Act of 1940, providing investment adviser and investment management services on a discretionary basis. Its principal activities involve the management of investment portfolios of securities for individuals, charitable

<sup>2</sup> Applicant proposes to move Trust Company's office from Newport Beach to Los Angeles, both in California.

<sup>1</sup> All banking data are as of June 30, 1977.

organizations, profit-sharing plans, and pension plans. LR&S conducts such activities from its sole office in Nashville, Tennessee. As of June 30, 1977, LS&R had a total of approximately \$101 million in assets under management in 111 accounts; and during 1976 it received net income of \$113,000 for its services. LS&R derives the vast majority of its business from Davidson County, Tennessee, the county in which the city of Nashville is located. However, it also derives business from clients located in other parts of Tennessee, as well as Louisiana, Colorado, Florida, Georgia and New York.

Applicant's lead bank, First American National Bank of Nashville, Nashville, Tennessee ("Bank"), also provides investment adviser and investment management services through its trust department. Although Bank's trust department and LR&S are both engaged in investment management activities and both are located in Nashville, it does not appear that Applicant's acquisition of LR&S would result in the elimination of any significant competition. First, the record indicates that Bank's trust department serves a substantially different clientele than LR&S. Under State law, an investment adviser cannot serve in a fiduciary capacity with respect to assets under its management. Moreover, LR&S's activities relate solely to the management of investment portfolios of securities. Bank, on the other hand, offers a wide range of services including serving as a fiduciary, executor and trustee, assisting in estate planning, and managing real estate and other assets. With respect to services comparable to those offered by LR&S, Bank provides such services for only about \$19.4 million of the total \$264.4 million in assets held in trust.

Second, the relevant market for purposes of analyzing the competitive effects of the subject proposal is not limited solely to the Nashville area. A large number of investment adviser firms, bank trust departments, insurance companies and investment management departments of investment banking firms compete for the opportunity to provide investment management services throughout the country. Furthermore, in addition to the 21 other organizations providing investment management services that have offices in Nashville, the record indicates that a significant number of organizations located in the South and other parts of the country actively solicit accounts in Tennessee and throughout the South. In fact, LR&S, itself, serves customers located in Louisiana, Colorado, Florida, Georgia and New York. These factors indicate that

the relevant market for investment adviser activities is probably more regional in scope at least for certain types of services and accounts. Thus, although some competition would be eliminated by Applicant's acquisition of LR&S, the Board is of the view that the number and size of the organizations competing in the area suggest that approval of the proposal would not have significant adverse effects on competition.

It is anticipated that affiliation with Applicant would enable LR&S to improve the quality and depth of its investment adviser services, which would result in better services to the public. In addition, the proposal should result in increased competition by enhancing LR&S's capabilities vis-a-vis the larger organizations with which it competes. On the basis of these and other facts of record, the Board concludes that the benefits to the public that would result from consummation are sufficient to outweigh any slightly adverse effects on competition that may result from Applicant's acquisition of LR&S. Furthermore, there is no evidence in the record to indicate that consummation of the proposed transaction would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other effects that would be adverse to the public interest.<sup>2</sup>

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

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

<sup>2</sup> In its analysis of the application, the Board has also considered the comments of Protestant, a shareholder of Applicant. Protestant generally questions the competence of Applicant and the fairness of the entire proposal to Applicant's shareholders. No material has been submitted in support of the allegations made by Protestant. Moreover, the Board finds that the facts of record indicate that denial of the application based on such allegations would not be appropriate.

By order of the Board of Governors, effective December 15, 1977.

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

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

Illinois Neighborhood Development Corporation,  
Chicago, Illinois

*Order Approving  
Acquisition of City Lands Corp.  
and The Neighborhood Institute*

Illinois Neighborhood Development Corporation, Chicago, Illinois, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire City Lands Corp., Chicago, Illinois ("CLC"), and The Neighborhood Institute, Chicago, Illinois ("TNI"), and thereby engage *de novo* in making equity and debt investments in corporations or projects designed primarily to promote community welfare. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(7)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Federal Register* 55851). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant became a bank holding company in 1973 when it acquired The South Shore National Bank of Chicago ("Bank"), the only commercial bank in the South Shore community of Chicago. Applicant has committed Bank to a program of community renewal and a reversal of deposit outflow by involvement in community affairs. Since its initiation of that program, Bank has reversed its previous declining deposit and earnings trend, and Applicant has established itself as a business-based private sector organization committed to urban redevelopment. Applicant's management has extensive experience in community development and has secured deposits and support for Bank from religious, charitable and corporate organizations.

Applicant proposes to form two *de novo* subsidiaries for which it would provide initial funding through equity and debt investments. CLC would engage in the activity of restoring abandoned and substandard residential and commercial properties. CLC would purchase, rehabilitate or reconstruct, and resell such properties; participate with independent developers by using subordinated debt or nonvoting equity investments to enable the developers to qualify for bank credit to purchase and rehabilitate substandard property; or, participate as an investor in joint ventures with existing community redevelopment corporations such as Rescorp (the Chicago Area Renewal Effort Service Corporation). Applicant has indicated that any profits resulting from such projects would be reinvested in similar programs to continue rehabilitating properties in the community. The rehabilitated or restored housing would be for low to moderate income families and the rehabilitated or restored commercial properties would be small stores located in deteriorating neighborhoods.

TNI would initiate a variety of programs designed to promote the community welfare. Applicant has indicated that such programs would include: the formation of an educational development center to increase local educational opportunities and educational counselling and training (including admissions and financial aid information for area college-bound students); the provision of employment and career counselling services (including technical aid to community organizations in the development of Comprehensive Employment and Training Act grant proposals to place unemployed individuals in public service jobs); the establishment of a cultural center to provide instruction in and exposure to the arts; and the provision of research and development services to aid the funding and operation of such projects, to develop similar future projects, and to aid other community-oriented organizations. Applicant has indicated that each program initiated by TNI would be expected to be financially self-sufficient and would be required to return the start-up funds expended in its development.

By order of May 30, 1972,<sup>1</sup> the Board issued an interpretation of § 225.4(a)(7) of Regulation Y (12 CFR § 225.4(a)(7)). That interpretation (12 CFR § 225.127) stated in subparagraph (d) that the Board intended to include as a permissible activity under § 225.4(a)(7) investment in: "(1) projects for the

<sup>1</sup> 58 Federal Reserve BULLETIN 572.

construction or rehabilitation of housing for the benefit of persons of low- or moderate-income, (2) projects for the construction or rehabilitation of ancillary local commercial facilities necessary to provide goods or services principally to persons residing in low- or moderate-income housing and (3) projects designed explicitly to create improved job opportunities for low- or moderate-income groups (for example, minority equity investments, on a temporary basis, in small or medium-sized locally-controlled businesses in low-income urban or other economically depressed areas).''<sup>2</sup> The Board has reviewed Applicant's proposals and the complete record of the applications and concludes that the activities in which the proposed *de novo* subsidiaries would engage are designed primarily to promote the community welfare and therefore Applicant's equity and debt investments in these subsidiaries are regarded as within the scope of § 225.4 (a)(7) of the Board's Regulation Y. Applicant anticipates that the programs it proposes to implement through CLC and TNI will also encourage other private developers to invest in the local area. Furthermore, there is no evidence in the record indicating that Applicant's acquisition of these *de novo* subsidiaries and commencement of these activities would result in any undue concentration of resources, unfair competition, conflicts of interests, or unsound banking practices.

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

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

By order of the Board of Governors, effective December 19, 1977.

Voting for this action: Vice Chairman Gardner and

Governors Coldwell, Jackson, Partee, and Lilly. Absent and not voting: Chairman Burns and Governor Wallich.

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

Orbanco, Inc.,  
Portland, Oregon

*Order Approving Retention  
of Northwest Acceptance Corporation  
and Northwest Industrial Loan Company*

Orbanco, Inc., Portland, Oregon, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act and § 225.4(b)(2) of the Board's Regulation Y, to retain all of the outstanding voting shares of Northwest Acceptance Corporation, Portland, Oregon ("NAC"), a direct subsidiary of Applicant, and all of the outstanding voting shares of Northwest Industrial Loan Company, Portland, Oregon ("NILC"), a direct subsidiary of NAC and, indirectly of Applicant. NAC engages in the activities of receivables financing, equipment leasing, and acting as agent for the sale of credit-related insurance. NILC engages in the making of loans for business purposes.<sup>1</sup> Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1), (2) 6(a), and 9(ii)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (42 *Fed. Reg.* 54875 (1977)). The time for filing comments and views has expired, and the Board has considered all comments received in light of the public interest factors set forth in section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant became a bank holding company as a result of the 1970 Amendments to the Act by virtue of its control of The Oregon Bank, Portland, Oregon ("Bank"). Applicant acquired all of the outstanding shares of NAC and, indirectly, all of the outstanding shares of NILC in April, 1969. Pursuant to the provisions of § 4 of the Act, Applicant has until December 31, 1980, to divest its shares of

<sup>1</sup> NILC does not publicly raise lendable funds through the receipt of deposits or the issuance of debt instruments to persons other than Orbanco or its subsidiaries.

<sup>2</sup> 12 CFR § 225.127(d).

NAC and NILC or, in the alternative, to apply to the Board for approval to retain them.<sup>2</sup>

Applicant is the third largest banking organization in Oregon by virtue of its control of Bank. Bank has deposits of approximately \$391.2 million, representing approximately 5.7 per cent of the total deposits in commercial banks in the State.<sup>3</sup> In addition to engaging, through NAC and NILC, in receivables financing, equipment leasing, acting as agent in the sale of credit-related insurance and industrial lending, Applicant, through other non-bank subsidiaries, also engages in making and servicing real estate loans, leasing real estate to Applicant's affiliates, purchasing real estate loans from Bank, and providing computer services for the holding company system.

NAC conducts its activities from two offices in Portland, Oregon, an office in Eugene, Oregon, an office in Mercer Island, Washington, and seven offices located in seven cities outside the northwestern U.S. The majority of NAC's business originates in Oregon and Washington. NILC maintains its only operations office in Eugene, Oregon, and serves as an industrial loan extension of NAC. As of July 31, 1977, the consolidated assets of NAC and NILC were \$152.8 million. NILC held loans amounting to approximately \$500 thousand as of year-end 1976.

The Board regards the standards under § 4(c)(8) of the Act for retention of shares to be the same as the standards for a proposed acquisition. In 1969, the year of the acquisition, NAC (and NILC) conducted approximately two-thirds of their business in Oregon where there did exist at the time some direct competition between NAC and Bank in the making of commercial loans. However, the geographic market in which such competitive effects are to be judged is at least regional in scope and is approximated by the northwestern region of the country. The amounts of business generated in the regional market by NAC, NILC, and Bank were relatively small. In view of the relative domination of Oregon financial markets by the two largest Portland banks, whose deposits totalled \$3.04 billion as of December 31, 1969, the relatively small amount of deposits held by Bank as of that date (\$99 million) and the even smaller amount of loans

outstanding at NAC at that time (\$41 million), the acquisition of NAC and NILC appears to have had only a slightly adverse effect on competition in the relevant market. Accordingly, based on these and other facts of record, the Board concludes that Applicant's acquisition of NAC and NILC did not have any substantial adverse effect on either existing or potential competition in any relevant area.

Since the original acquisition, the structure of Oregon financial markets has undergone little change. The two largest banks hold more than seventy per cent of deposits held by Oregon banks. NAC and Bank, but for their affiliation, would be direct competitors in two Oregon counties, where Bank controls respectively only 2.9 and 5.5 per cent of deposits. Although NAC's business has doubled from 1969 to 1976, in these two counties, which contain the cities of Eugene and Portland, the total volume of business is still considered too small to be regarded as reflecting a significant increase in NAC's competitive position. In view of the relatively small market shares of Bank, NAC, and NILC, the proposal by Applicant to retain NAC and NILC would appear to have only a minimal impact on competition in any relevant area.

Since its acquisition by Applicant in 1969, NAC and NILC have approximately doubled their volume of business. NAC's continued affiliation with Applicant is likely to result in further growth of NAC and, indirectly, NILC, accompanied by increased efficiencies of operation and increased competition in the areas served by NAC. On the basis of these and other facts of record, the Board concludes that the benefits to the public resulting from Applicant's retention of NAC and NILC outweigh any adverse effects that have resulted from the affiliation.

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

By order of the Board of Governors, effective December 23, 1977.

<sup>2</sup> Section 4 of the Act provides *inter alia*, that nonbanking activities acquired between June 30, 1968 and December 31, 1970, by a company that becomes a bank holding company as a result of the 1970 Amendments may not be retained beyond December 31, 1980, without Board approval.

<sup>3</sup> Unless otherwise indicated, banking data are as of December 31, 1976.

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

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

Schroders Limited,  
London, England

*Order Approving  
Retention of Schroder Naess & Thomas  
Division of Schroders Incorporated and  
Acquisition of Robert C. Gilkison, Inc.*

Schroders Limited ("Limited"), and its wholly-owned direct and indirect subsidiaries, Schroder International Limited ("International") and Schroder International Holdings Limited ("Holdings"), respectively, all of London, England, as well as its wholly-owned indirect subsidiary, Schroders Incorporated, New York, New York ("Schroders"), each of which is a bank holding company within the meaning of the Bank Holding Company Act, have applied for the Board's approval under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to retain the business and assets of Schroder Naess & Thomas Division of Schroders (formerly Naess & Thomas, a partnership), New York, New York ("Naess"), and to acquire the business and certain assets of Robert C. Gilkison, Inc., Washington, D.C. ("Gilkison"), both of which are engaged in the activities of acting as investment counselor and registered investment adviser under the Investment Advisers Act of 1940. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(5)).

Notice of the applications, affording opportunity for interested persons to submit comments and views on the public interest factors, has been given in accordance with § 4 of the Act (42 *Federal Register* 52487). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Limited and Schroders are one-bank holding companies, and each became a bank holding company as a result of the 1970 Amendments to the Act by virtue of indirect control of Schroder Trust Company, New York, New York ("Bank"). International and Holdings became bank holding companies pursuant to the Board's Order of November 29, 1973 approving their applications to become

bank holding companies through the indirect acquisition of Bank (38 *Federal Register* 33538). Schroders acquired the business and assets of Naess on January 31, 1969. Pursuant to the provisions of § 4 of the Act, the Applicants have until December 31, 1980, to divest the business and assets of Naess, or, in the alternative, to apply to the Board for approval to retain them.<sup>1</sup>

Limited is a foreign bank holding company having as its principal subsidiary J. Henry Schroder Wagg & Co. Limited, London, England, a merchant bank that is the thirty-second largest bank in the United Kingdom. International and Holdings are holding companies for Limited's interest located outside the United Kingdom, including Schroders and its subsidiaries. Schroders, in turn, holds all of Limited's United States business interests, including J. Henry Schroder Banking Corporation ("Schrobank"), an investment company chartered under Article XII of the New York Banking Law.<sup>2</sup> Schroders has consolidated assets of \$596.7 million, of which Schrobank accounts for 55.2 per cent.<sup>3</sup> Bank, a wholly-owned subsidiary of Schrobank, has deposits of \$120 million.<sup>4</sup> In addition to engaging in investment advisory activities through Naess, Schroders engages through subsidiaries in corporate merger and acquisition services, real estate development, underwriting and issuance of certain debt obligations, as well as holding various other investments.<sup>5</sup>

Naess conducts its investment advisory business through its principal office in New York, and offices located in Bethesda, Maryland (suburban Washington, D.C.), Baltimore and Atlanta. It derives most of its business from institutional clients

<sup>1</sup> Section 4 of the Act provides *inter alia*, that nonbanking activities acquired between June 30, 1968 and December 31, 1970, by a company which becomes a bank holding company as a result of the 1970 Amendments may not be retained beyond December 31, 1980, without Board approval.

<sup>2</sup> The Board has determined that New York Investment Companies organized under Title XII of the New York State Banking Law are not banks within the meaning of the Act. (See Board's Order of May 10, 1977, approving application of European-American Bancorp. to become a bank holding company and to acquire European-American Banking Corporation (63 *Federal Reserve Bulletin* 595 (1977)).

<sup>3</sup> Unless otherwise noted, all banking and financial data are as of December 31, 1976.

<sup>4</sup> Bank has filed application with the Federal Deposit Insurance Corporation for approval to merge Schrobank pursuant to Section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1828(c)).

<sup>5</sup> With the exception of one *de novo* subsidiary established under § 4(c)(8) of the Act, the Applicants claim the grandfather proviso of § 4(a)(2) of the Act as authority to engage in many of its nonbanking activities. The Board is presently considering the extent to which the Applicants may retain these activities pursuant to permanent grandfather privileges of § 4(a)(2) of the Act.

located throughout the United States. On December 31, 1976, Naess had over \$1 billion in assets under management for over 600 clients and during 1976 it received total fee income of \$3.3 million.

The Board regards the standards under § 4(c)(8) of the Act for retention of shares to be the same as the standards for a proposed acquisition. In 1968, the last full year of operation prior to acquisition, Naess received total fee income of \$1.8 million. The record indicates that there are a large number of competing firms and bank trust departments providing investment advisory services, and that in 1968 Naess' business accounted for only a small amount of assets under management in the United States. Furthermore, while Bank provided investment advisory services in 1968, the nature and scope of such services were limited by State law and by the fact that Bank was not registered under the Investment Advisors Act of 1940. In light of the large number of competing firms provided investment advisory services, particularly in the New York area, and the fact that Bank was not a registered adviser, the Board concludes that Applicant's acquisition of Naess did not have significantly adverse effects on existing competition in any relevant area.

As a result of its acquisition by Applicant in 1969, Naess gained access to information resources available to Schroders through its international affiliations, which has been utilized by Naess in providing advisory services to clients. Furthermore, upon acquisition of Naess, Schroders assumed responsibility for Naess' administrative functions, such as accounting, legal and personnel services, enabling Naess to function more economically and efficiently in furnishing services to its clients. Finally, with the financial support of Schroders in 1973, Naess opened a new office in the Atlanta market, thereby increasing the number of competitors providing advisory services in that market. It is likely that as a result of the continued affiliation with Schroders, Naess will have the flexibility to remain a strong competitor in the product line and geographical areas in which it competes.

On the basis of these and other facts of record, the Board concludes that the benefits to the public resulting from Schroders' acquisition of Naess outweigh any adverse effects on competition that resulted from the affiliation. Moreover, it is the Board's view that approval of Schroders' retention of Naess can reasonably be expected to continue to produce benefits to the public that would outweigh any possible adverse effects. Furthermore, there is

no evidence in the record indicating that consummation of the proposal has resulted in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects on the public interest.

By separate applications, Limited, Holdings, International and Schroders have also applied to acquire the business and certain assets of Gilkison, a registered adviser providing investment advisory services, primarily to small individual investors. Gilkison conducts its investment advisory activities from its principal office in Washington, D.C. and maintains a conference room in suburban Virginia. On December 31, 1976, Gilkison had assets under management of \$55 million for 138 accounts, and during 1976 it received a total fee income of \$136,000 that was derived primarily from the Baltimore-Washington area. As noted previously, Naess also maintains offices in Baltimore and suburban Washington, and plans to close its Washington office upon consummation of the proposed transaction.<sup>6</sup> The record indicates that during 1976 Naess received fee income of \$160,000 from the Baltimore-Washington area, representing approximately 4 per cent of Naess' total fee income. However, the record indicates that a large number of national and local firms, as well as bank trust departments, provide investment advisory services in the Baltimore-Washington area. Accordingly, the Board concludes that acquisition of Gilkison by Schroders would eliminate some existing competition between Gilkison and Naess. However, in light of the large number of competitors providing investment advisory services in the Washington-Baltimore area, and the small amount of competition between the two firms, the Board does not view these effects on competition as significant.

Acquisition by Schroders of Gilkison would enable Gilkison to expand the range of services available to its customers. In addition, the proposed affiliation would provide Gilkison and its clients with access to Schroders' extensive research facilities, whereas Gilkison presently relies on outside sources for information. Finally, affiliation of the two firms would make available to Schroders' institutional clients certain expertise in the area of tax-exempt securities possessed by Gilkison's principal. On the basis of these and other facts of record, the Board concludes that the benefits to the public that would result from Schroders' acquisi-

<sup>6</sup> Bank, which also provides investment advisory services, operates only in New York and does not compete in the Baltimore or Washington markets.

tion of Gilkison are sufficient to outweigh any adverse effects on competition that may result from the acquisition. Furthermore, there is no evidence in the record to indicate that consummation of the proposed transaction would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other effects that would be adverse to the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined with regard to both applications before it that in each case the balance of public interest factors the Board is required to consider under the provisions of § 4(c)(8) of the Act is favorable, and that the applications should be approved. Accordingly, the applications are approved for the reasons summarized above. The acquisition of Gilkison shall be accomplished no later than three months after the effective date of this Order unless such period is extended for good cause by the Board. The approval of these applications is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require reports by, and make examinations of, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective December 12, 1977.

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

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

## ORDERS UNDER SECTION 2 OF BANK HOLDING COMPANY ACT

The Marine Corporation,  
Milwaukee, Wisconsin

[Docket No. 2(g)(3)-020]

Marine National Exchange Bank of Milwaukee, Milwaukee, Wisconsin ("Marine Bank") has requested a determination pursuant to the provisions of section 2(g)(3) of the Bank Holding Company Act of 1956, as amended (the "Act") (12 U.S.C. § 1841(g)(3)) that Marine Bank is not in fact capable of controlling each of the individuals listed on

Schedule A hereto to whom Marine Bank sold shares of American Hampton Bank, Milwaukee, Wisconsin ("American"), notwithstanding the indebtedness of each such individual to Marine Bank incurred in connection with transactions unrelated to the sale of shares of American. Marine Bank's parent, The Marine Corporation, Milwaukee, Wisconsin ("Marine"), is a bank holding company within the meaning of section 2(a) of the Act (12 U.S.C. § 1841(a)) by virtue of its ownership of over 25 per cent of the outstanding voting shares of Marine Bank, and pursuant to section 2(g)(1) of the Act (12 U.S.C. 1841(g)(1)) shares controlled by Marine Bank are deemed to be indirectly controlled by Marine.

Under the provisions of section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)), shares transferred after January 1, 1966, by any bank holding company to a transferee that is indebted to the transferor or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor, are deemed to be indirectly owned or controlled by the transferor unless the Board, after opportunity for hearing, determines that the transferor is not in fact capable of controlling the transferee.

Notice of an opportunity for hearing with respect to Marine Bank's request for a determination under section 2(g)(3) was published in the *Federal Register* on August 17, 1977 (42 *Fed. Reg.* 41476), and the time provided for requesting a hearing has expired. No such request has been received by the Board, nor has any evidence been received to show that Marine or Marine Bank is in fact capable of controlling or exerting a controlling influence, directly or indirectly, over the individuals listed on Schedule A or over American.

It is hereby determined that Marine and Marine Bank are not in fact capable of controlling any of the individuals listed on Schedule A, the shares of American held by them or American. This determination is based upon the evidence of record in this matter, including the following facts.

On December 11, 1975, Marine Bank, jointly and severally with Aid Association for Lutherans ("Lutherans"), acquired 95 per cent of the outstanding voting shares of American in satisfaction of a debt previously contracted. Pursuant to § 3(a)(A)(ii) of the Act (12 U.S.C. 1842(a)(A)(ii)), Marine and Lutherans were not required to obtain the prior approval of the Board to acquire the shares but would have had to obtain such approval to retain the shares of American if such shares had not been disposed of within two years. Accordingly, on

September 14, 1977, Marine Bank and Lutherans sold the shares of American to twelve individuals in a transaction that appears to have been the result of arms-length negotiations. Since eleven of the twelve individuals were indebted to Marine Bank, pursuant to the presumption contained in section 2(g)(3) of the Act, Marine Bank is deemed to control the shares of American held by the individual purchasers who are indebted to Marine Bank. None of the individual purchasers of the shares is a director, officer or employee of Marine Bank or any of its subsidiaries or affiliates. Neither Marine Bank nor any of its subsidiaries and affiliates has any director or officer in common with American or its subsidiaries and affiliates. Furthermore, there are no existing or contemplated agreements or understandings between Marine Bank and American regarding the conduct of American's business or its management and policies. While eleven of the twelve individual purchasers are indebted to Marine Bank in connection with transactions incurred in the ordinary course of business, the personal financial resources of each are substantial and would appear to support the conclusion that Marine Bank is not capable of controlling any of those individuals so indebted or American. Finally, the board of directors of Marine Bank has submitted a resolution disclaiming its capability of control over the individual purchasers and American, and affidavits were submitted by each individual stating that Marine Bank is not in fact capable of controlling him or American.

*Accordingly, it is ordered, that the request of Marine Bank for a determination pursuant to section 2(g)(3) be and hereby is granted. This determination is based upon the representations made to the Board by Marine Bank and the individuals listed on Schedule A. In the event the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Marine Bank or the individuals listed on Schedule A failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts or circumstances relied upon by the Board in making this determination could result in the Board reconsidering the determination made herein.*

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(1)), effective December 5, 1977.

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

Tracy Bancorp,  
Salt Lake City, Utah

[Docket No. 2(g)(3)-033]

Tracy Bancorp, Salt Lake City, Utah ("Tracy") a bank holding company within the meaning of section 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841(a)), ("Act"), which has transferred all of its stockholdings in Tracy-Osborne-Dickson & Associates, Inc., Salt Lake City, Utah ("TODA"), to Affiliated Insurance Agency, formerly "Dickson-Ackerlind & Associates", Salt Lake City, Utah ("DAA"), has requested a determination by the Board, pursuant to section 2(g)(3) of the Act (12 U.S.C. § 1841(g)(3)) that Tracy is not in fact capable of controlling DAA notwithstanding the fact that DAA is indebted to Tracy Collins Bank & Trust Company, Salt Lake City, Utah ("Bank"), a subsidiary of Tracy, which indebtedness resulted from DAA's purchase of the shares of TODA and is secured by 100 per cent of the shares of TODA. Tracy has also requested a determination by the Board pursuant to section 2(g)(3) of the Act that it is not in fact capable of controlling Tracy Realty Company, Salt Lake City, Utah ("Realty"), or the individuals to whom it transferred the shares of Realty, notwithstanding the fact that three officers and directors of Tracy are transferees of more than 5 per cent of the shares of Realty.

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

Notice of an opportunity for hearing with respect to Tracy's request for a determination under section 2(g)(3) in relation to the sale of TODA was published in the *Federal Register* on September 30, 1977 (42 *Fed. Reg.* 63466 (1977)), and the time provided for requesting a hearing has expired.<sup>2</sup> No such request has been received by the Board, nor

<sup>1</sup> For purposes of § 2(g)(3) of the Act, an individual to whom shares are transferred by a bank holding company and who is an officer or director of the bank holding company is deemed to be a transferee having an officer or director "in common with or subject to control by" the transferor.

<sup>2</sup> Such notice did not include reference to Tracy's divestiture of Realty.

has any evidence been received to show that Tracy is in fact capable of controlling TODA, DAA or Realty.

It is hereby determined that Tracy is not in fact capable of controlling or exerting a controlling influence, directly or indirectly, over TODA or DAA. This determination is based upon the evidence of record in this matter including the following facts. DAA is a closely held corporation, and none of its shareholders is related to Tracy, other than by virtue of their previous employment by TODA while it was a subsidiary of Tracy. There are no existing interlocking director, officer, or employee relationships between Tracy and TODA or Tracy and DAA. DAA's principals are personal guarantors of DAA's indebtedness to Bank and appear to have substantial personal financial resources.

It appears that the sale of TODA was negotiated at arm's length and that it is not unreasonable to conclude that DAA will be able to service its indebtedness to Bank. The board of directors of Tracy has submitted a resolution to the effect that Tracy does not, and will not attempt to, control or exercise a controlling influence over TODA or DAA.

The indebtedness of DAA to Bank is secured by 100 per cent of the shares of TODA. In this regard, Tracy has committed that, in the event of default by DAA and reacquisition of the shares by Bank, Tracy will promptly notify the Board and Bank will take appropriate steps to dispose of the shares within six months of regaining control over said shares.

It is also hereby determined that Tracy is not in fact capable of controlling or exercising a controlling influence, directly or indirectly, over Realty or the transferees of Realty. This determination is based upon the evidence of record in this matter including the following facts. Three individuals, with their spouses, own all of the outstanding voting shares of Tracy and serve as Tracy's board of directors and only officers. On December 31, 1976, Tracy made a *pro rata* distribution of all of its 500 shares, representing 100 per cent of the outstanding shares of Realty and the shareholders of Tracy. Tracy holds no interest in Realty. Moreover, there are no interlocking director, officer or employee relationships between Tracy, including Bank, and Realty. The divestiture does not appear to be a means for perpetuating Tracy's control over Realty. On the basis of the above and other facts of record, the Board concludes that Tracy does not control and is not in fact capable of controlling its

directors in their capacities as transferees of the stock of Realty.

*Accordingly it is ordered*, that the request of Tracy for determinations pursuant to § 2(g)(3) be and hereby are granted. Any material change in the facts or circumstances relied upon in making these determinations or any material breach of any of the commitments upon which the decision is based could result in reconsideration of the determinations made herein.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 CFR § 265.2(b)(1)), effective December 30, 1977.

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

[SEAL]

#### ORDER UNDER BANK MERGER ACT

The Hillsboro Bank and Savings Co.,  
Hillsboro, Ohio

#### *Order Approving Application for Merger of Banks*

The Hillsboro Bank and Savings Co., Hillsboro, Ohio ("Hillsboro Bank") has applied for the Board's approval pursuant to the Bank Merger Act (12 U.S.C. § 1828(c)), to acquire the assets and assume the liabilities of The Farmers Exchange Bank, Lynchburg, Ohio ("Lynchburg Bank"). Incident to the proposed acquisition the existing office of Lynchburg Bank would become a branch office of the resulting bank.

As required by the Bank Merger Act, notice of the proposed transactions was published in a form approved by the Board, and reports on competitive effects from the U.S. Attorney General, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation were requested, and reports were submitted by the U.S. Attorney General and the Federal Deposit Insurance Corporation. A comment was also received from the Banking Department of the State of Ohio.<sup>1</sup> The Board has

<sup>1</sup> The U.S. Attorney General expressed the view that consummation of the proposed transaction would not have a substantial competitive impact. The Federal Deposit Insurance Corporation expressed the view that the merger would have an adverse competitive impact. The Banking Department of the State of Ohio has given informal approval for the proposed acquisition.

considered the application and all comments and reports received in the light of the factors set forth in the Bank Merger Act.

Hillsboro Bank holds deposits of \$32.3 million and is the largest of four banks in the Hillsboro banking market,<sup>2</sup> with three of its four branches operating in that market.<sup>3</sup> Lynchburg Bank holds deposits of \$11.7 million and is the fourth largest bank in the Hillsboro market. Hillsboro Bank holds approximately 31 per cent of total deposits in commercial banks in the market, and upon consummation of the proposal would hold approximately 44 per cent of market deposits. While the market would have fewer independent competitors, it does not appear that a significant amount of competition would be eliminated. Analysis of the market area served by Hillsboro Bank, based on commercial and commuting patterns, and a survey of accounts held at Hillsboro Bank and Lynchburg Bank, indicates that Hillsboro Bank's services are oriented toward the eastern and southern portions of Highland County, whereas Lynchburg Bank primarily serves northwestern Highland County. Lynchburg Bank derives only 6.9 per cent of its total deposits and 6.7 per cent of its total loans from the service area of Hillsboro Bank. Furthermore, Hillsboro Bank derives only 1.3 per cent of its total deposits and 2.6 per cent of its total loans from the service area of Lynchburg Bank. Two of Hillsboro Bank's offices, located in the northeastern part of Highland County, derive no business at all from Lynchburg Bank's service area.

It appears that banks have found it difficult to obtain business from the Lynchburg area. Lynchburg Bank's president has attracted strong loyalty from the Lynchburg community, and his long standing personal relationship with members of that community appear to account for the fact that competitors have been unable to attract a significant amount of business from Lynchburg. Consummation of the proposed transaction should reduce the significance of personal relationships in determining the competitive situation in Lynchburg, and it is anticipated that consummation of the proposed transaction should encourage other banks to renew efforts to attract more business from Lynchburg in the future. For this reason the proposed transaction should actually stimulate

more effective competition in the Lynchburg area. For the reasons discussed above the Board concludes that consummation of the proposed transaction would not have any substantial adverse effects on competition.

The Board finds the financial and managerial resources and future prospects of Hillsboro Bank to be satisfactory and those of Lynchburg Bank to be generally satisfactory. The financial and managerial resources and future prospects of the resulting institution would also be satisfactory, and considerations relating to financial and managerial resources are regarded as consistent with approval of the application.

Consummation of the proposed transaction should lead to the introduction of new and improved services for customers in the Lynchburg area. Lynchburg Bank, as a branch of Hillsboro Bank, would be enabled to increase its lending limit to individual customers. Hillsboro Bank has indicated that it plans to expand commercial and consumer loan activity at the Lynchburg branch. In addition, the Lynchburg office would institute the payment of maximum rates of interest allowable by law on time deposits, the payment of compound interest, and the payment of interest monthly on request. Accordingly, and in light of the convenience and needs factors discussed above, the Board regards considerations relating to the convenience and needs of the community to be served as lending some weight toward approval of the application and, in the Board's view, are sufficient to outweigh any slight adverse competitive effects that might result from consummation of the proposal. It is the Board's judgment that the application should be approved.

On the basis and the reasons summarized above, the application to acquire assets and assume liabilities and, incident thereto, to establish a branch, is approved. The transactions shall not be made (a) before the thirtieth calendar day following the date of this Order or (b) 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 Cleveland pursuant to delegated authority.

By order of the Board of Governors, effective December 21, 1977.

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

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

[SEAL]

<sup>2</sup> Unless otherwise noted, all banking data are as of March 31, 1977. Market data are as of June 30, 1976.

<sup>3</sup> The Hillsboro banking market is comprised of all of Highland County with the exception of Madison Township, which is in the northeastern portion of the County.

# PRIOR CERTIFICATIONS PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976.

Time Holdings, Inc.,  
Milwaukee, Wisconsin

[Docket No. TCR 76-149]

Time Holdings, Inc., Milwaukee, Wisconsin ("Time") has requested a prior certification pursuant to § 1101(b) of the Internal Revenue Code (the "Code"), as amended by § 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of 362,900 shares of Bank of Commerce, Milwaukee, Wisconsin ("Bank"), presently held by Time, through the *pro rata* distribution of such shares to the shareholders of Time is necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act").

In connection with this request, the following information is deemed relevant, for purposes of issuing the requested certification:<sup>1</sup>

1. Time is a corporation organized under the laws of Nevada on April 24, 1969.

2. On June 26, 1969, Time acquired ownership and control of 68,644 shares, representing 91.525 per cent of the outstanding voting shares, of Bank. Time acquired additional shares of Bank thereafter, and on July 7, 1970, owned and controlled 71,645 shares representing 95.53 per cent of Bank's outstanding voting shares. Between that date and June 23, 1977, Time acquired an additional 935 shares of Bank. On June 23, 1977, five shares of Bank were issued to Bank's shareholders for every one share of stock then held by them. Thus, Time now holds 362,900 of shares, representing 96.773 per cent of the outstanding voting shares of Bank.<sup>2</sup>

<sup>1</sup> This information derives from Time's correspondence with the Board concerning its request for this certification, Time's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

<sup>2</sup> Under subsection (c) of § 1101 of the Code, property acquired after July 7, 1970 generally does not qualify for the tax benefits of § 1101(b) when distributed by an otherwise qualified bank holding company. However, where such property was acquired by a qualified bank holding company in a transaction in which gain was not recognized under § 305(a) of the Code, then § 1101(b) is applicable. Time has indicated that the shares of Bank acquired on June 23, 1977, were acquired in a transaction in which gain was not recognized under section 305(a) of the Code. Accordingly, even though such shares were acquired after July 7, 1970, those shares would nevertheless qualify as property eligible for the tax benefits provided in section 1101(b) of the Act, by virtue of section 1101(c), if the shares of Bank were in fact received in a transaction in which gain was not recognized under section 305(a) of the Act.

Of the total 362,900 shares of Bank presently held by Time, 4,675 shares represent property acquired after July 7, 1970, for which none of the exceptions provided in section 1101(c) of the Code appears to be available.

3. Time became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on September 22, 1971. Time would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on that date by virtue of its ownership and control on that date of more than 25 per cent of the outstanding voting shares of Bank.

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

5. Time has committed to the Board that it will terminate all interlocking relationships between Time and Bank by May 1, 1978.

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

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

(B) the 362,900 shares of Bank covered by the subject request that Time proposes to distribute to its shareholders are all or part of the property by reason of which Time controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company;<sup>3</sup> and

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

This certification is based upon the representations made to the Board by Time and upon the facts set forth above. In the event the Board should determine that facts material to this certification are otherwise than as represented by Time or that Time has failed to disclose to the Board other material facts, it may revoke this certification. This certification is granted on the condition that after May 1, 1978, no person holding an office or position (including an advisory or honorary position) with Time or any of its subsidiaries as a director, policy making employee or consultant, or who performs (directly, or through an agent, representative or

<sup>3</sup> As noted above, 4,675 of the shares of Bank to be distributed by time were acquired by it after July 7, 1970, and do not appear to qualify for any of the exceptions to the provision of § 1101(c) of the Code that makes § 1101(b) inapplicable to the distribution of shares acquired after that date.

nominee) functions comparable to those normally associated with such office or position, will hold any such office or position or perform any such function with Bank or any of its subsidiaries.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority, (12 CFR 265.2(b)(3)), effective December 21, 1977.

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

[SEAL]

Tracy Bancorp,  
Salt Lake City, Utah

[Docket No. TCR 76-127]

Tracy Bancorp, Salt Lake City, Utah ("Tracy"), has requested a prior certification pursuant to section 1101(a)(1) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its divestiture on December 31, 1976, of 500 shares of Tracy Realty Company ("Realty"), through the *pro rata* distribution of such shares to the holders of the common stock of Tracy, was necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act").<sup>1</sup> Tracy has also requested a final certification pursuant to section 1101(e)(1) of the Code that it has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all of the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

In connection with this request, the following information is deemed relevant for purposes of issuing the requested certification.<sup>2</sup>

1. Tracy is a corporation, organized under the laws of the State of Utah on November 17, 1969.

<sup>1</sup> Pursuant to section 2(d)(2) of the Tax Act, in the case of any distribution that takes place on or before December 31, 1976 (the 90th day after the date of the enactment of the Tax Act), the certification described in section 1101(a)(1)(B) shall be treated as made before the distribution if application for such certification was made before the close of December 31, 1976. Tracy's request for such certification was undated. It appears to have been mailed on January 6, 1977, and was received by the Board on January 10, 1977. The issuance of this prior certification is not intended as a determination by the Board that Tracy is entitled to the benefits provided by the Tax Act, and no opinion is expressed by the Board as to the legal effect for purposes of the Tax Act of the apparent untimeliness of the application.

<sup>2</sup> This information derives from Tracy's correspondence with the Board concerning its request for certification, Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

2. On December 20, 1969, Tracy acquired ownership and control of 288 shares, representing 100 per cent of the total outstanding voting shares, of Tracy Collins Bank and Trust Company, Salt Lake City, Utah ("Bank").

3. Tracy became a bank holding company on December 31, 1970, as a result of the enactment of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on July 12, 1971. Tracy would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of more than 25 per cent of the outstanding voting shares of Bank. On December 31, 1976, Tracy owned 288 shares, representing 100 per cent of the outstanding voting shares, of Bank.

4. On December 31, 1976, Tracy held property acquired by it on or before July 7, 1970, the disposition of which would be necessary or appropriate to effectuate section 4 of the BHC Act if Tracy were to continue to be a bank holding company beyond December 31, 1980, which property is prohibited property within the meaning of section 1103(c) of the Code.

5. On December 20, 1969, Tracy acquired indirect ownership and control, through Bank, of 500 shares, representing 100 per cent of outstanding shares, of Realty, a company engaged in the business of selling and leasing residential and commercial real property.

6. On December 31, 1976, Bank distributed all of the 500 shares of Realty then held by Bank to Tracy. On the same date Tracy made a *pro rata* distribution of such shares to the common shareholders of Realty.

7. Tracy does not hold any interest (including a debtor-creditor relationship) in Realty or any transferee of the shares of Realty.

8. Realty does not hold any interest in Tracy or any subsidiary of Tracy.

9. No officer, director (including honorary or advisory director) or employee with policy making functions of Tracy or its subsidiary holds any such position with Realty.

10. Under section 4(a)(2) of the BHC Act, Tracy is required to divest Tracy-Osborne-Dickson & Associates, Salt Lake City, Utah ("TODA"), by December 31, 1980, if Tracy were to continue to be a bank holding company after that date. On December 31, 1976, Tracy sold all of its 50,000 shares, representing 100 per cent of the outstanding shares,

of TODA to Dickson-Ackerlind & Associates, Salt Lake City, Utah ("DAA").<sup>3</sup>

11. Tracy does not hold any other property that must be divested by December 31, 1980.

12. Tracy has represented that it does not control or exercise a controlling influence over the management or policies of Realty or TODA and that it will not hereafter, alone or acting through one or more other persons, directly or indirectly acquire, retain, exercise or attempt to exercise control or any controlling influence over the management or policies of Realty or TODA.

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

(A) on December 31, 1976, Tracy was a qualified bank holding corporation, within the meaning of subsection (b) of section 1103 of the Code, and satisfied the requirements of that subsection;

<sup>3</sup> Effective December 30, 1977, the Board issued a determination pursuant to section 2(g)(3) of the BHC Act that (1) Tracy is not in fact capable of controlling TODA, notwithstanding the fact that the purchase by DAA of all of the outstanding voting shares of TODA was financed in part by a loan from Bank; and (2) Tracy is not in fact capable of controlling Realty notwithstanding the fact that the directors of Tracy to whom the shares of Realty were transferred are deemed to be a transferee having an officer or director in common with or subject to control by Tracy.

(B) the shares of Realty distributed by Tracy were prohibited property within the meaning of section 1103(c) of the Code;

(C) the distribution of the shares of Realty was necessary or appropriate to effectuate section 4 of the BHC Act; and

(D) Tracy has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) disposed of all of the property the disposition of which is necessary or appropriate to effectuate section 4 of the BHC Act.

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

By order of the Board of Governors acting through its General Counsel, pursuant to delegated authority (12 CFR 265.2(b)(3)), effective December 30, 1977.

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

[SEAL]

## ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

### BY THE BOARD OF GOVERNORS

During December 1977, the Board of Governors approved the applications listed below. Copies are available upon request to Publication Services, Division of Administrative 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>
Citizens State Banco, Lincoln, Nebraska	Citizens State Bank, Lincoln, Nebraska	12/12/77
First National Corporation, Appleton, Wisconsin	The First State Bank of Campbellsport, Campbellsport, Wisconsin	12/7/77
Junction City First National Company, Junction City, Kansas	The First National Bank of Junction City, Junction City, Kansas	12/28/77

## PENDING CASES INVOLVING THE BOARD OF GOVERNORS\*

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

*Emch v. The United States of America, et. al.*, filed November 1977, U.S.D.C. for the Eastern District of Wisconsin.

*Consumers Union of the United States, Inc. v. Board of Governors*, filed October 1977, U.S.D.C. for the District of Columbia.

*Corbin v. Federal Reserve Bank of New York, Board of Governors, et. al.*, filed October 1977, U.S.D.C. for the Southern District of New York.

*Central Bank v. Board of Governors*, filed October 1977, U.S.C.A. for the District of Columbia.

*Investment Company Institute v. Board of Governors*, filed September 1977, U.S.C.A. for the District of Columbia.

*Plaza Bank of West Port v. Board of Governors*, filed September 1977, U.S.C.A. for the Eighth Circuit.

*First State Bank of Abilene, Texas v. Board of Governors*, filed August 1977, U.S.C.A. for the District of Columbia.

*BankAmerica Corporation v. Board of Governors*, filed May 1977, U.S.D.C. for the Northern District of California.

*BankAmerica Corporation v. Board of Governors*, filed May 1977, U.S.C.A. for the Ninth Circuit.

*First Security Corporation v. Board of Governors*, filed March 1977, U.S.C.A. for the Tenth Circuit.

*Farmers State Bank of Crosby v. Board of Governors*, filed January 1977, U.S.C.A. for the Eighth Circuit.

*National Automobile Dealers Association, Inc. v. Board of Governors*, filed November 1976, U.S.C.A. for the District of Columbia.

*First Security Corporation v. Board of Governors*, filed August 1976, U.S.C.A. for the Tenth Circuit.

*Central Wisconsin Bankshares, Inc. v. Board of*

*Governors*, filed June 1976, U.S.C.A. for the Seventh 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.

*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.

*First Lincolnwood Corporation v. Board of Governors*, filed February 1976, U.S.C.A. for the Seventh Circuit.

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

*Florida Association of Insurance Agents, Inc. v. Board of Governors*, and *National Association of Insurance Agents, Inc. v. Board of Governors*, filed August 1975, actions consolidated in U.S.C.A. for the Fifth Circuit.

‡ *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.

*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.

*Bankers Trust New York Corporation v. Board of Governors*, filed May 1973, U.S.C.A. for the Second Circuit.

\* This listing of pending cases does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

‡ The Board of Governors is not named as a party in this action.

# Announcements

## DR. ARTHUR F. BURNS: Resignation as a Member of the Board of Governors

The White House on January 13 announced the resignation of Arthur F. Burns as a member of the Board of Governors, effective March 31 or at any earlier time convenient to the President. President Carter accepted the resignation with "sincere regret and a deep sense of personal loss."

Dr. Burns became a member of the Board of Governors, and its Chairman, on February 1, 1970. He was reappointed to a 4-year term as Chairman, effective February 1, 1974. The exchange of letters between Dr. Burns and President Carter follows:

January 12, 1978

Dear Mr. President:

I have given careful thought to the question of continuing to serve as a member of the Federal Reserve Board and have decided not to do so. This decision is based on my conviction that Mr. Miller deserves the fullest opportunity to establish his leadership at the helm of our Nation's central bank. The continued presence of a former Chairman could, in my judgment, be a complicating distraction.

I am mindful, of course, of the desirability of easing the transition at the Board and also of affording you time to name a new Board Member. With these and also personal considerations in mind, I propose March 31, 1978—or any earlier convenient time—as the effective date of resignation.

I take leave of my present office with deep gratitude for the opportunity I have had to serve under you and five of your predecessors. America is a blessed country and it has been good to its people. Adopted citizens, such as myself, perhaps know this even more keenly than do the native born. That is why their love of this land of freedom and opportunity is so often all-consuming. I need hardly add that you can count on me if I can ever be of significant help in your efforts on our country's behalf.

With every good wish to you,

Sincerely yours,

Arthur F. Burns

## THE WHITE HOUSE WASHINGTON

January 13, 1978

Dear Chairman Burns:

It is with sincere regret and a deep sense of personal loss that I accept your decision to resign as a member of the Federal Reserve Board.

We have worked together closely over the past year, and my respect for your sound judgment and integrity has grown steadily. Your advice and counsel have been of enormous value to me in dealing with the difficult decisions I had to make during my first year as President.

Your leadership of the Federal Reserve over the past eight years occurred at a time when our nation, and others around the world, were forced to grapple with economic problems of extraordinary complexity. Our country has been fortunate to have a person of your experience and knowledge at the helm of the central bank during this difficult period.

Because of your impeccable honesty, your wisdom, and your frank and courageous presentation of your professional opinions, citizens in every walk of life have come to know and respect you during your long period of public service. In expressing my own profound thanks to you, I am conveying the sentiments of a grateful nation.

I will miss very much the frequent personal contact that we have had over the past year, and I trust that in the future your services will still be available to me and to the nation.

Sincerely yours,

Jimmy Carter

## CHANGE IN DISCOUNT RATE

The recent disorder in foreign exchange markets constitutes a threat to orderly expansion of the domestic and international economy. In view of this, the Board of Governors of the Federal Reserve System on January 6, 1978, approved an increase in the discount rate from 6 per cent to 6-1/2 per cent.

The Board expressed the hope that the need for the increase will prove temporary. The Board

further indicated that the condition of the domestic economy is sound and that credit supplies to sustain economic expansion will remain ample.

In making the change, the Board acted on requests from directors of the Federal Reserve Banks of New York and Chicago, increasing the discount rates of those Banks to 6-1/2 per cent, effective January 9. The Board subsequently approved similar actions by the directors of the Federal Reserve Banks of Boston, Minneapolis, and Kansas City, effective January 10; of Richmond, St. Louis, Dallas, and San Francisco, effective January 13; of Atlanta, effective January 16; and of Philadelphia and Cleveland, effective January 20, 1978. The discount rate is the interest rate that is charged member banks when they borrow from their district Federal Reserve Bank.

## TREASURY-FEDERAL RESERVE JOINT INTERVENTION

The U.S. Treasury and the Board of Governors issued the following announcement on January 4, 1978:

The Exchange Stabilization Fund of the U.S. Treasury will henceforth be utilized actively, together with the \$20 billion swap network operated by the Federal Reserve System. A swap agreement reached by the Treasury with the German Federal Bank is already in force. Joint intervention by the Treasury, the Federal Reserve, and foreign central banks is designed to check speculation and re-establish order in the foreign exchange markets.

## COUNTRY EXPOSURE LENDING SURVEY

The results of a survey of foreign lending by large U.S. banks as of June 30, 1977, were made public on January 16, 1978, by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors.

The survey was made to increase the information available on foreign lending, on a country-by-country basis. The data reported cover claims on foreign residents held at all domestic and foreign offices of 119 U.S. banks with assets of \$1 billion or more.<sup>1</sup>

<sup>1</sup> The data referred to in this announcement are available in tabular form on request from Publications Services, Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Based on the experience of this survey, the bank regulatory agencies have instituted a semiannual "Country Exposure Report" to begin with data for December 1977. Results of future reports will be published approximately 4 months after the reporting date.

## TYPES OF LOANS

The information gathered in the survey concentrated on data concerning lending from a bank's offices in one country to residents of another country, or lending in a currency other than that of the borrower. These are known as cross-border or cross-currency loans.

Cross-border and cross-currency loans are those most closely associated with country risk. These claims totaled \$164 billion on the reporting date. About 42 per cent of such foreign lending was accounted for by claims on residents of Switzerland and the Group of Ten (G-10) developed countries. Another 20 per cent represented loans to residents of "other developed countries" and "offshore banking centers."<sup>2</sup> Cross-border and cross-currency claims on residents of non-oil-producing, less-developed countries amounted to approximately \$40 billion, or some 24 per cent of the total.

In addition, the banks reported \$44 billion in local currency claims that were held by their offices in foreign countries on residents of the country in which the office was located. An example would be German mark claims on German residents held by the German branch of the reporting U.S. bank. To a large extent, these local currency claims were matched by \$37 billion in local currency liabilities due to local residents. Approximately 75 per cent of these claims were on residents of Switzerland and the G-10 countries.

## MATURITIES

The survey provided for the first time comprehensive data on the type of customer and the maturity distribution of banks' claims on foreigners. About 63 per cent of the reported cross-border and cross-currency claims had a maturity of less than 1 year. Such short-term claims were especially prominent in the G-10 countries and the offshore banking centers where, combined, \$64 billion of the \$85 billion in claims matured in less than 1 year. This heavy concentration of short-term claims reflects

<sup>2</sup> Countries where multinational banks conduct a large international money market business.

the large volume of interbank lending in these countries. Most such placements of deposits are for very short periods.

For most other groups of countries, short-term claims accounted for about one-half of total claims although the proportion varied significantly among individual countries.

## TYPE OF BORROWER

With regard to type of customer, lending by the private nonbank sector was the largest, accounting for \$63 billion. Other types of lending were placements with banks amounting to \$59 billion and loans to the public sector totaling \$42 billion. This latter category includes foreign central governments, their political subdivisions and agencies, and commercial nonbank enterprises owned by government. This distribution varied significantly from country to country. Here also, most of the claims on banks were on those located in the G-10 countries and the offshore banking centers.

## GUARANTEES

Information is provided on the cross-border and cross-currency claims that are guaranteed by residents of another country. Claims are reallocated from the country of residence of the borrower to another country on two grounds. First, claims on a bank branch located in one country when the head office is located in another country are allocated to the country of the head office. Since a branch is legally a part of the parent, claims on a branch are treated as being guaranteed by the head office. Second, claims on a borrower in one country that are formally guaranteed by a resident of another country are allocated to the latter country. These reallocations are thought to provide a better approximation of country exposure in the banks' portfolios than the unadjusted figures.

Most of the shifts are accounted for by the transfer of claims on branches (and, when guaranteed, on subsidiaries) of banks to their head offices (\$25 billion out of \$33 billion). In general, the reallocations primarily affected the offshore banking centers and some of the developed countries. For example, claims on the offshore banking centers decreased from \$16.8 billion to \$4.4 billion, and claims on the United Kingdom decreased from \$25 billion to \$15.8 billion.

For the majority of less-developed countries, a relatively small portion of claims is externally guaranteed. The total shown for claims on foreign-

ers by country of guarantor is about \$150 billion, or \$14 billion less than the total for claims by country of borrower. This results from U.S. residents guaranteeing about \$16.5 billion of claims on foreigners and foreign residents guaranteeing about \$2.5 billion of claims on U.S. residents.

## COMMITMENTS TO PROVIDE FUNDS FOR FOREIGNERS

The survey also provided information on commercial letters of credit and other contingent claims on foreigners. The banks were asked to report such contingent claims only when the bank had a legal obligation to provide funds. The amounts reported total \$42 billion, with 75 per cent of that total being on the private sector, including banks.

## USE OF THE DATA

The results of the survey need to be interpreted with some caution. The survey was experimental in nature, and it was recognized that all banks might not be able to furnish the requested information in the short period of time they were given. As a result, certain deviations from the instructions were permitted, and in a limited number of cases, data were estimated for banks that were unable to report all items requested. In particular, some banks were permitted to report claims by "country of the guarantor" rather than by country of the borrower's residence. Gross claims on some countries (particularly the banking centers) may, as a result, be somewhat understated.

In addition, the reported contingent claims may be somewhat overstated, particularly with regard to the private sector, because some banks included advised lines of credit (when actual extensions of credit under such lines might not be obligatory). In spite of these difficulties, it is believed that the reported data provide a representative profile of the foreign claims of U.S. banks.

## STATEMENT ON IMPROPER ACTIVITIES

The Federal bank regulatory agencies issued notice on January 17, 1978, that political contributions and certain other questionable payments by banks and bank holding companies may be regarded as unsafe and unsound banking practices subject to appropriate corrective action.

In a joint policy statement the agencies said they will use their full legal authority to halt such practices, including cease-and-desist orders and referrals to law enforcement agencies for possible prosecution. Such payments may also become a relevant factor in consideration of applications submitted by organizations that made the payments.

The policy statement was issued by the Comptroller of the Currency (supervisor of national banks), the Federal Deposit Insurance Corporation (Federal supervisor of insured State-chartered banks that are not members of the Federal Reserve System), and the Board of Governors of the Federal Reserve System (supervisor of State-chartered member banks and of bank holding companies).

Referring to recent disclosures by a small number of banks and bank holding companies of certain questionable payments, the statement expressed the belief of the Federal regulators that continuation of such practices would reflect unfavorably on the banking system as a whole and thus undermine public confidence.

The text of the joint policy statement follows:

*Statement of Policy Concerning Improper and Illegal Payments by Banks and Bank Holding Companies*

In recent years a number of U.S. corporations have disclosed that they have engaged in certain questionable practices with respect to foreign and domestic payments. These practices have included improper and illegal political contributions, bribes, kickbacks, etc., and have taken place, in some instances, with the knowledge, consent, and even the participation of senior corporate management. Many of the foreign payments, legal under U.S. law at the time they were made, would, as a result of the recently enacted Foreign Corrupt Practices Act of 1977, Public Law 95-213, 91 Stat. 1494 (1977), be illegal if made today. In addition, under Federal and State laws, certain political contributions and other types of payments are illegal.

Recently, a few banks and bank holding companies have disclosed that, over a period of time, they also have engaged in questionable payment practices either directly or through subsidiary banks. Of the questionable payment practices disclosed to date, most have consisted of domestic political contributions. While information presently available does not indicate any significant involvement by banks or bank holding companies in any of the other types of questionable payment practices disclosed by other U.S. corporations, the agencies recognize that the circumstances in which questionable

domestic and foreign payments were made by corporations may influence banks and bank holding companies. Thus, although the available information indicates that the number of banking firms that have engaged in improper payment practices is small, Federal bank supervisory agencies are concerned that such practices, if permitted to continue, would come to reflect adversely on the banking system as a whole. It is the judgment of the agencies that the practice of making political contributions and certain other payments, in addition to their possible illegality, may constitute an unsafe or unsound banking practice.

The devices used by banking organizations to make political payments have included compensatory bonuses to employees, improperly designated expense accounts, excessive fees or salaries paid to officers, and low or zero interest rate loans. In addition, political contributions have been made by providing equipment and services without charge to candidates for office. Many of these devices involved clear departures from acceptable accounting practices. Consequent lack of corporate accountability raises serious questions regarding the effectiveness of an institution's own internal audit procedures. For banking organizations to engage in illegal or unethical activities and to attempt to conceal those activities by the use of irregular accounting practices could only serve to undermine public confidence in the banking system.

All banks and bank holding companies subject to the Federal supervisory authority of the Board, the Comptroller of the Currency, and the FDIC are expected not only to conduct their operations in accordance with applicable laws but to refrain from making payments that may constitute unsafe and unsound banking practices. Where violations of law or unsafe and unsound banking practices result from improper payments, the appropriate agency will exercise its full legal authority, including cease-and-desist proceedings and referral to the appropriate law enforcement agency for further action, to ensure that such practices are terminated. In appropriate circumstances, the fact that such payments have been made may reflect so adversely on an organization's management as to be a relevant factor in connection with the consideration of applications submitted by the organization.

In the near future, the agencies expect to institute additional procedures in conjunction with their general and specialized examinations of banks and bank holding companies designed to evaluate individual institutions' controls for ensuring adherence to provisions of law prohibiting unsafe or unsound practices, including the making of contributions to

or corporate expenditures on behalf of candidates for elective office, officials of foreign or domestic governments, and others. Banks and bank holding companies are urged to review their own corporate policies and accounting practices to ensure that the funds of the institution are applied for proper purposes only.

## RESERVE BANK EARNINGS

Preliminary figures indicate that gross current earnings of the Federal Reserve Banks amounted to \$6.89 billion during 1977, a 4.0 per cent increase from a year earlier. Current expenses for the 12 Reserve Banks and their branches totaled \$624 million.

Net earnings before payments to the U.S. Treasury totaled \$6.043 billion. This figure includes a loss of \$177 million in the profit and loss account (primarily reflecting a loss of \$146 million in foreign exchange transactions) and a \$47 million assessment for expenditures of the Board of Governors. Payments to the Treasury as interest on Federal Reserve notes amounted to \$5.937 billion; statutory dividends to member banks, \$60 million; and additions to Reserve Bank surplus, \$46 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 1976, gross earnings were up \$268 million. The principal changes in earnings (in millions of dollars) were as follows:

U.S. Govt. securities .....	332
Loans .....	22
Acceptances .....	-23
Foreign currencies .....	-25

Earnings of the Federal Reserve System are derived primarily from U.S. Government securities that the Federal Reserve has acquired through open market operations, one of the tools of monetary policy.

## APPROVAL OF RESERVE BANK BUDGETS

The Board of Governors on December 21, 1977, approved the 1978 budgets of the 12 Federal Reserve Banks, permitting an increase of 3 per cent over total outlays anticipated for 1977.

The Reserve Bank budgets approved for calendar

1978 provide for total cash outlays of \$765.6 million. This includes \$64.8 million in capital outlays, a decrease of \$7 million from 1977, and operating outlays of \$722.2 million, an increase of \$36.8 million over 1977. To avoid double counting the total figure is adjusted for depreciation of capital equipment.

The 5.4 per cent rise in operating expenditures for 1978 is substantially less than the average annual growth at the Reserve Banks of 7.7 per cent a year from 1974 through 1977.

Output per hour at the Reserve Banks is expected to increase by more than 10 per cent in 1977 and in 1978. Reserve Bank payrolls have shrunk by 2,156 employees over the last 3 years and a further reduction of 486 employees is expected next year, when the number of employees will total 24,007.

The Board's budget will be considered at a later date.

## OPEN BOARD MEETINGS: Requests for Materials

For the information of the public, the Secretary of the Board of Governors has outlined the following procedures that are in effect at the Board for the processing of requests for copies of memoranda and other material scheduled to be discussed at meetings of the Board that are open to public observation:

As required by law, the Secretary of the Board regularly makes public announcement of the agenda for each open meeting at least 1 week in advance of the meeting. Members of the public who wish to request copies of materials scheduled to be discussed at such a meeting should make their requests to the Secretary as far in advance of the meeting as possible in accordance with the Board's Rules Regarding Availability of Information, 12 C.F.R. Part 261. In any case, the request should be received by the close of business two working days prior to the meeting.

Because such materials may be helpful to the requesting party if they are available for use at the open meeting to which they relate, the Secretary gives such requests priority treatment. Requested materials are made available by the time of the meeting unless there is insufficient opportunity to process the request or a determination is made to invoke an applicable exemption from disclosure.

Requests for materials to be discussed in open meetings should be in writing and addressed to the Secretary. They may be presented during business hours at the Board's Freedom of Information Office, Room 1228, Federal Reserve Building, 20th Street

and Constitution Avenue, N.W., Washington, D.C. 20551.

## POSTPONEMENT OF REVISED REPORTS

The Board of Governors has announced postponement of the proposed effective date of revisions in quarterly reports by State member banks of their condition and income. The proposals—announced in October—would affect chiefly banks with foreign offices and others with assets of \$300 million or more.

The target date for the reporting changes was postponed from March 31, 1978. A new date for implementation of the revised reports will be announced in the near future.

The Board said it was acting on the basis of comments received and in order to give adequate time for consideration of these comments.

## PROPOSED ACTIONS: FUNDS TRANSFER AND CLEARING

The Board of Governors has invited comment by February 28, 1978, on plans to enhance and improve

payments services to financial institutions and the public.

## CHANGES IN BOARD STAFF

The Board of Governors has announced the following official staff promotions in the Legal Division, effective January 3, 1978:

Robert E. Mannion from Assistant General Counsel to Associate General Counsel.

Allen L. Raiken from Assistant General Counsel to Associate General Counsel.

The Board also announced the resignation of Baldwin B. Tuttle, Deputy General Counsel, effective December 30.

## SYSTEM MEMBERSHIP: Admission of State Bank

The following bank was admitted to membership in the Federal Reserve System during the period December 16, 1977, through January 15, 1978:

*Oklahoma*

Tulsa .....Harvard Tower Bank

# Industrial Production

Released for publication January 17

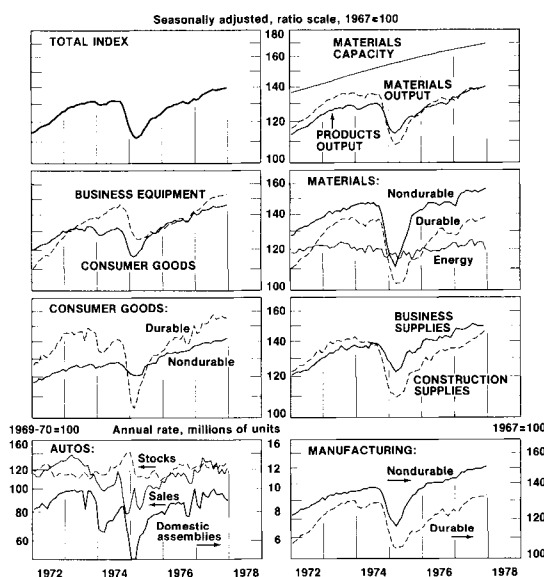
Industrial production increased by an estimated 0.2 per cent in December, compared with revised increases of 0.4 per cent in November and 0.2 per cent in October. The December increase in the index would have been twice as large if it were not for the nearly 50 per cent cut in bituminous output due to the coal strike.

Moderate increases were registered in most market groupings of the index, including home goods, consumer nondurable goods, business equipment, construction supplies, and durable and nondurable goods materials. The December index, at 139.6 per cent of the 1967 average, implies a preliminary annual average for 1977 of 137.1 per cent, up 5.6 per cent from the previous year.

Output of consumer goods increased 0.3 per cent, reflecting moderate increases in home goods and nondurable consumer goods such as food, staples, and clothing. In response to weaker-than-expected sales, auto assemblies were reduced to an annual rate of 8.9 million units from 9.1 million in November. First-quarter assemblies are also currently scheduled in this range. Production of business equipment is estimated to have increased 0.4 per cent in December, following smaller rises over the previous 2 months; a small portion of this increase is attributable to partial resumption of production in strike-affected aerospace industries.

Output of intermediate products, which includes construction and business supplies, advanced 0.9 per cent further.

Output of total materials declined 0.1 per cent in December, as production of energy materials was reduced more than 3 per cent due to the coal strike. Both durable and nondurable goods materials increased moderately further.



F.R. indexes, seasonally adjusted. Latest figures: December.

\*Auto sales and stocks include imports.

Industrial production	Seasonally adjusted, 1967 = 100				Per cent changes from—		
	1977						
	Sept.	Oct.	Nov. <sup>p</sup>	Dec. <sup>e</sup>	Month ago	Year ago	Q3 to Q4
<b>Total</b> .....	<b>138.5</b>	<b>138.8</b>	<b>139.3</b>	<b>139.6</b>	<b>.2</b>	<b>5.0</b>	<b>.6</b>
Products, total .....	138.8	138.9	139.3	140.0	.5	4.9	.6
Final products .....	136.8	136.6	137.0	137.6	.4	4.6	.4
Consumer goods .....	144.9	145.2	145.7	146.2	.3	3.5	.5
Durable goods .....	155.6	157.2	155.6	155.9	.2	3.6	.1
Nondurable goods .....	140.7	140.5	141.6	142.2	.4	3.3	.6
Business equipment .....	152.1	152.3	152.7	153.3	.4	7.7	.9
Intermediate products .....	146.5	147.0	147.9	149.2	.9	6.2	1.2
Construction supplies .....	143.2	144.4	146.0	147.1	.8	8.6	2.7
Materials .....	137.9	138.8	139.2	139.1	-.1	5.4	.7

<sup>p</sup>Preliminary.

<sup>e</sup>Estimated.

# Financial and Business Statistics

## CONTENTS

### DOMESTIC FINANCIAL STATISTICS

- A3 Monetary aggregates and interest rates
- A4 Factors affecting member bank reserves
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## 1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1976	1977				1977				
	Q4	Q1	Q2	Q3	July	Aug.	Sept.	Oct.	Nov.	
Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent) <sup>12</sup>										
Member bank reserves										
1 Total.....	4.4	2.7	3.0	9.0	16.9	9.8	— .5	9.1	3.7	
2 Required.....	4.0	3.0	3.5	8.6	12.5	12.5	— .8	9.1	2.4	
3 Nonborrowed.....	4.8	2.6	1.9	3.4	14.9	—15.4	14.6	—14.1	19.3	
Concepts of money <sup>1</sup>										
4 M-1.....	6.5	4.2	8.4	9.3	18.3	5.9	7.3	12.0	1.8	
5 M-2.....	12.5	9.9	9.2	10.3	16.6	6.4	7.9	10.1	4.5	
6 M-3.....	14.4	11.3	10.0	12.4	16.1	11.5	12.3	*12.5	7.3	
Time and savings deposits										
Commercial banks:										
7 Total.....	12.2	12.5	8.3	10.0	11.0	6.9	7.6	14.6	18.3	
8 Other than large CD's.....	17.1	14.0	9.8	10.9	15.4	6.8	8.6	8.6	9.0	
9 Thrift institutions <sup>2</sup> .....	17.3	13.4	11.2	15.5	15.5	18.4	*18.8	*15.9	11.2	
10 Total loans and investments at commercial banks <sup>3</sup> .....	10.8	*9.5	*13.3	*9.8	*9.5	12.3	*3.8	*13.5	11.8	
Interest rates (levels, per cent per annum)										
1977										
	Q1	Q2	Q3	Q4	Aug.	Sept.	Oct.	Nov.	Dec.	
Short-term rates										
11 Federal funds <sup>4</sup> .....	4.66	5.16	5.82	6.51	5.90	6.14	6.47	6.51	6.56	
12 Treasury bills (3-month market yield) <sup>5</sup> .....	4.63	4.84	5.50	6.11	5.49	5.81	6.16	6.10	6.07	
13 Commercial paper (90- to 119-day) <sup>6</sup> .....	4.74	5.15	5.74	6.56	5.75	6.09	6.51	6.54	6.61	
14 Federal Reserve discount <sup>7</sup> .....	5.25	5.25	5.42	.....	5.27	5.75	5.80	6.00	6.00	
Long-term rates										
Bonds:										
15 U.S. Govt. <sup>8</sup> .....	7.62	7.68	7.60	7.78	7.64	7.57	7.71	7.76	7.87	
16 State and local government <sup>9</sup> .....	5.88	5.70	5.59	5.57	5.62	5.51	5.64	5.49	5.57	
17 Aaa utility (new issue) <sup>10</sup> .....	8.17	8.21	8.09	8.27	8.04	8.07	8.23	8.27	8.34	
18 Conventional mortgages <sup>11</sup> .....	8.82	8.95	9.00	9.05	9.00	9.00	9.00	9.05	.....	

<sup>1</sup> M-1 equals currency plus private demand deposits adjusted.  
<sup>2</sup> M-2 equals M-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).

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

<sup>4</sup> Savings and loan associations, mutual savings banks, and credit unions.

<sup>5</sup> Quarterly changes calculated from figures shown in Table 1.23.

<sup>6</sup> Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

<sup>7</sup> Quoted on a bank-discount rate basis.

<sup>8</sup> Most representative offering rate quoted by five dealers.

<sup>9</sup> Rate for the Federal Reserve Bank of New York.

<sup>10</sup> Market yields adjusted to a 20-year maturity by the U.S. Treasury.

<sup>11</sup> Bond Buyer series for 20 issues of mixed quality.

<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> Unless otherwise noted, rates of change are calculated from average amounts outstanding in preceding month or quarter.

## 1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

Factors	Monthly averages of daily figures			Weekly averages of daily figures for weeks ending—						
	1977			1977						
	Oct.	Nov.	Dec. <sup>p</sup>	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21 <sup>p</sup>	Dec. 28 <sup>p</sup>
<b>SUPPLYING RESERVE FUNDS</b>										
1 Reserve Bank credit outstanding....	113,279	110,650	116,412	110,374	111,085	111,457	113,067	112,574	116,633	121,795
2 U.S. Govt. securities <sup>1</sup> .....	98,037	95,421	100,185	94,919	95,565	95,825	97,976	97,416	100,532	103,365
3 Bought outright.....	97,395	95,170	98,957	94,919	95,414	95,382	97,074	97,416	99,504	100,990
4 Held under repurchase agreement.....	642	251	1,228	.....	151	443	902	.....	1,028	2,375
5 Federal agency securities.....	7,389	7,355	7,763	7,329	7,351	7,370	7,364	7,319	7,451	8,578
6 Bought outright.....	7,329	7,329	7,541	7,329	7,329	7,329	7,329	7,319	7,305	8,013
7 Held under repurchase agreement.....	60	26	222	.....	22	41	35	.....	146	565
8 Acceptances.....	91	42	326	.....	26	61	171	.....	270	589
9 Loans.....	1,319	840	558	534	879	1,079	583	509	528	686
10 Float.....	3,972	4,660	5,338	5,085	5,255	4,885	4,870	5,193	5,607	6,176
11 Other Federal Reserve assets.....	2,471	2,332	2,242	2,507	2,009	2,237	2,103	2,137	2,246	2,400
12 Gold stock.....	11,595	11,595	11,696	11,595	11,595	11,595	11,622	11,718	11,718	11,718
13 Special Drawing Rights certificate account.....	1,200	1,200	1,208	1,200	1,200	1,200	1,200	1,200	1,200	1,214
14 Treasury currency outstanding.....	11,272	11,313	11,356	11,307	11,322	11,324	11,344	11,348	11,359	11,364
<b>ABSORBING RESERVE FUNDS</b>										
15 Currency in circulation.....	98,868	100,741	102,823	100,883	101,034	101,533	101,737	102,556	102,990	103,713
16 Treasury cash holdings.....	429	415	448	418	410	407	442	403	400	394
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury.....	6,618	2,399	5,640	1,790	1,757	2,112	4,156	3,210	5,303	9,346
18 Foreign.....	298	301	298	329	286	313	316	270	280	297
19 Other <sup>2</sup> .....	699	597	658	575	518	713	661	620	620	581
20 Other F.R. liabilities and capital....	3,501	3,522	3,718	3,517	3,658	3,721	3,552	3,408	3,672	4,331
21 Member bank reserves with F.R. Banks.....	26,933	26,783	27,087	26,963	27,541	26,779	26,368	26,374	27,646	27,431
<b>End-of-month figures</b>										
<b>Wednesday figures</b>										
<b>1977</b>										
<b>1977</b>										
<b>SUPPLYING RESERVE FUNDS</b>										
22 Reserve Bank credit outstanding....	109,358	111,862	118,584	107,548	115,992	111,862	114,068	111,761	120,414	124,908
23 U.S. Govt. securities <sup>1</sup> .....	94,597	96,477	102,819	89,945	97,687	96,477	98,414	94,557	101,977	105,682
24 Bought outright.....	94,597	94,438	100,918	89,945	96,627	94,438	97,785	94,557	99,588	101,063
25 Held under repurchase agreement.....	.....	2,039	1,901	.....	1,060	2,039	629	.....	2,389	4,619
26 Federal agency securities.....	7,329	7,460	8,455	7,329	7,484	7,460	7,379	7,305	7,551	8,825
27 Bought outright.....	7,329	7,329	8,004	7,329	7,329	7,329	7,329	7,305	7,305	8,013
28 Held under repurchase agreement.....	.....	131	451	.....	155	131	50	.....	246	812
29 Acceptances.....	.....	248	954	.....	182	248	294	.....	469	734
30 Loans.....	923	926	266	369	2,951	926	588	1,238	1,038	1,909
31 Float.....	3,945	4,632	3,648	7,856	5,623	4,632	5,179	6,477	7,055	5,355
32 Other Federal Reserve assets.....	2,564	2,119	2,442	2,049	2,065	2,119	2,213	2,184	2,324	2,403
33 Gold stock.....	11,595	11,595	11,718	11,595	11,595	11,595	11,658	11,718	11,718	11,718
34 Special Drawing Rights certificate account.....	1,200	1,200	1,250	1,200	1,200	1,200	1,200	1,200	1,200	1,250
35 Treasury currency outstanding.....	11,244	11,308	11,382	11,319	11,327	11,308	11,346	11,351	11,360	11,364
<b>ABSORBING RESERVE FUNDS</b>										
36 Currency in circulation.....	98,900	101,856	103,803	101,170	101,489	101,856	102,464	103,039	103,639	104,412
37 Treasury cash holdings.....	413	397	450	416	409	397	402	400	399	390
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury.....	6,398	2,562	7,114	1,199	2,018	2,562	4,276	2,744	8,201	7,664
39 Foreign.....	425	416	379	268	269	416	244	291	285	327
40 Other <sup>2</sup> .....	715	719	1,187	494	599	719	690	704	531	630
41 Other F.R. liabilities and capital....	3,704	3,675	3,292	3,776	3,794	3,675	3,324	3,508	3,660	3,902
42 Member bank reserves with F.R. Banks.....	22,841	26,345	26,709	24,339	31,536	26,345	26,871	25,344	27,978	31,916

<sup>1</sup> 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.

<sup>2</sup> Includes certain deposits of foreign-owned banking institutions

voluntarily held with member banks and redeposited in full with Federal Reserve Banks.

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

## 1.12 RESERVES AND BORROWINGS Member Banks

Millions of dollars

Reserve classification	Monthly averages of daily figures									
	1976	1977								
	Dec.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec. <sup>p</sup>
<b>All member banks</b>										
Reserves:										
1 At F.R. Banks.....	26,430	26,096	25,970	25,646	26,663	26,373	26,152	26,933	26,783	27,087
2 Currency and coin.....	8,548	8,368	8,610	8,609	8,622	8,712	8,887	8,820	8,932	9,350
3 Total held <sup>1</sup> .....	35,136	34,613	34,732	34,406	35,391	35,186	35,156	35,860	35,782	36,498
4 Required.....	34,964	34,602	34,460	34,293	35,043	34,987	34,965	35,521	35,647	36,297
5 Excess <sup>1</sup> .....	172	11	272	113	348	199	191	339	135	201
Borrowings at F.R. Banks: <sup>2</sup>										
6 Total.....	62	73	200	262	336	1,071	634	1,319	840	558
7 Seasonal.....	12	14	31	55	60	101	112	114	83	55
<b>Large banks in New York City</b>										
8 Reserves held.....	6,520	6,264	6,310	6,241	6,359	6,272	6,025	6,175	6,181	6,178
9 Required.....	6,602	6,351	6,279	6,188	6,342	6,247	6,022	6,120	6,175	6,280
10 Excess.....	-82	-87	31	53	17	25	3	55	6	-102
11 Borrowings <sup>2</sup> .....	15	16	18	36	74	157	75	133	132	48
<b>Large banks in Chicago</b>										
12 Reserves held.....	1,632	1,629	1,637	1,662	1,573	1,653	1,655	1,666	1,607	1,568
13 Required.....	1,641	1,634	1,634	1,627	1,606	1,622	1,634	1,656	1,609	1,613
14 Excess.....	-9	-5	3	35	-33	31	21	10	-2	-45
15 Borrowings <sup>2</sup> .....	4	*	4	15	6	5	12	24	23	26
<b>Other large banks</b>										
16 Reserves held.....	13,117	13,090	13,067	12,869	13,438	13,290	13,362	13,711	13,607	13,862
17 Required.....	13,053	13,110	12,996	12,943	13,286	13,270	13,355	13,598	13,602	13,928
18 Excess.....	64	-20	71	-74	152	20	7	113	5	-66
19 Borrowings <sup>2</sup> .....	14	23	62	80	79	530	183	681	355	244
<b>All other banks</b>										
20 Reserves held.....	13,867	13,630	13,718	13,634	14,021	13,971	14,114	14,308	14,387	14,554
21 Required.....	13,668	13,507	13,551	13,535	13,809	13,848	13,954	14,147	14,261	14,476
22 Excess.....	199	123	167	99	212	123	160	161	126	78
23 Borrowings <sup>2</sup> .....	29	34	116	131	177	379	364	481	330	240
Weekly averages of daily figures for weeks ending—										
1977										
	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21 <sup>p</sup>	Dec. 28 <sup>p</sup>
<b>All member banks</b>										
Reserves:										
24 At F.R. Banks.....	27,026	26,929	26,301	26,963	27,541	26,779	26,368	26,374	27,646	27,431
25 Currency and coin.....	8,406	8,983	9,182	9,191	8,249	9,094	9,254	9,837	8,925	9,357
26 Total held <sup>1</sup> .....	35,502	35,981	35,551	36,221	35,856	35,938	35,687	36,275	36,630	36,846
27 Required.....	35,300	35,716	35,396	35,804	35,867	35,500	35,672	35,962	36,429	36,558
28 Excess <sup>1</sup> .....	202	265	155	417	-11	438	15	313	201	288
Borrowings at F.R. Banks: <sup>2</sup>										
29 Total.....	1,444	1,113	887	534	879	1,079	583	509	528	686
30 Seasonal.....	116	103	87	83	85	75	65	56	53	53
<b>Large banks in New York City</b>										
31 Reserves held.....	5,757	6,220	6,260	6,335	6,280	5,956	5,969	6,219	6,384	6,132
32 Required.....	5,777	6,175	6,214	6,314	6,322	5,848	6,087	6,182	6,401	6,269
33 Excess.....	-20	45	46	21	-42	108	-118	37	-17	-137
34 Borrowings <sup>2</sup> .....	200			60	252	252	37	93	50	32
<b>Large banks in Chicago</b>										
35 Reserves held.....	1,657	1,669	1,611	1,675	1,575	1,587	1,618	1,646	1,533	1,533
36 Required.....	1,643	1,648	1,624	1,638	1,594	1,570	1,620	1,631	1,574	1,593
37 Excess.....	14	21	-13	37	-19	17	-2	15	-41	-60
38 Borrowings <sup>2</sup> .....	15	17	14	13	33	31	9	8	27	73
<b>Other large banks</b>										
39 Reserves held.....	13,670	13,668	13,459	13,823	13,578	13,788	13,578	13,957	13,835	13,970
40 Required.....	13,582	13,601	13,478	13,689	13,602	13,638	13,609	13,840	13,985	14,080
41 Excess.....	88	67	-19	134	-24	150	-31	117	-150	-110
42 Borrowings <sup>2</sup> .....	586	631	560	168	298	386	287	211	232	293
<b>All other banks</b>										
43 Reserves held.....	14,418	14,424	14,221	14,388	14,423	14,607	14,522	14,453	14,502	14,653
44 Required.....	14,298	14,292	14,080	14,163	14,349	14,444	14,356	14,309	14,469	14,616
45 Excess.....	120	132	141	225	74	163	166	144	33	37
46 Borrowings <sup>2</sup> .....	643	465	313	293	296	410	250	197	219	288

<sup>1</sup> 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.

<sup>2</sup> Based on closing figures.

## 1.13 FEDERAL FUNDS TRANSACTIONS of Money Market Banks

Millions of dollars, except as noted

Type	1977, week ending Wednesday—								
	Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
Total, 46 banks									
<b>Basic reserve position</b>									
1 Excess reserves <sup>1</sup> .....	133	64	131	-14	209	8	100	87	128
LESS:									
2 Borrowings at F.R. Banks.....	281	363	48	415	422	106	123	175	251
3 Net interbank Federal funds transactions.....	16,416	20,929	20,061	17,766	16,212	19,618	20,864	19,431	16,287
EQUALS: Net surplus, or deficit (-):									
4 Amount.....	-16,564	-21,228	-19,978	-18,195	-16,425	-19,716	-20,887	-19,519	-16,411
5 Per cent of average required reserves.....	109.1	140.2	129.8	119.6	110.9	130.8	136.2	125.6	106.3
<b>Interbank Federal funds transactions</b>									
Gross transactions:									
6 Purchases.....	22,719	28,083	27,820	25,552	24,445	28,000	28,734	27,426	25,218
7 Sales.....	6,304	7,155	7,760	7,786	8,233	8,382	7,870	7,995	8,930
8 Two-way transactions <sup>2</sup> .....	5,376	6,006	6,422	5,358	5,836	5,921	5,329	5,977	5,528
Net transactions:									
9 Purchases of net buying banks...	17,344	22,077	21,398	20,194	18,609	22,079	23,405	21,449	19,689
10 Sales of net selling banks.....	928	1,149	1,337	2,428	2,397	2,462	2,540	2,019	3,402
<b>Related transactions with U.S. Govt. securities dealers</b>									
11 Loans to dealers <sup>3</sup> .....	13,698	14,271	14,454	13,833	4,019	3,563	4,684	4,133	3,437
12 Borrowing from dealers <sup>4</sup> .....	1,959	1,625	1,496	1,766	1,758	1,568	1,822	1,575	2,185
13 Net loans.....	11,740	12,646	12,958	12,068	2,261	1,994	2,863	2,559	1,252
8 banks in New York City									
<b>Basic reserve position</b>									
14 Excess reserves <sup>1</sup> .....	50	72	60	-9	91	-35	6	13	16
LESS:									
15 Borrowings at F.R. Banks.....			10	252	252	37	81	50	32
16 Net interbank Federal funds transactions.....	5,061	7,566	7,391	7,185	6,004	7,352	9,076	7,147	6,150
EQUALS: Net surplus, or deficit (-):									
17 Amount.....	-5,011	-7,494	-7,340	-7,447	-6,165	-7,424	-9,151	-7,185	-6,165
18 Per cent of average required reserves.....	89.3	132.2	127.5	130.3	115.5	134.5	163.4	123.4	108.5
<b>Interbank Federal funds transactions</b>									
Gross transactions:									
19 Purchases.....	5,645	8,536	8,235	7,874	6,806	8,147	9,412	8,052	7,242
20 Sales.....	584	970	844	689	803	795	335	905	1,092
21 Two-way transactions <sup>2</sup> .....	584	970	844	689	803	796	335	905	1,092
Net transactions:									
22 Purchases of net buying banks...	5,061	7,566	7,391	7,185	6,004	7,352	9,076	7,147	6,150
23 Sales of net selling banks.....									
<b>Related transactions with U.S. Govt. securities dealers</b>									
24 Loans to dealers <sup>3</sup> .....	1,718	2,558	2,734	2,167	1,978	2,122	2,799	2,530	2,085
25 Borrowing from dealers <sup>4</sup> .....	1,016	1,173	1,103	1,087	1,076	1,128	1,225	1,095	1,226
26 Net loans.....	702	1,385	1,631	1,080	902	994	1,573	1,435	859
38 banks outside New York City									
<b>Basic reserve position</b>									
27 Excess reserves <sup>1</sup> .....	83	-8	71	-5	119	43	93	74	111
LESS:									
28 Borrowings at F.R. Banks.....	281	363	38	162	169	70	41	125	219
29 Net interbank Federal funds transactions.....	11,355	13,363	12,670	10,581	10,209	12,266	11,788	12,284	10,138
EQUALS: Net surplus, or deficit (-):									
30 Amount.....	-11,554	-13,734	-12,638	-10,748	-10,259	-12,292	-11,736	-12,335	-10,246
31 Per cent of average required reserves.....	120.7	145.0	131.2	113.2	108.2	128.6	120.5	126.9	105.0
<b>Interbank Federal funds transactions</b>									
Gross transactions:									
32 Purchases.....	17,075	19,548	19,586	17,678	17,639	19,853	19,322	19,374	17,976
33 Sales.....	5,720	6,185	6,916	7,097	7,431	7,587	7,534	7,091	7,838
34 Two-way transactions <sup>2</sup> .....	4,792	5,036	5,578	4,669	5,033	5,125	4,994	5,072	4,436
Net transactions:									
35 Purchases of net buying banks...	12,283	14,511	14,008	13,009	12,606	14,727	14,329	14,302	13,540
36 Sales of net selling banks.....	928	1,149	1,337	2,428	2,397	2,462	2,540	2,019	3,402
<b>Related transactions with U.S. Govt. securities dealers</b>									
37 Loans to dealers <sup>3</sup> .....	1,980	1,713	1,720	1,666	2,041	1,441	1,886	1,603	1,352
38 Borrowing from dealers <sup>4</sup> .....	942	1,452	1,393	1,678	682	441	596	479	959
39 Net loans.....	1,038	1,262	1,327	988	1,359	1,000	1,289	1,124	393

For notes see end of table.

## 1.13 Continued

Type		1977, week ending Wednesday—								
		Nov. 2	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
5 banks in City of Chicago										
Basic reserve position										
40	Excess reserves <sup>1</sup> .....	23	—3	38	—1	16	16	21	2	8
LESS:										
41	Borrowings at F.R. Banks.....	3			20	20			23	73
42	Net interbank Federal funds transactions.....	5,570	6,777	6,159	5,757	5,968	6,988	6,725	6,193	5,719
EQUALS: Net surplus, or deficit (—):										
43	Amount.....	—5,550	—6,780	—6,120	—5,777	—5,972	—6,972	—6,704	—6,214	—5,784
44	Per cent of average required reserves.....	360.2	447.2	400.4	389.0	408.7	461.9	441.6	424.8	390.5
Interbank Federal funds transactions										
Gross transactions:										
45	Purchases.....	6,875	7,756	7,783	7,144	7,381	8,165	7,843	7,358	6,747
46	Sales.....	1,305	979	1,624	1,387	1,413	1,178	1,117	1,165	1,028
47	Two-way transactions <sup>2</sup> .....	1,280	979	1,607	1,349	1,409	1,175	1,093	1,115	992
Net transactions:										
48	Purchases of net buying banks...	5,595	6,777	6,176	5,795	5,972	6,990	6,749	6,243	5,755
49	Sales of net selling banks.....	25		17	38	3	3	24	50	36
Related transactions with U.S. Govt. securities dealers										
50	Loans to dealers <sup>3</sup> .....	378	312	283	268	357	299	455	436	278
51	Borrowing from dealers <sup>4</sup> .....	288		13	104	114	121	367	338	476
52	Net loans.....	90	312	270	164	243	178	88	98	—198
33 other banks										
Basic reserve position										
53	Excess reserves <sup>1</sup> .....	60	—5	33	—4	103	27	72	72	103
LESS:										
54	Borrowings at F.R. Banks.....	278	363	38	142	149	70	41	102	146
55	Net interbank Federal funds transactions.....	5,785	6,586	6,512	4,825	4,241	5,278	5,063	6,090	4,419
EQUALS: Net surplus, or deficit (—):										
56	Amount.....	—6,004	—6,954	—6,517	—4,971	—4,287	—5,320	—5,032	—6,121	—4,462
57	Per cent of average required reserves.....	74.8	87.4	80.4	62.1	53.5	66.1	61.2	74.1	53.9
Interbank Federal funds transactions										
Gross transactions:										
58	Purchases.....	10,200	11,791	11,803	10,534	10,258	11,688	11,480	12,016	11,229
59	Sales.....	4,415	5,206	5,292	5,710	6,018	6,410	6,417	5,926	6,810
60	Two-way transactions <sup>2</sup> .....	3,512	4,057	3,971	3,320	3,624	3,950	3,901	3,957	3,444
Net transactions:										
61	Purchases of net buying banks...	6,688	7,734	7,832	7,215	6,634	7,737	7,579	8,059	7,785
62	Sales of net selling banks.....	903	1,149	1,320	2,390	2,393	2,459	2,516	1,969	3,366
Related transactions with U.S. Govt. securities dealers										
63	Loans to dealers <sup>3</sup> .....	†1,602	†1,401	†1,437	†1,398	1,684	1,142	1,431	1,168	1,074
64	Borrowing from dealers <sup>4</sup> .....	†654	†452	†380	†574	568	320	229	141	483
65	Net loans.....	†948	†950	†1,057	†824	1,116	822	1,201	1,026	591

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

<sup>2</sup> 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.

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

<sup>4</sup> 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 August 1964 BULLETIN, pp. 944–53. Back data for 46 banks appear in the Board's *Annual Statistical Digest, 1971–1975*, Table 3.

## 1.14 FEDERAL RESERVE BANK INTEREST RATES

Per cent per annum

Current and previous levels												
Federal Reserve Bank	Loans to member banks—									Loans to all others under Sec. 13, last par. <sup>4</sup>		
	Under Secs. 13 and 13a <sup>1</sup>			Under Sec. 10(b) <sup>2</sup>								
				Regular rate			Special rate <sup>3</sup>					
	Rate on 12/31/77	Effective date	Previous rate	Rate on 12/31/77	Effective date	Previous rate	Rate on 12/31/77	Effective date	Previous rate	Rate on 12/31/77	Effective date	Previous rate
Boston . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
New York . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
Philadelphia . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
Cleveland . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
Richmond . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
Atlanta . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
Chicago . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
St. Louis . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
Minneapolis . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
Kansas City . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
Dallas . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾
San Francisco . . . . .	6	10/26/77	5¾	6½	10/26/77	6¼	7	10/26/77	6¾	9	10/26/77	8¾

Range of rates in recent years<sup>5</sup>

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 . . . . .	5 1/2	5 1/2	1973—Jan. 15 . . . . .	5	5	1975—Jan. 6 . . . . .	7 1/4–7 3/4	7 3/4
1971—Jan. 8 . . . . .	5 1/4–5 1/2	5 1/4	Feb. 26 . . . . .	5–5 1/2	5 1/2	10 . . . . .	7 1/4–7 3/4	7 1/4
15 . . . . .	5 3/4	5 3/4	Mar. 2 . . . . .	5 1/2	5 1/2	24 . . . . .	7 1/4	7 1/4
19 . . . . .	5 –5 1/4	5 1/4	Apr. 23 . . . . .	5 1/2–5 3/4	5 1/2	Feb. 5 . . . . .	6 3/4–7 1/4	6 3/4
22 . . . . .	5 –5 1/4	5	May 4 . . . . .	5 3/4	5 3/4	7 . . . . .	6 3/4	6 3/4
29 . . . . .	5	5	11 . . . . .	5 3/4–6	6	Mar. 10 . . . . .	6 1/4–6 3/4	6 1/4
Feb. 13 . . . . .	4 3/4–5	5	18 . . . . .	6	6	14 . . . . .	6 1/4	6 1/4
19 . . . . .	4 3/4	4 3/4	June 11 . . . . .	6–6 1/2	6 1/2	May 16 . . . . .	6–6 1/4	6
July 16 . . . . .	4 3/4–5	5	15 . . . . .	6 1/2	6 1/2	23 . . . . .	6	6
23 . . . . .	5	5	July 2 . . . . .	7	7			
Nov. 11 . . . . .	4 3/4–5	5	Aug. 14 . . . . .	7–7 1/2	7 1/2	1976—Jan. 19 . . . . .	5 1/2–6	5 1/2
19 . . . . .	4 3/4	4 3/4	23 . . . . .	7 1/2	7 1/2	23 . . . . .	5 1/2	5 1/2
Dec. 13 . . . . .	4 1/2–4 3/4	4 3/4	1974—Apr. 25 . . . . .	7 1/2–8	8	Nov. 22 . . . . .	5 1/4–5 1/2	5 1/4
17 . . . . .	4 1/2–4 3/4	4 1/2	30 . . . . .	8	8	26 . . . . .	5 3/4	5 3/4
24 . . . . .	4 1/2	4 1/2	Dec. 9 . . . . .	7 3/4–8	7 3/4	1977—Aug. 30 . . . . .	5 1/4–5 3/4	5 1/4
			16 . . . . .	7 3/4	7 3/4	31 . . . . .	5 1/4–5 3/4	5 3/4
						Sept. 2 . . . . .	5 3/4	5 3/4
						Oct. 26 . . . . .	6	6
						In effect Dec. 31, 1977 . . . . .	6	6

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Applicable to special advances described in Section 201.2(e)(2) of Regulation A.

<sup>4</sup> 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.

<sup>5</sup> 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<sup>1</sup>

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect Dec. 31, 1977		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand: <sup>2</sup>				
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: <sup>2,3</sup>				
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 .....	4½	1/8/76	3	3/16/67
4 years or more .....	4 1	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 .....	4½	1/8/76	3	12/12/74
4 years or more .....	4 1	10/30/75	3	12/12/74
Legal limits, Dec. 31, 1977				
	Minimum		Maximum	
Net demand:				
Reserve city banks .....	10		22	
Other banks .....	7		14	
Time .....	3		10	

<sup>1</sup> For changes in reserve requirements beginning 1963, see Board's *Annual Statistical Digest, 1971-1975* and for prior changes, see Board's *Annual Report* for 1976, Table 13.

<sup>2</sup> (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) The Board's Regulation M requires a 4 per cent reserve against net balances due from domestic banks to their foreign branches and to foreign banks abroad. Effective Dec. 1, 1977, a 1 per cent reserve is required against deposits that foreign branches of U.S. banks use for lending 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.

<sup>3</sup> 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.

<sup>4</sup> 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 Sept. 30, 1977		Previous maximum		In effect Sept. 30, 1977		Previous maximum	
	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date	Per cent	Effective date
1 Savings.....	5	7/1/73	4½	1/21/70	5¼	(6)	5	(7)
2 Negotiable order of withdrawal (NOW) accounts <sup>1</sup> .....	5	1/1/74	.....	.....	5	1/1/74	.....	.....
Time (multiple- and single-maturity unless otherwise indicated): <sup>2</sup>								
30-89 days:								
3 Multiple-maturity.....	5	7/1/73	4½	1/21/70	(8)	.....	(8)	.....
4 Single-maturity.....			5	9/26/66				
90 days to 1 year:								
5 Multiple-maturity.....	5½	7/1/73	5	7/20/66	3 5¾	(6)	5¼	1/21/70
6 Single-maturity.....			5	9/26/66				
7 1 to 2 years <sup>3</sup> .....	6	7/1/73	5½	1/21/70	6½	(6)	5¾	1/21/70
8 2 to 2½ years <sup>3</sup> .....			5¾	1/21/70			6	1/21/70
9 2½ to 4 years <sup>3</sup> .....	6½	7/1/73	5¾	1/21/70	6¾	(6)	6	1/21/70
10 4 to 6 years <sup>4</sup> .....	7¼	11/1/73	(9)	.....	7½	11/1/73	(9)	.....
11 6 years or more <sup>4</sup> .....	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
12 Governmental units (all maturities)....	7¾	12/23/74	7½	11/27/74	7¾	12/23/74	7½	11/27/74
13 Individual retirement accounts and Keogh (H.R. 10) plans <sup>5</sup> .....	7¾	7/6/77	(8)	.....	7¾	7/6/77	(8)	.....

<sup>1</sup> 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.

<sup>2</sup> 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).

<sup>3</sup> 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.

<sup>4</sup> \$1,000 minimum except for deposits representing funds contributed to an Individual Retirement Account (IRA) or a Keogh (H.R. 10) Plan established pursuant to the Internal Revenue Code. The \$1,000 minimum requirement was removed for such accounts in December 1975 and November 1976, respectively.

<sup>5</sup> 3-year minimum maturity.

<sup>6</sup> July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations.

<sup>7</sup> Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.

<sup>8</sup> No separate account category.

<sup>9</sup> Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of \$1,000; however, the amount of such certificates that an institution could issue was limited to 5 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.

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.

## 1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

Type of security on sale	Mar. 11, 1968	June 8, 1968	May 6, 1970	Dec. 6, 1971	Nov. 24, 1972	Jan. 3, 1974
1 Margin stocks.....	70	80	65	55	65	50
2 Convertible bonds.....	50	60	50	50	50	50
3 Short sales.....	70	80	65	55	65	50

NOTE.—Regulations G, T, and U of the Federal Reserve Board of Governors, prescribed in accordance with the Securities Exchange Act of 1934, limit the amount of credit to purchase and carry margin stocks that may be extended on securities as collateral by prescribing a maximum loan value, which is a specified percentage of the market value of the collateral at the time the credit is extended. Margin requirements are the

difference between the market value (100 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.

## 1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

Type of transaction		1974	1975	1976	1977						
					May	June	July	Aug.	Sept.	Oct.	Nov.
U.S. GOVT. SECURITIES											
Outright transactions (excl. matched sale-purchase transactions)											
Treasury bills:											
1	Gross purchases.....	11,660	11,562	14,343	681	2,696	118	812	2,005		
2	Gross sales.....	5,830	5,599	8,462	489	1,154	753	176	303	1,877	436
3	Redemptions.....	4,550	26,431	25,017	400	600	500		317		300
Others within 1 year: <sup>1</sup>											
4	Gross purchases.....	450	3,886	472		89			2,616		
5	Gross sales.....										
6	Exchange, or maturity shift.....	-1,183	-4	792	-1,209	478	238	2,321	320	-45	1,352
7	Redemptions.....	131	3,549							2,500	
1 to 5 years:											
8	Gross purchases.....	797	23,284	23,202		200			681		
9	Gross sales.....			177							
10	Exchange, or maturity shift.....	-697	3,854	-2,588	-865	-478	-238	-1,664	-320	45	1,267
5 to 10 years:											
11	Gross purchases.....	434	1,510	1,048		68			96		
12	Gross sales.....										
13	Exchange, or maturity shift.....	1,675	-4,697	1,572	1,174			-782			-325
Over 10 years:											
14	Gross purchases.....	196	1,070	642		114			128		
15	Gross sales.....										
16	Exchange, or maturity shift.....	205	848	225	900			125			240
All maturities: <sup>1</sup>											
17	Gross purchases.....	13,537	221,313	219,707	681	3,167	118	812	5,526		
18	Gross sales.....	5,830	5,599	8,639	489	1,154	753	176	303	1,877	436
19	Redemptions.....	4,682	29,980	25,017	400	600	500		317	2,500	300
Matched sale-purchase transactions											
20	Gross sales.....	64,229	151,205	196,078	28,532	36,258	27,947	45,831	39,552	48,204	56,899
21	Gross purchases.....	62,801	152,132	196,579	27,306	36,449	27,301	46,170	39,694	44,772	57,477
Repurchase agreements											
22	Gross purchases.....	71,333	140,311	232,891	29,308	14,748	13,973	4,397	16,700	9,578	6,472
23	Gross sales.....	70,947	139,538	230,355	30,448	11,506	15,719	5,648	15,469	11,889	4,433
24	Net change in U.S. Govt. securities.....	1,984	7,434	9,087	-2,573	4,845	-3,528	-276	6,279	-10,118	1,880
FEDERAL AGENCY OBLIGATIONS											
Outright transactions:											
25	Gross purchases.....	3,087	1,616	891		380					
26	Gross sales.....										
27	Redemptions.....	322	246	169	*	33		-69	25		*
Repurchase agreements:											
28	Gross purchases.....	23,204	15,179	10,520	2,164	1,656	1,672	265	1,136	741	615
29	Gross sales.....	22,735	15,566	10,360	2,278	1,056	1,938	459	978	1,051	484
BANKERS ACCEPTANCES											
30	Outright transactions, net.....	511	163	-545	-45	-15	-24	-15	*	-4	
31	Repurchase agreements, net.....	420	-35	410	-729	528	-204	-247	351	-478	248
32	Net change in total System Account.....	6,149	8,539	9,833	-3,461	6,305	-4,020	-801	6,764	-10,910	2,260

<sup>1</sup> Both gross purchases and redemptions include special certificates created when the Treasury borrows directly from the Federal Reserve, as follows (millions of dollars): 1974, 131; 1975, 3,549; 1976, none; Sept. 1977, 2,500.

<sup>2</sup> In 1975, the System obtained \$421 million of 2-year Treasury notes in exchange for maturing bills. In 1976 there was a similar transaction

amounting to \$189 million. Acquisition of these notes is treated as a purchase; the run-off of bills, as a redemption.

NOTE.—Sales, redemptions, and negative figures reduce holdings of the System Open Market Account; all other figures increase such holdings. Details may not add to totals because of rounding.

## 1.18 FEDERAL RESERVE BANKS Condition and F.R. Note Statements

Millions of dollars

Account	Wednesday					End of month		
	1977					1977		
	Nov. 30	Dec. 7	Dec. 14	Dec. 21 <sup>p</sup>	Dec. 28 <sup>p</sup>	Oct.	Nov.	Dec. <sup>p</sup>
Consolidated condition statement								
<b>ASSETS</b>								
1 Gold certificate account.....	11,595	11,658	11,718	11,718	11,718	11,595	11,595	11,718
2 Special Drawing Rights certificate account.....	1,200	1,200	1,200	1,200	1,250	1,200	1,200	1,250
3 Coin <sup>1</sup> .....	289	291	294	290	281	310	289	282
Loans:								
4 Member bank borrowings.....	926	588	1,238	1,038	1,909	923	926	266
5 Other.....								
Acceptances:								
6 Bought outright.....				469	734		248	954
7 Held under repurchase agreements.....	248	294						
Federal agency obligations:								
8 Bought outright.....	7,329	7,329	7,305	7,305	8,013	7,329	7,329	8,004
9 Held under repurchase agreements.....	131	50		246	812		131	451
U.S. Govt. securities								
Bought outright:								
10 Bills.....	36,081	39,428	36,200	40,231	41,706	36,240	36,081	41,561
11 Certificates—Special.....								
12 Other.....								
13 Notes.....	49,616	49,616	49,616	50,509	50,509	49,856	49,616	50,509
14 Bonds.....	8,741	8,741	8,741	8,848	8,848	8,501	8,741	8,848
15 Total <sup>2</sup> .....	94,438	97,785	94,557	99,588	101,063	94,597	94,438	100,918
16 Held under repurchase agreements.....	2,039	629		2,389	4,619		2,039	1,901
17 Total U.S. Govt. securities.....	96,477	98,414	94,557	101,977	105,682	94,597	96,477	102,819
18 Total loans and securities.....	105,111	106,675	103,100	111,035	117,150	102,849	105,111	112,494
19 Cash items in process of collection.....	11,123	11,445	13,287	14,500	13,222	8,513	11,109	9,455
20 Bank premises.....	383	380	383	384	377	381	383	378
Other assets:								
21 Denominated in foreign currencies.....	16	14	19	14	16	18	16	18
22 All other.....	1,720	1,820	1,782	1,926	2,010	2,165	1,720	2,046
23 Total assets.....	131,437	133,483	131,783	141,067	146,024	127,031	131,423	137,641
<b>LIABILITIES</b>								
24 F.R. notes.....	91,229	91,812	92,382	92,967	93,718	88,380	91,229	93,153
Deposits:								
25 Member bank reserves.....	26,345	26,871	25,344	27,978	31,916	22,841	26,345	26,709
26 U.S. Treasury—General account.....	2,562	4,276	2,744	8,201	7,664	6,398	2,562	7,114
27 Foreign.....	416	244	291	285	327	425	416	379
28 Other <sup>3</sup> .....	719	690	704	531	630	715	719	1,187
29 Total deposits.....	30,042	32,081	29,083	36,995	40,537	30,379	30,042	35,389
30 Deferred availability cash items.....	6,491	6,266	6,810	7,445	7,867	4,568	6,477	5,807
31 Other liabilities and accrued dividends.....	1,130	1,150	1,212	1,232	1,341	1,127	1,130	1,234
32 Total liabilities.....	128,892	131,309	129,487	138,639	143,463	124,454	128,878	135,583
<b>CAPITAL ACCOUNTS</b>								
33 Capital paid in.....	1,025	1,025	1,025	1,027	1,027	1,022	1,025	1,029
34 Surplus.....	983	983	983	983	983	983	983	1,029
35 Other capital accounts.....	537	166	288	418	551	572	537	
36 Total liabilities and capital accounts.....	131,437	133,483	131,783	141,067	146,024	127,031	131,423	137,641
37 MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account.....	74,208	75,006	75,852	76,339	76,347	68,768	74,208	76,055
<b>Federal Reserve note statement</b>								
38 F.R. notes outstanding (issued to Bank).....	96,398	96,931	97,528	98,190	99,479	94,288	96,398	100,534
Collateral held against notes outstanding:								
39 Gold certificate account.....	11,591	11,654	11,714	11,714	11,713	11,590	11,591	11,714
40 Special Drawing Rights certificate account.....	855	855	855	855	873	855	855	880
41 Acceptances.....								
42 U.S. Govt. securities.....	84,795	85,535	86,335	87,485	88,685	83,185	84,795	89,675
43 Total collateral.....	97,241	98,044	98,904	100,054	101,271	95,630	97,241	102,269

<sup>1</sup> Effective Jan. 1, 1977, Federal Reserve notes of other Federal Reserve Banks were merged into the liability account for Federal Reserve notes.

<sup>2</sup> 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.

<sup>3</sup> 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.

NOTE.—Beginning Jan. 1, 1977, "Operating equipment" was transferred to "Other assets."

## 1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday					End of month		
	1977					1977		
	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28	Oct. 31	Nov. 30	Dec. 31
1 Loans.....	925	588	1,236	1,038	1,909	922	925	266
2 Within 15 days.....	895	548	1,206	1,028	1,904	883	895	256
3 16 days to 90 days.....	30	40	30	10	5	39	30	10
4 91 days to 1 year.....								
5 Acceptances.....	248	294		469	734		248	954
6 Within 15 days.....	248	294		469	734		248	954
7 16 days to 90 days.....								
8 91 days to 1 year.....								
9 U.S. Govt. securities.....	96,477	98,414	94,557	101,977	105,682	94,597	96,477	102,819
10 Within 15 days <sup>1</sup> .....	3,950	4,891	2,203	6,363	9,496	4,197	3,950	4,947
11 16 days to 90 days.....	18,203	20,064	17,842	19,962	18,885	14,222	18,203	20,362
12 91 days to 1 year.....	30,255	29,390	30,443	30,681	32,330	30,757	30,255	32,539
13 Over 1 year to 5 years.....	26,888	26,888	26,888	27,516	27,516	28,155	26,888	27,516
14 Over 5 years to 10 years.....	10,222	10,222	10,222	10,388	10,388	10,547	10,222	10,388
15 Over 10 years.....	6,959	6,959	6,959	7,067	7,067	6,719	6,959	7,067
16 Federal agency obligations.....	7,460	7,379	7,305	7,551	8,825	7,329	7,460	8,455
17 Within 15 days <sup>1</sup> .....	292	149	9	344	910	42	292	540
18 16 days to 90 days.....	291	343	503	423	423	379	291	423
19 91 days to 1 year.....	836	846	749	740	740	841	836	740
20 Over 1 year to 5 years.....	3,726	3,726	3,763	3,763	4,149	3,752	3,726	4,149
21 Over 5 years to 10 years.....	1,492	1,492	1,469	1,469	1,646	1,492	1,492	1,648
22 Over 10 years.....	823	823	812	812	957	823	823	955

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

## 1.20 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars. Monthly data are at annual rates

Bank group, or type of customer	1974	1975	1976	1977				
				July <sup>r</sup>	Aug. <sup>r</sup>	Sept. <sup>r</sup>	Oct. <sup>r</sup>	Nov.
	Debits to demand deposits <sup>2</sup> (seasonally adjusted)							
1 All commercial banks.....	22,937.8	25,028.5	29,180.4	34,336.2	35,877.5	36,253.8	36,995.3	36,754.0
2 Major New York City banks.....	8,434.8	9,670.7	11,467.2	13,504.9	14,357.1	14,389.1	14,975.5	14,216.3
3 Other banks.....	14,503.0	15,357.8	17,713.2	20,831.3	21,520.4	21,864.7	22,019.8	22,537.7
	Debits to savings deposits <sup>3</sup> (not seasonally adjusted)							
4 All customers.....				348.6	356.7	346.1	360.7	335.6
5 Business <sup>1</sup> .....				40.8	45.8	48.3	49.2	45.9
6 Others.....				307.8	310.8	297.8	311.4	289.7
	Demand deposit turnover <sup>2</sup> (seasonally adjusted)							
7 All commercial banks.....	99.0	105.3	116.8	128.1	134.2	134.7	134.6	134.5
8 Major New York City banks.....	321.6	356.9	411.6	479.9	519.4	533.8	534.0	524.4
9 Other banks.....	70.6	72.9	79.8	86.8	89.8	90.3	89.2	91.6
	Savings deposit turnover <sup>3</sup> (not seasonally adjusted)							
10 All customers.....				1.6	1.7	1.6	1.7	1.6
11 Business <sup>1</sup> .....				4.0	4.4	4.5	4.5	4.2
12 Others.....				1.5	1.5	1.5	1.5	1.4

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

<sup>2</sup> Represents accounts of individuals, partnerships, and corporations, and of States and political subdivisions.

<sup>3</sup> Excludes negotiable orders of withdrawal (NOW) accounts and special club accounts, such as Christmas and vacation clubs.

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

## 1.21 MONEY STOCK MEASURES AND COMPONENTS

Billions of dollars, averages of daily figures

Item	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977					
					June	July	Aug.	Sept.	Oct.	Nov.
Seasonally adjusted										
MEASURES <sup>1</sup>										
1 M-1.....	270.5	283.1	294.8	312.4	321.9	326.8	328.4	330.4	333.7	333.2
2 M-2.....	571.4	612.4	664.3	740.3	772.8	783.5	787.7	792.9	799.6	802.6
3 M-3.....	919.6	981.5	1,092.6	1,237.1	1,299.5	1,316.9	1,329.5	1,343.1	*1,357.1	1,365.3
4 M-4.....	634.4	701.4	746.5	803.5	836.8	846.3	850.9	856.2	865.9	873.5
5 M-5.....	982.5	1,070.5	1,174.7	1,300.3	1,363.5	1,379.8	1,392.7	1,406.3	*1,423.5	1,436.2
COMPONENTS										
6 Currency.....	61.5	67.8	73.7	80.5	84.0	85.1	85.5	86.4	87.1	87.8
Commercial bank deposits:										
7 Demand.....	209.0	215.3	221.0	231.9	238.0	241.7	242.9	244.0	246.6	245.5
8 Time and savings.....	363.9	418.3	451.7	491.1	514.8	519.5	522.5	525.8	532.2	540.3
9 Negotiable CD's <sup>2</sup> .....	63.0	89.0	82.1	63.3	63.9	62.8	63.2	63.2	66.4	70.9
10 Other.....	300.9	329.3	369.6	427.9	450.9	456.7	459.3	462.6	465.9	469.4
11 Nonbank thrift institutions <sup>3</sup> .....	348.1	369.1	428.3	496.8	526.7	533.5	541.7	550.2	*557.5	562.7
Not seasonally adjusted										
MEASURES <sup>1</sup>										
12 M-1.....	278.3	291.3	303.2	321.3	321.4	327.2	325.2	328.2	332.5	335.3
13 M-2.....	576.5	617.5	669.3	745.3	774.5	784.0	784.4	788.9	796.4	799.9
14 M-3.....	921.8	983.8	1,094.3	1,237.9	1,305.7	1,322.1	1,326.6	1,337.1	1,350.6	1,357.3
15 M-4.....	640.5	708.0	752.8	809.5	837.5	846.8	848.8	854.3	864.7	871.5
16 M-5.....	985.8	1,074.3	1,177.7	1,302.1	1,368.7	1,384.9	1,391.1	1,402.6	1,419.0	1,428.9
COMPONENTS										
17 Currency.....	62.7	69.0	75.1	82.0	84.2	85.7	85.8	86.1	86.9	88.4
Commercial bank deposits:										
18 Demand.....	215.7	222.2	228.1	239.3	237.1	241.4	239.3	242.1	245.6	246.9
19 Member.....	156.5	159.7	162.1	168.5	165.1	167.7	166.3	167.5	170.0	170.2
20 Domestic nonmember.....	56.3	58.5	62.6	67.3	68.3	69.5	69.1	70.4	71.3	72.4
21 Time and savings.....	362.2	416.7	449.6	488.2	516.1	519.6	523.7	526.1	532.2	536.2
22 Negotiable CD's <sup>2</sup> .....	64.0	90.5	83.5	64.3	63.0	62.8	64.5	65.4	68.3	71.6
23 Other.....	298.2	326.3	366.2	423.9	453.2	456.9	459.2	460.7	463.8	464.6
24 Nonbank thrift institutions <sup>3</sup> .....	345.3	366.3	424.9	492.6	531.1	538.1	542.3	548.2	554.3	557.4
25 U.S. Govt. deposits (all commercial banks).....	6.3	4.9	4.1	4.7	5.2	3.9	3.7	5.4	4.1	3.8

<sup>1</sup> Composition of the money stock measures is as follows:

M-1: Averages of daily figures for (1) demand deposits at commercial banks other than domestic interbank and U.S. 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 deposit (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 "Money Stock Measures: Revision" in the March 1977 BULLETIN, pp. 305 and 306.

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.

<sup>2</sup> Negotiable time CD's issued in denominations of \$100,000 or more by large weekly reporting commercial banks.

<sup>3</sup> 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:

<sup>1</sup> Adjusted to exclude domestic commercial interbank loans.

<sup>2</sup> 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.

<sup>3</sup> Reclassification of loans reduced these loans by about \$1.2 billion as of Mar. 31, 1976.

<sup>4</sup> 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.

<sup>5</sup> As of Dec. 31, 1977, commercial and industrial loans were reduced by \$300 million as the result of loan reclassifications at one 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	1977						
				Dec.	May	June	July	Aug.	Sept.	Oct.	Nov.
				Seasonally adjusted							
1 Reserves <sup>1</sup> .....	34.94	36.60	34.73	34.95	34.72	34.86	35.35	35.64	35.63	35.90	36.01
2 Nonborrowed.....	33.64	35.87	34.60	34.90	34.52	34.60	35.03	34.58	35.00	34.59	35.15
3 Required.....	34.64	36.34	34.47	34.68	34.51	34.71	35.08	35.44	35.42	35.69	35.76
4 Deposits subject to reserve requirements <sup>2</sup> .....	442.3	486.2	505.4	529.6	537.6	544.5	547.7	551.4	552.9	559.4	564.6
5 Time and savings.....	279.2	322.1	337.9	355.0	363.1	367.0	369.2	370.8	372.4	377.1	383.5
Demand:											
6 Private.....	158.1	160.6	164.5	171.4	172.3	173.8	175.8	177.0	176.9	179.0	177.6
7 U.S. Govt.....	5.0	3.5	3.0	3.2	2.1	3.7	2.8	3.6	3.7	3.3	3.5
	Not seasonally adjusted										
8 Deposits subject to reserve requirements <sup>2</sup> .....	447.5	491.8	510.9	534.8	535.8	544.5	547.6	548.3	552.1	558.2	562.1
9 Time and savings.....	278.5	321.7	337.2	353.6	364.7	367.8	369.5	371.7	373.0	377.5	380.7
Demand:											
10 Private.....	164.0	166.6	170.7	177.9	168.5	173.0	175.6	174.1	175.2	178.0	178.7
11 U.S. Govt.....	5.0	3.4	3.1	3.3	2.5	3.7	2.6	2.5	3.8	2.7	2.6

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

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

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

## 1.23 LOANS AND INVESTMENTS All Commercial Banks

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

Category	1973 Dec. 31	1974 <sup>4</sup> Dec. 31	1975 Dec. 31	1976 Dec. 31	1977					
					July 27 <sub>p</sub>	Aug. 31 <sub>p</sub>	Sept. 28 <sub>p</sub>	Oct. 26 <sub>p</sub>	Nov. 30 <sub>p</sub>	Dec. 31 <sub>p</sub>
					Seasonally adjusted					
1 Loans and investments <sup>1</sup> .....	633.4	690.4	721.1	784.4	837.0	845.6	848.4	857.9	866.1	865.4
2 Including loans sold outright <sup>2</sup> .....	637.7	695.2	725.5	788.2	841.1	849.7	852.4	862.0	870.5	870.0
Loans:										
3 Total.....	449.0	500.2	496.9	538.9	579.0	587.0	592.2	602.5	611.2	612.9
4 Including loans sold outright <sup>2</sup> .....	453.3	505.0	501.3	542.7	583.1	591.1	596.2	606.6	615.6	617.5
5 Commercial and industrial <sup>3,5</sup> .....	156.4	183.3	176.0	179.5	192.4	194.6	195.1	199.3	201.6	202.2
6 Including loans sold outright <sup>2,3,5</sup> .....	159.0	186.0	178.5	181.9	195.2	197.4	197.9	202.2	204.7	205.5
Investments:										
7 U.S. Treasury.....	54.5	50.4	79.4	97.3	103.6	103.1	100.1	97.8	95.0	93.5
8 Other.....	129.9	139.8	144.8	148.2	154.4	155.5	156.1	157.6	159.9	159.0
				</						

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	1976	1977 <sup>3</sup>									
	Dec. <sup>3</sup>	Mar.	Apr.	May	June	July <sup>p</sup>	Aug. <sup>p</sup>	Sept. <sup>p</sup>	Oct. <sup>p</sup>	Nov. <sup>p</sup>	Dec. <sup>p</sup>
<b>All commercial</b>											
1 Loans and investments.....	846.4	844.6	852.2	860.4	877.5	875.0	886.8	891.4	897.7	915.0	931.6
2 Loans, gross.....	594.9	590.9	595.8	604.6	621.9	620.7	632.2	637.1	642.9	658.7	673.4
Investments:											
3 U.S. Treasury securities.....	102.5	105.0	103.4	102.4	101.6	100.0	99.4	98.5	97.7	97.8	98.9
4 Other.....	148.9	148.7	153.0	153.4	154.1	154.3	155.2	155.9	157.1	158.4	159.3
5 Cash assets.....	136.1	123.6	123.6	120.6	139.1	126.9	135.5	128.7	129.4	138.8 <sup>c</sup>	150.1
6 Currency and coin.....	12.1	13.0	13.4	13.1	12.7	13.5	13.7	13.9	13.9	14.7	15.8
7 Reserves with F.R. Banks.....	26.1	26.9	28.2	24.0	25.5	27.2	28.2	30.0	28.3	26.3	32.1
8 Balances with banks.....	49.6	42.6	41.0	42.4	47.4	42.4	45.3	42.7	44.4	46.8	48.8
9 Cash items in process of collection..	48.4	41.1	41.0	41.0	53.4	43.9	48.3	42.1	42.8	51.0	53.5
10 Total assets/total liabilities and capital <sup>1</sup> .....	1,030.7	1,023.7	1,032.3	1,036.2	1,074.2	1,059.3	1,079.7	1,076.7	1,083.9	1,117.5	1,145.4
11 Deposits.....	838.2	820.5	823.7	824.4	861.9	843.2	857.6	852.1	858.8	883.5	908.5
Demand:											
12 Interbank.....	45.4	38.0	34.2	35.7	46.5	38.2	39.6	37.1	37.5	41.8	43.7
13 U.S. Govt.....	3.0	3.1	7.4	3.6	2.8	3.8	2.5	8.0	3.6	4.7	7.2
14 Other.....	288.4	264.0	269.1	264.3	288.1	273.9	285.1	272.5	279.4	293.2	307.0
Time:											
15 Interbank.....	9.2	8.9	8.6	8.5	8.9	8.3	8.0	8.3	8.5	9.0	9.6
16 Other.....	492.2	506.6	504.4	512.3	515.6	519.0	522.6	526.1	529.9	534.8	541.1
17 Borrowings.....	80.2	85.4	89.4	89.0	88.2	92.2	94.8	96.5	96.8	101.0	107.1
18 Total capital accounts <sup>2</sup> .....	78.1	77.3	77.7	78.2	81.8	79.0 <sup>c</sup>	79.6	80.1	80.5	81.4	81.6
19 MEMO: Number of banks.....	14,671	14,685	14,690	14,695	14,718	14,709	14,713	14,724	14,718	14,718	14,718
<b>Member</b>											
20 Loans and investments.....	620.5	611.7	614.7	620.1	632.8	628.9	637.9	640.8	645.2	658.6	670.8
21 Loans, gross.....	442.9	434.5	435.9	441.5	453.4	451.3	459.9	463.0	467.1	479.0	489.9
Investments:											
22 U.S. Treasury securities.....	74.6	74.9	73.0	72.6	72.6	70.8	70.5	69.6	68.9	69.2	69.9
23 Other.....	103.1	102.2	105.8	106.0	106.7	106.8	107.5	108.3	109.3	110.3	111.1
24 Cash assets, total.....	108.9	100.0	99.4	95.7	110.6	101.2	108.6	103.1	102.3	110.6	121.7
25 Currency and coin.....	9.1	9.6	9.9	9.7	9.3	9.9	10.0	10.2	10.2	10.8	11.7
26 Reserves with F.R. Banks.....	26.0	26.9	28.2	24.0	25.6	27.2	28.2	30.0	28.3	26.3	32.1
27 Balances with banks.....	27.4	24.0	21.9	22.6	24.4	22.0	24.0	22.5	22.8	24.7	26.6
28 Cash items in process of collection..	46.5	39.5	39.4	39.3	51.3	42.1	46.4	40.4	41.0	48.9	51.3
29 Total assets/total liabilities and capital <sup>1</sup> .....	772.9	759.7	762.7	763.9	795.2	780.1	796.3	793.2	796.5	823.9	847.0
30 Deposits.....	618.7	598.0	597.7	597.4	628.7	611.0	622.2	617.0	620.9	641.8	660.8
Demand:											
31 Interbank.....	42.4	35.3	31.6	32.9	43.4	35.3	36.6	34.3	34.6	38.7	40.4
32 U.S. Govt.....	2.1	2.1	5.9	2.7	2.0	2.8	1.7	6.4	2.6	3.6	5.3
33 Other.....	215.5	195.8	198.9	195.1	213.9	202.2	211.0	200.3	205.3	216.4	226.3
Time:											
34 Interbank.....	7.2	6.9	6.6	6.5	6.9	6.3	6.0	6.3	6.5	6.8	7.4
35 Other.....	351.5	357.8	354.7	360.3	362.5	364.4	366.9	369.6	372.0	376.2	381.4
36 Borrowings.....	71.7	75.3	78.1	77.5	77.0	80.4	82.5	84.0	83.8	87.8	93.4
37 Total capital accounts <sup>2</sup> .....	58.6	58.1	58.3	58.7	60.8	59.4	59.9	60.2	60.6	61.2	61.4
38 MEMO: Number of banks.....	5,759	5,739	5,726	5,708	5,721	5,701	5,676	5,692	5,686	5,686	5,680

<sup>1</sup> 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."

<sup>2</sup> Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."<sup>3</sup> 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 one 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, December, 7; 1977—January, 8.

## 1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars except for number of banks

Account	1975	1976		1977	1975	1976		1977
	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30	Dec. 31	June 30
	Total insured				National (all insured)			
1 Loans and investments, gross.....	762,400	773,701	827,692	854,736	441,135	443,959	476,602	488,240
2 Loans:								
3 Gross.....	535,170	539,021	578,710	601,141	315,738	315,628	340,679	351,311
4 Net.....	(2)	520,976	560,062	581,163	(2)	305,280	329,968	339,955
5 Investments:								
6 U.S. Treasury securities.....	83,629	90,947	101,463	100,566	46,799	49,688	55,729	53,346
7 Other.....	143,602	143,731	147,517	153,029	78,598	78,642	80,193	83,582
8 Cash assets.....	128,256	124,072	129,581	130,724	78,026	75,488	76,074	74,641
9 Total assets/total liabilities <sup>1</sup> .....	944,654	942,519	1,004,001	1,040,952	553,285	548,702	583,315	599,743
10 Deposits.....	775,209	776,957	825,010	847,373	447,590	444,251	469,378	476,381
11 Demand:								
12 U.S. Govt.....	3,108	4,622	3,020	2,817	1,788	2,858	1,674	1,632
13 Interbank.....	40,259	37,502	44,068	44,965	22,305	20,329	23,148	22,876
14 Other.....	276,384	265,671	285,201	284,544	159,840	152,383	163,347	161,358
15 Time:								
16 Interbank.....	10,733	9,406	8,249	7,721	7,302	5,532	4,909	4,599
17 Other.....	444,725	459,753	484,470	507,323	256,355	263,147	276,298	285,915
18 Borrowings.....	56,775	63,828	75,302	81,157	40,875	45,187	54,420	57,283
19 Total capital accounts.....	68,474	68,988	72,065	75,503	38,969	39,501	41,323	43,142
20 MEMO: Number of banks.....	14,372	14,373	14,397	14,425	4,741	4,747	4,735	4,701
	State member (all insured)				Insured nonmember			
21 Loans and investments, gross.....	137,620	136,915	144,000	144,597	183,645	192,825	207,089	221,898
22 Loans:								
23 Gross.....	100,823	98,889	102,277	102,144	118,609	124,503	135,753	147,685
24 Net.....	(2)	96,037	99,474	99,200	(2)	119,658	130,618	142,008
25 Investments:								
26 U.S. Treasury securities.....	14,720	16,323	18,849	19,296	22,109	24,934	26,884	27,923
27 Other.....	22,077	21,702	22,873	23,157	42,927	43,387	44,450	46,288
28 Cash assets.....	30,451	30,422	32,859	35,918	19,778	18,161	20,647	20,164
29 Total assets/total liabilities.....	180,495	179,649	189,578	195,455	210,874	214,167	231,106	245,753
30 Deposits.....	143,409	142,061	149,491	152,471	184,210	190,644	206,140	218,519
31 Demand:								
32 U.S. Govt.....	467	869	429	371	853	894	917	813
33 Interbank.....	16,265	15,833	19,295	20,568	1,689	1,339	1,624	1,520
34 Other.....	50,984	49,659	52,204	52,571	65,560	63,629	69,649	70,615
35 Time:								
36 Interbank.....	2,712	3,074	2,384	2,134	719	799	956	988
37 Other.....	72,981	72,624	75,178	76,826	115,389	123,980	132,993	144,581
38 Borrowings.....	12,771	15,300	17,310	19,718	3,128	3,339	3,571	4,155
39 Total capital accounts.....	13,105	12,791	13,199	13,441	16,400	16,696	17,543	18,919
40 MEMO: Number of banks.....	1,046	1,029	1,023	1,019	8,585	8,597	8,639	8,705
	Noninsured nonmember				Total nonmember			
41 Loans and investments, gross.....	13,674	15,905	18,819	22,940	197,319	208,730	225,909	244,839
42 Loans:								
43 Gross.....	11,283	13,209	16,336	20,865	129,892	137,712	152,090	168,551
44 Net.....	(2)	13,092	16,209	20,679	(2)	132,751	146,828	162,687
45 Investments:								
46 U.S. Treasury securities.....	490	472	1,054	993	22,599	25,407	27,939	28,917
47 Other.....	1,902	2,223	1,428	1,081	44,829	45,610	45,879	47,370
48 Cash assets.....	5,359	4,362	6,496	8,330	25,137	22,524	27,144	28,494
49 Total assets/total liabilities.....	20,544	21,271	26,790	33,390	231,418	235,439	257,897	279,143
50 Deposits.....	11,323	11,735	13,325	14,658	195,533	202,380	219,466	233,177
51 Demand:								
52 U.S. Govt.....	6	4	4	8	859	899	921	822
53 Interbank.....	1,552	1,006	1,277	1,504	3,241	2,346	2,901	3,025
54 Other.....	2,308	2,555	3,236	3,588	67,868	66,184	72,885	74,203
55 Time:								
56 Interbank.....	1,291	1,292	1,041	1,164	2,010	2,092	1,997	2,152
57 Other.....	6,167	6,876	7,766	8,392	121,556	130,857	140,760	152,974
58 Borrowings.....	3,449	3,372	4,842	7,056	6,577	6,711	8,413	11,212
59 Total capital accounts.....	651	663	818	893	17,051	17,359	18,361	19,813
60 MEMO: Number of banks.....	261	270	275	293	8,846	8,867	8,914	8,998

<sup>1</sup> Includes items not shown separately.<sup>2</sup> Not available.

For Note see Table 1.24.

## 1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, June 30, 1977

Asset and liability items are shown in millions of dollars.

Asset account	All commercial banks	Insured commercial banks	Member banks <sup>1</sup>					Non-member banks <sup>1</sup>
			Total	Large banks			All other <sup>2</sup>	
				New York City	City of Chicago	Other large		
1 Cash bank balances, items in process . . . . .	139,055	130,725	110,560	32,752	4,674	39,078	34,056	28,495
2 Currency and coin . . . . .	12,729	12,718	9,347	895	171	3,073	5,209	3,381
3 Reserves with F.R. Banks . . . . .	25,536	25,536	25,536	4,452	1,997	9,261	9,826	1
4 Demand balances with banks in United States . . . . .	36,269	30,589	18,153	6,669	179	3,341	7,964	18,116
5 Other balances with banks in United States . . . . .	6,128	4,840	2,813	27	17	1,028	1,740	3,315
6 Balances with banks in foreign countries . . . . .	5,018	3,800	3,393	335	157	1,875	1,026	1,625
7 Cash items in process of collection . . . . .	53,375	53,242	51,318	20,374	2,153	20,500	8,291	2,057
8 Total securities held—Book value . . . . .	254,052	252,016	178,050	22,989	8,520	56,518	90,023	76,002
9 U.S. Treasury . . . . .	101,560	100,566	72,642	12,098	3,898	23,810	32,837	28,917
10 Other U.S. Govt. agencies . . . . .	35,827	35,250	21,846	1,406	477	5,676	14,287	13,980
11 States and political subdivisions . . . . .	110,106	109,875	79,216	9,032	3,943	25,822	40,419	30,890
12 All other securities . . . . .	6,452	6,224	4,273	454	202	1,186	2,432	2,180
13 Unclassified total . . . . .	108	101	73	.....	.....	25	48	35
14 Trading-account securities . . . . .	7,055	7,049	6,916	3,572	617	2,465	262	139
15 U.S. Treasury . . . . .	3,797	3,797	3,725	2,347	412	877	90	72
16 Other U.S. Govt. agencies . . . . .	953	953	952	479	38	410	25	.....
17 States and political subdivisions . . . . .	1,764	1,764	1,733	561	123	951	98	32
18 All other trading acct. securities . . . . .	433	433	432	185	44	202	2	1
19 Unclassified . . . . .	108	101	73	.....	.....	25	48	35
20 Bank investment portfolios . . . . .	246,998	244,967	171,135	19,417	7,903	54,053	89,761	75,863
21 U.S. Treasury . . . . .	97,762	96,769	68,917	9,751	3,486	22,933	32,747	28,845
22 Other U.S. Govt. agencies . . . . .	34,874	34,297	20,894	927	439	5,266	14,263	13,980
23 States and political subdivisions . . . . .	108,342	108,110	77,483	8,471	3,821	24,870	40,321	30,859
24 All other portfolio securities . . . . .	6,020	5,791	3,841	269	158	984	2,430	2,179
25 F.R. stock and corporate stock . . . . .	1,618	1,580	1,332	287	100	499	446	286
26 Federal funds sold and securities resale agreement . . . . .	44,318	40,759	32,986	2,962	1,431	18,636	9,958	11,332
27 Commercial banks . . . . .	37,469	34,098	26,504	1,509	1,255	14,502	9,239	10,965
28 Brokers and dealers . . . . .	4,342	4,304	4,219	735	137	2,728	618	123
29 Others . . . . .	2,507	2,358	2,264	718	40	1,406	101	244
30 Other loans, gross . . . . .	577,689	560,382	420,469	71,053	21,812	156,134	171,469	157,219
31 Less: Unearned income on loans . . . . .	13,610	13,558	9,182	579	85	2,980	5,538	4,429
32 Reserves for loan loss . . . . .	6,553	6,420	5,119	1,213	324	1,866	1,716	1,435
33 Other loans, net . . . . .	557,525	540,405	406,169	69,261	21,403	151,289	164,216	151,356
Other loans, gross, by category								
34 Real estate loans . . . . .	161,276	161,047	111,520	9,218	2,017	40,619	59,666	49,756
35 Construction and land development . . . . .	18,405	18,392	14,135	2,412	437	6,761	4,525	4,271
36 Secured by farmland . . . . .	7,358	7,341	3,129	18	9	3,302	2,800	4,228
37 Secured by residential . . . . .	91,349	91,214	64,398	4,466	1,016	23,733	35,182	26,951
38 1- to 4-family residences . . . . .	86,839	86,709	61,150	4,045	920	22,541	33,644	25,688
39 FHA-insured or VA-guaranteed . . . . .	7,786	7,738	6,710	582	46	3,557	2,526	1,076
40 Conventional . . . . .	79,053	78,971	54,440	3,463	874	18,984	31,118	24,613
41 Multifamily residences . . . . .	4,511	4,505	3,248	422	96	1,192	7,539	7,263
42 FHA-insured . . . . .	353	352	281	108	16	81	76	72
43 Conventional . . . . .	4,158	4,153	2,967	314	80	1,110	1,463	1,191
44 Secured by other properties . . . . .	44,164	44,100	29,858	2,322	555	9,823	17,158	14,306
45 Loans to financial institutions . . . . .	40,151	33,371	31,419	10,625	4,179	13,592	3,024	8,732
46 To REIT's and mortgage companies . . . . .	9,247	9,234	8,879	2,870	1,128	4,196	684	368
47 To domestic commercial banks . . . . .	4,573	2,470	1,911	497	116	1,008	290	2,663
48 To banks in foreign countries . . . . .	10,383	6,165	6,014	2,624	284	2,501	605	4,369
49 To other depository institutions . . . . .	1,257	1,241	1,126	73	27	822	204	132
50 To other financial institutions . . . . .	14,691	14,261	13,490	4,561	2,624	5,065	1,240	1,201
51 Loans to security brokers and dealers . . . . .	10,436	10,180	9,943	5,664	1,303	2,734	241	494
52 Other loans to purch./carry securities . . . . .	4,142	4,135	3,425	374	353	1,760	939	717
53 Loans to farmers—except real estate . . . . .	25,642	25,620	14,157	153	126	3,385	10,493	11,486
54 Commercial and industrial loans . . . . .	192,715	183,767	149,361	36,383	10,819	57,632	44,527	43,354
55 Loans to individuals . . . . .	127,701	127,590	88,149	6,083	1,860	30,887	49,319	39,552
56 Instalment loans . . . . .	101,424	101,355	69,803	4,481	1,110	24,797	39,475	31,621
57 Passenger automobiles . . . . .	44,707	44,694	28,632	845	142	8,342	19,303	16,075
58 Residential-repair/modernize . . . . .	6,640	6,639	4,447	291	55	1,586	2,516	2,193
59 Credit cards and related plans . . . . .	14,936	14,929	13,098	1,769	731	7,156	3,441	1,838
60 Charge-account credit cards . . . . .	11,576	11,576	10,330	1,186	695	5,810	2,639	1,246
61 Check and revolving credit plans . . . . .	3,360	3,353	2,768	584	36	1,346	803	592
62 Other retail consumer goods . . . . .	16,601	16,598	11,307	354	64	4,040	6,849	5,295
63 Mobile homes . . . . .	8,836	8,836	6,224	184	26	2,233	3,781	2,612
64 Other . . . . .	7,765	7,762	5,082	170	38	1,807	3,068	2,683
65 Other instalment loans . . . . .	18,539	18,496	12,319	1,221	118	3,674	7,306	6,220
66 Single-payment loans to individuals . . . . .	26,277	26,235	18,346	1,603	750	6,090	9,904	7,931
67 All other loans . . . . .	15,624	14,672	12,495	2,553	1,156	5,526	3,260	3,129
68 Total loans and securities, net . . . . .	857,514	834,759	618,538	95,499	31,455	226,941	264,642	238,976
69 Direct lease financing . . . . .	5,169	5,168	4,845	879	131	3,003	832	324
70 Fixed assets—Buildings, furniture, real estate . . . . .	20,360	20,258	15,100	2,071	689	5,867	6,473	5,260
71 Investment in unconsolidated subsidiaries . . . . .	2,634	2,591	2,555	1,193	212	1,062	88	79
72 Customer acceptances outstanding . . . . .	12,749	11,882	11,457	5,692	749	4,710	306	1,291
73 Other assets . . . . .	36,862	35,568	32,144	13,709	1,362	12,718	4,355	4,718
74 Total assets . . . . .	1,074,343	1,040,952	795,199	151,796	39,272	293,378	310,752	279,144

For notes see opposite page.

## 1.26 Continued

Liability or capital account	All commercial banks	Insured commercial banks	Member banks <sup>1</sup>					Non-member banks <sup>1</sup>
			Total	Large banks			All other <sup>2</sup>	
				New York City	City of Chicago	Other large		
75 Demand deposits.....	337,428	332,327	259,378	64,350	10,338	90,634	94,056	78,051
76 Mutual savings banks.....	1,621	1,443	1,257	684	2	270	301	364
77 Other individuals, partnerships, and corporations.....	252,889	251,580	189,126	32,633	7,349	71,011	78,134	63,763
78 U.S. Govt.....	2,826	2,817	2,004	136	31	710	1,126	822
79 States and political subdivisions.....	17,825	17,752	12,328	636	173	3,794	7,725	5,497
80 Foreign governments, central banks, etc.....	1,908	1,454	1,382	1,115	17	225	25	527
81 Commercial banks in United States.....	37,537	36,909	35,716	19,236	2,289	10,522	3,670	1,821
82 Banks in foreign countries.....	7,311	6,613	6,471	5,157	159	1,021	134	840
83 Certified and officers' checks, etc.....	15,511	13,759	11,094	4,754	318	3,081	2,941	4,417
84 Time deposits.....	308,831	299,840	217,098	32,405	12,921	74,985	96,787	91,733
85 Accumulated for personal loan payments.....	134	134	108	108	67	100	98	26
86 Mutual savings banks.....	363	346	332	136	67	100	30	30
87 Other individuals, partnerships, and corporations.....	242,952	237,078	170,322	24,043	9,454	57,628	79,197	72,630
88 U.S. Govt.....	752	752	602	68	46	272	216	150
89 States and political subdivisions.....	46,541	46,212	31,715	1,372	981	13,134	16,230	14,826
90 Foreign governments, central banks, etc.....	9,590	7,967	7,635	4,254	1,520	1,797	65	1,955
91 Commercial banks in United States.....	6,358	5,770	4,934	1,694	736	1,774	730	1,423
92 Banks in foreign countries.....	2,142	1,582	1,449	838	118	270	223	693
93 Savings deposits.....	215,772	215,206	152,378	11,746	3,145	56,133	81,353	63,394
94 Individuals and nonprofit organizations.....	200,240	199,697	141,252	10,714	2,880	52,234	75,425	58,988
95 Corporations and other profit organizations.....	10,072	10,056	7,289	603	219	3,076	3,391	2,783
96 U.S. Government.....	61	61	52	4	.....	25	24	9
97 States and political subdivisions.....	5,331	5,325	3,725	394	46	782	2,504	1,606
98 All other.....	67	67	60	32	1	17	9	7
99 Total deposits.....	862,031	847,373	628,853	108,501	26,405	221,751	272,196	233,178
100 Federal funds purchased and securities sold under agreements to repurchase.....	79,167	75,397	71,547	17,045	8,277	36,363	9,862	7,620
101 Commercial banks.....	42,487	39,624	37,861	7,203	5,437	20,513	4,707	4,626
102 Brokers and dealers.....	9,397	9,374	8,979	1,639	1,454	4,973	914	418
103 Others.....	27,283	26,399	24,707	8,203	1,386	10,877	4,241	2,576
104 Other liabilities for borrowed money.....	9,047	5,761	5,455	1,914	45	3,030	467	3,592
105 Mortgage indebtedness.....	807	804	572	57	16	297	201	235
106 Bank acceptances outstanding.....	13,407	12,536	12,111	6,337	750	4,717	307	1,296
107 Other liabilities.....	28,093	18,248	15,854	5,256	1,000	6,256	3,342	12,239
108 Total liabilities.....	992,552	960,118	734,392	139,110	36,493	272,415	286,374	258,160
109 Subordinated notes and debentures.....	5,393	5,330	4,223	1,118	82	1,881	1,142	1,170
110 Equity capital.....	76,397	75,503	56,584	11,568	2,698	19,082	23,236	19,813
111 Preferred stock.....	77	71	28	.....	.....	2	26	48
112 Common stock.....	16,719	16,623	12,084	2,496	570	3,850	5,167	4,635
113 Surplus.....	30,211	29,728	21,794	4,290	1,298	7,839	8,367	8,418
114 Undivided profits.....	27,608	27,365	21,492	4,744	776	6,994	8,978	6,116
115 Other capital reserves.....	1,782	1,717	1,187	38	53	396	699	595
116 Total liabilities and equity capital.....	1,074,343	1,040,952	795,199	151,796	39,272	293,378	310,752	279,144
MEMO ITEMS:								
117 Demand deposits adjusted <sup>3</sup> .....	243,690	239,359	170,340	24,604	5,866	58,901	80,969	73,350
Average for last 15 or 30 days:								
118 Cash and due from bank.....	132,469	126,370	107,671	29,887	4,764	40,094	32,927	24,798
119 Federal funds sold and securities purchased under agreements to resell.....	47,876	42,907	33,605	3,667	1,449	16,759	11,730	14,271
120 Total loans.....	559,178	542,036	407,556	69,936	21,456	151,616	164,548	151,621
121 Time deposits of \$100,000 or more.....	139,145	132,096	107,972	26,712	10,328	43,044	27,888	31,174
122 Total deposits.....	845,218	830,008	612,859	98,375	25,769	217,875	270,841	232,359
123 Federal funds purchased and securities sold under agreements to repurchase.....	84,385	80,374	76,761	20,960	9,219	36,604	9,977	7,624
124 Other liabilities for borrowed money.....	9,553	5,961	5,666	2,172	79	2,980	436	3,887
125 Standby letters of credit outstanding.....	14,499	13,705	12,902	7,705	1,037	3,302	858	1,598
126 Time deposits of \$100,000 or more.....	140,410	133,981	109,615	26,547	10,360	44,386	28,322	30,795
127 Certificates of deposit.....	115,589	111,351	90,425	22,011	8,703	35,781	23,930	25,164
128 Other time deposits.....	24,820	22,630	19,190	4,536	1,657	8,605	4,392	5,630
129 Number of banks.....	14,718	14,425	5,720	12	9	154	5,545	8,998

<sup>1</sup> Member banks exclude and nonmember banks include 10 noninsured trust companies that are members of the Federal Reserve System, and member banks exclude 2 national banks outside the continental United States.

<sup>2</sup> Figures for one large national bank have been estimated due to a merger.

<sup>3</sup> 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	1977							
	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28 <sup>p</sup>
<b>1 Total loans and investments</b> .....	<b>447,608</b>	<b>446,312</b>	<b>437,552</b>	<b>443,635</b>	<b>446,345</b>	<b>448,160</b>	<b>451,360</b>	<b>450,843</b>
Loans:								
2 <i>Federal funds sold</i> <sup>1</sup> .....	32,396	29,011	23,006	26,613	27,539	27,699	27,005	26,288
3 To commercial banks.....	23,143	19,937	17,926	19,483	21,475	19,305	20,858	20,346
To brokers and dealers involving—								
4 U.S. Treasury securities.....	5,116	5,991	2,629	3,927	3,638	5,352	3,163	2,828
5 Other securities.....	717	549	487	577	548	705	782	859
6 To others.....	3,420	2,534	1,964	2,626	1,878	2,337	2,202	2,255
7 <i>Other, gross</i> .....	313,018	314,132	311,361	313,744	314,102	315,986	319,644	320,282
8 Commercial and industrial.....	123,600	123,103	123,049	123,573	124,076	123,908	125,567	125,655
9 Agricultural.....	4,771	4,750	4,732	4,678	4,659	4,649	4,668	4,700
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities.....	2,340	2,547	1,088	1,486	1,827	2,122	1,598	949
11 Other securities.....	8,779	9,125	8,467	8,968	8,758	9,288	9,730	10,151
To others:								
12 U.S. Treasury securities.....	82	88	87	95	97	105	103	104
13 Other securities.....	2,631	2,603	2,612	2,618	2,625	2,606	2,615	2,622
To nonbank financial institutions:								
14 Personal and sales finance cos., etc.....	7,659	7,523	7,549	7,835	7,851	7,742	8,164	8,070
15 Other.....	15,447	15,398	15,261	15,450	15,475	15,673	15,561	15,747
16 Real estate.....	72,779	73,104	73,287	73,444	73,248	73,655	73,935	74,047
To commercial banks:								
17 Domestic.....	2,188	2,466	2,122	2,107	2,083	2,213	2,579	2,455
18 Foreign.....	6,340	6,467	5,988	5,957	6,160	6,068	6,213	6,267
19 Consumer instalment.....	44,579	44,708	44,935	45,131	45,239	45,715	45,993	46,281
20 Foreign governments, official institutions, etc..	1,411	1,405	1,426	1,423	1,402	1,444	1,544	1,496
21 All other loans.....	20,412	20,845	20,758	20,979	20,602	20,798	21,374	21,738
22 LESS: Loan loss reserve and unearned income on loans.....	9,435	9,462	9,505	9,447	9,518	9,544	9,532	9,450
23 <i>Other loans, net</i> .....	303,583	304,670	301,856	304,297	304,584	306,442	310,112	310,832
Investments:								
24 <i>U.S. Treasury securities</i> .....	44,859	45,927	45,522	45,659	46,726	46,535	46,381	46,081
25 Bills.....	8,003	8,617	8,414	8,191	8,849	8,954	9,067	9,017
Notes and bonds, by maturity:								
26 Within 1 year.....	8,312	8,240	8,358	8,389	8,330	8,339	8,408	8,557
27 1 to 5 years.....	24,047	24,677	24,540	24,928	25,577	25,290	24,974	24,634
28 After 5 years.....	4,497	4,393	4,210	4,151	3,970	3,952	3,932	3,873
29 <i>Other securities</i> .....	66,770	66,704	67,168	67,066	67,496	67,484	67,862	67,642
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills.....	9,438	9,145	8,961	8,833	9,224	8,900	8,799	8,747
31 All other.....	42,773	42,876	42,896	42,907	43,037	43,067	43,087	43,164
Other bonds, corporate stocks, and securities:								
32 Certificates of participation <sup>2</sup> .....	2,090	2,083	2,167	2,211	2,264	2,342	2,452	2,491
33 All other, including corporate stocks.....	12,469	12,600	13,144	13,115	12,971	13,175	13,524	13,240
34 Cash items in process of collection.....	40,629	45,147	41,741	44,187	38,067	43,962	43,624	46,900
35 Reserves with F.R. Banks.....	17,049	17,541	23,649	19,179	20,663	19,029	21,074	24,823
36 Currency and coin.....	5,929	6,192	5,881	6,702	6,141	6,558	6,590	7,110
37 Balances with domestic banks.....	15,387	14,115	13,782	14,524	15,302	15,062	17,170	16,425
38 Investments in subsidiaries not consolidated.....	2,881	2,901	2,869	2,922	2,895	2,867	2,871	2,871
39 Other assets.....	59,723	56,100	57,032	58,524	57,852	58,177	57,691	58,844
<b>40 Total assets/total liabilities</b> .....	<b>589,206</b>	<b>588,308</b>	<b>582,506</b>	<b>589,673</b>	<b>587,265</b>	<b>593,815</b>	<b>600,380</b>	<b>607,816</b>
Deposits:								
41 <i>Demand deposits</i> .....	190,196	189,124	178,276	189,514	181,511	190,687	194,702	199,384
42 Individuals, partnerships, and corporations..	130,289	136,525	129,971	135,815	132,220	138,502	138,631	142,795
43 States and political subdivisions.....	5,926	6,575	6,221	6,235	5,629	6,136	6,279	6,261
44 U.S. Govt.....	962	1,867	1,207	2,707	1,205	1,327	3,304	3,676
Domestic interbank:								
45 Commercial.....	36,977	27,685	25,710	29,389	27,038	27,794	29,427	29,261
46 Mutual savings.....	972	945	881	819	850	783	805	860
Foreign:								
47 Governments, official institutions, etc.....	1,139	1,094	1,300	1,253	1,495	1,280	1,506	1,942
48 Commercial banks.....	6,228	6,854	6,051	6,076	6,573	6,952	7,626	7,626
49 Certified and officers' checks.....	7,703	7,579	6,935	7,220	6,501	7,938	7,798	6,963
50 <i>Time and savings deposits</i> <sup>3</sup> .....	244,027	244,956	246,720	246,729	248,092	249,649	251,152	251,314
51 Savings <sup>4</sup> .....	92,953	92,650	92,550	92,274	92,288	92,004	91,766	91,739
52 Time.....	151,074	152,306	154,170	154,455	155,804	157,645	159,386	159,575
53 Individuals, partnerships, and corporations	115,334	116,117	117,406	117,674	118,630	119,772	120,732	121,119
54 States and political subdivisions.....	21,929	22,071	22,446	22,360	22,561	23,067	23,478	23,303
55 Domestic interbank.....	4,771	4,792	4,993	5,121	5,300	5,541	5,689	5,731
56 Foreign govts., official institutions, etc.....	7,461	7,783	7,751	7,746	7,767	7,714	7,995	7,943
57 Federal funds purchased, etc. <sup>5</sup> .....	78,839	78,065	78,536	76,397	81,226	76,798	77,887	79,293
Borrowings from:								
58 F.R. Banks.....	376	172	2,669	626	415	1,051	830	1,512
59 Others.....	5,192	5,190	5,372	5,122	5,172	5,533	5,328	5,416
60 Other liabilities, etc. <sup>6</sup> .....	26,343	26,630	26,770	26,876	26,409	25,679	26,138	26,415
61 Total equity capital and subordinated notes/debentures <sup>7</sup> .....	44,233	44,171	44,163	44,409	44,440	44,418	44,343	44,482

<sup>1</sup> Includes securities purchased under agreements to resell.<sup>2</sup> Federal agencies only.<sup>3</sup> Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.<sup>4</sup> For amounts of these deposits by ownership categories, see Table 1.30.<sup>5</sup> Includes securities sold under agreements to repurchase.<sup>6</sup> Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.<sup>7</sup> 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	1977							
	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28 <sup>p</sup>
1 Total loans and investments .....	96,632	95,969	93,469	95,760	96,335	95,639	97,884	98,160
Loans:								
2 Federal funds sold <sup>1</sup> .....	5,997	3,380	3,436	4,473	4,685	3,323	4,424	5,198
3 To commercial banks .....	3,189	1,881	1,895	2,522	2,494	1,676	2,197	2,981
4 To brokers and dealers involving—								
5 U.S. Treasury securities .....	1,336	931	688	743	1,597	1,117	1,241	1,227
6 Other securities .....	54							
7 To others .....	1,418	568	853	1,208	594	530	986	990
8 Other, gross .....	70,846	71,985	69,389	70,635	71,079	71,925	73,465	73,139
9 Commercial and industrial .....	35,171	35,036	34,873	35,165	35,663	35,750	36,534	36,389
Agricultural .....	174	176	180	177	170	169	171	168
For purchasing or carrying securities:								
To brokers and dealers:								
10 U.S. Treasury securities .....	2,036	2,406	945	1,324	1,643	1,885	1,389	799
11 Other securities .....	4,507	4,836	4,389	4,737	4,606	5,142	5,311	5,730
To others:								
12 U.S. Treasury securities .....	23	22	22	22	21	21	21	21
13 Other securities .....	358	358	373	372	385	396	390	380
To nonbank financial institutions:								
14 Personal and sales finance cos., etc. ....	2,612	2,523	2,636	2,871	2,823	2,794	3,030	2,929
15 Other .....	4,873	4,895	4,926	4,901	4,883	4,955	5,011	5,077
16 Real estate .....	8,918	8,940	8,970	8,971	8,847	8,800	8,835	8,812
To commercial banks:								
17 Domestic .....	748	1,034	757	662	661	585	885	812
18 Foreign .....	3,075	3,196	2,706	2,759	3,046	2,822	3,017	2,965
19 Consumer instalment .....	4,289	4,299	4,318	4,319	4,334	4,384	4,390	4,433
20 Foreign governments, official institutions, etc.	293	302	300	297	285	283	356	290
21 All other loans .....	3,769	3,962	3,994	4,058	3,712	3,939	4,125	4,334
22 LESS: Loan loss reserve and unearned income on loans .....	1,708	1,713	1,716	1,701	1,739	1,746	1,733	1,672
23 Other loans, net .....	69,138	70,272	67,673	68,934	69,340	70,179	71,732	71,467
Investments:								
24 U.S. Treasury securities .....	10,697	11,442	11,149	11,288	11,385	11,207	10,761	10,661
25 Bills .....	2,566	2,957	2,916	2,573	2,428	2,490	2,218	2,178
Notes and bonds, by maturity:								
26 Within 1 year .....	1,541	1,542	1,429	1,610	1,432	1,433	1,511	1,536
27 1 to 5 years .....	5,439	5,901	5,877	6,178	6,672	6,503	6,232	6,203
28 After 5 years .....	1,151	1,042	927	927	853	781	800	744
29 Other securities .....	10,800	10,875	11,211	11,065	10,925	10,930	10,967	10,834
Obligations of States and political subdivisions:								
30 Tax warrants, short-term notes, and bills ..	2,378	2,263	2,220	2,220	2,247	2,142	2,147	2,132
31 All other .....	6,546	6,647	6,547	6,502	6,625	6,638	6,607	6,589
Other bonds, corporate stocks, and securities:								
32 Certificates of participation <sup>2</sup> .....	192	192	192	189	188	190	190	190
33 All other, including corporate stocks .....	1,684	1,773	2,252	2,154	1,865	1,960	2,023	1,923
34 Cash items in process of collection .....	16,000	14,486	13,533	15,754	11,995	15,034	13,811	15,216
35 Reserves with F.R. Banks .....	6,424	6,229	6,034	3,507	4,963	4,438	5,236	6,017
36 Currency and coin .....	903	937	877	962	945	974	983	1,045
37 Balances with domestic banks .....	8,017	5,749	6,656	6,740	7,387	7,446	8,638	7,825
38 Investments in subsidiaries not consolidated ..	1,408	1,413	1,411	1,416	1,418	1,424	1,424	1,427
39 Other assets .....	23,215	21,233	21,670	21,706	21,890	21,792	20,458	21,295
40 Total assets/total liabilities .....	152,599	146,016	143,650	145,845	144,933	146,747	148,434	150,985
Deposits:								
41 Demand deposits .....	60,300	51,774	48,173	53,834	50,015	54,103	55,686	57,799
42 Individuals, partnerships, and corporations ..	27,751	28,641	26,481	28,423	27,071	28,627	29,008	31,242
43 States and political subdivisions .....	476	572	598	471	456	427	586	584
44 U.S. Govt. ....	114	232	129	409	102	103	562	595
Domestic interbank:								
45 Commercial .....	22,107	12,307	11,996	15,352	12,969	14,000	14,858	14,229
46 Mutual savings .....	519	481	490	407	439	408	418	459
Foreign:								
47 Governments, official institutions, etc. ....	944	875	1,082	999	1,224	984	1,185	1,625
48 Commercial banks .....	4,761	5,332	4,543	4,527	5,039	5,484	5,293	6,010
49 Certified and officers' checks .....	3,628	3,334	2,854	3,246	2,715	4,070	3,776	3,055
50 Time and savings deposits <sup>3</sup> .....	43,324	43,575	43,985	44,052	44,226	44,505	44,623	44,505
51 Savings <sup>4</sup> .....	10,115	10,065	10,026	9,953	9,951	9,924	9,929	9,929
52 Time:								
53 Individuals, partnerships, and corporations	24,541	24,789	25,322	25,447	25,601	25,933	26,029	25,920
54 States and political subdivisions .....	1,704	1,705	1,681	1,682	1,686	1,691	1,660	1,650
55 Domestic interbank .....	1,707	1,621	1,595	1,631	1,624	1,652	1,653	1,679
56 Foreign govts., official institutions, etc. ....	4,511	4,656	4,629	4,617	4,646	4,572	4,654	4,611
57 Federal funds purchased, etc. <sup>5</sup> .....	22,205	23,830	23,289	21,291	24,037	21,789	21,920	22,320
Borrowings from:								
58 F.R. Banks .....			1,766		256	654	350	225
59 Others .....	2,178	2,310	2,274	2,299	2,515	2,507	2,386	2,344
60 Other liabilities, etc. <sup>6</sup> .....	11,898	11,822	11,466	11,613	11,141	10,459	10,709	11,014
61 Total equity capital and subordinated notes/debentures <sup>7</sup> .....	12,694	12,705	12,697	12,756	12,743	12,730	12,760	12,778

<sup>1</sup> Includes securities purchased under agreements to resell.<sup>2</sup> Federal agencies only.<sup>3</sup> Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.<sup>4</sup> For amounts of these deposits by ownership categories, see Table 1.30.<sup>5</sup> Includes securities sold under agreements to repurchase.<sup>6</sup> Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.<sup>7</sup> 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	1977							
	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28 <sup>p</sup>
<b>1 Total loans and investments</b> .....	<b>350,976</b>	<b>350,343</b>	<b>344,083</b>	<b>347,875</b>	<b>350,010</b>	<b>352,521</b>	<b>353,476</b>	<b>352,683</b>
Loans:								
2 <i>Federal funds sold</i> <sup>1</sup> .....	26,399	25,631	19,570	22,140	22,854	24,376	22,581	21,090
3 To commercial banks.....	19,954	18,056	16,031	16,961	18,981	17,629	18,661	17,365
4 To brokers and dealers involving—								
5 U.S. Treasury securities.....	3,780	5,060	1,941	3,184	2,041	4,235	1,922	1,601
6 Other securities.....	663	549	487	577	548	705	782	859
7 To others.....	2,002	1,966	1,111	1,418	1,284	1,807	1,216	1,265
8 <i>Other, gross</i> .....	242,172	242,147	241,972	243,109	243,023	244,061	246,179	247,143
9 Commercial and industrial.....	88,429	88,067	88,176	88,408	88,413	88,158	89,033	89,266
10 Agricultural.....	4,597	4,574	4,552	4,501	4,489	4,480	4,497	4,532
For purchasing or carrying securities:								
To brokers and dealers:								
11 U.S. Treasury securities.....	304	141	143	162	184	237	209	150
12 Other securities.....	4,272	4,289	4,078	4,231	4,152	4,146	4,419	4,421
To others:								
13 U.S. Treasury securities.....	59	66	65	73	76	84	82	83
14 Other securities.....	2,273	2,245	2,239	2,246	2,240	2,210	2,225	2,242
To nonbank financial institutions:								
15 Personal and sales finance cos., etc.....	5,047	5,000	4,913	4,964	5,028	4,948	5,134	5,141
16 Other.....	10,574	10,503	10,335	10,549	10,592	10,718	10,550	10,670
17 Real estate.....	63,861	64,164	64,317	64,473	64,401	64,855	65,100	65,235
To commercial banks:								
18 Domestic.....	1,440	1,432	1,365	1,445	1,422	1,628	1,694	1,643
19 Foreign.....	3,265	3,271	3,282	3,198	3,114	3,246	3,196	3,302
20 Consumer instalment.....	40,290	40,409	40,617	40,812	40,905	41,331	41,603	41,848
21 Foreign governments, official institutions, etc.	1,118	1,103	1,126	1,126	1,117	1,161	1,188	1,206
22 All other loans.....	16,643	16,883	16,764	16,921	16,890	16,859	17,249	17,404
23 <i>Less: Loan reserve and unearned income on loans</i> .....	7,727	7,749	7,789	7,746	7,779	7,798	7,799	7,778
24 <i>Other loans, net</i> .....	234,445	234,398	234,183	235,363	235,244	236,263	238,380	239,365
Investments:								
25 <i>U.S. Treasury securities</i> .....	34,162	34,485	34,373	34,371	35,341	35,328	35,620	35,420
26 <i>Bills</i> .....	5,437	5,660	5,498	5,618	6,421	6,464	6,849	6,839
Notes and bonds, by maturity:								
27 Within 1 year.....	6,771	6,698	6,929	6,779	6,898	6,906	6,897	7,021
28 1 to 5 years.....	18,608	18,776	18,663	18,750	18,905	18,787	18,742	18,431
29 After 5 years.....	3,346	3,351	3,283	3,224	3,117	3,171	3,132	3,129
30 <i>Other securities</i> .....	55,970	55,829	55,957	56,001	56,571	56,554	56,895	56,808
Obligations of States and political subdivisions:								
31 Tax warrants, short-term notes, and bills..	7,060	6,882	6,741	6,613	6,977	6,758	6,652	6,615
32 All other.....	36,227	36,229	36,349	36,405	36,412	36,429	36,480	36,575
Other bonds, corporate stocks, and securities:								
33 Certificates of participation <sup>2</sup> .....	1,898	1,891	1,975	2,022	2,076	2,152	2,262	2,301
34 All other, including corporate stocks.....	10,785	10,827	10,892	10,961	11,106	11,215	11,501	11,317
35 Cash items in process of collection.....	24,629	30,661	28,208	28,443	26,072	28,928	29,813	31,684
36 Reserves with F. R. Banks.....	10,625	11,312	17,615	15,672	15,700	14,591	15,838	18,806
37 Currency and coin.....	5,026	5,255	5,004	5,740	5,196	5,584	5,607	6,065
38 Balances with domestic banks.....	7,370	8,366	7,126	7,784	7,915	7,616	8,532	8,600
39 Investments in subsidiaries not consolidated.....	1,473	1,488	1,458	1,506	1,477	1,443	1,447	1,444
40 Other assets.....	36,508	34,867	35,362	36,818	35,962	36,385	37,233	37,549
<b>40 Total assets/total liabilities</b> .....	<b>436,607</b>	<b>442,292</b>	<b>438,856</b>	<b>443,828</b>	<b>442,332</b>	<b>447,068</b>	<b>451,946</b>	<b>456,831</b>
Deposits:								
41 <i>Demand deposits</i> .....	129,896	137,350	130,103	135,680	131,496	136,584	139,016	141,585
42 Individuals, partnerships, and corporations..	102,538	107,884	103,490	107,392	105,149	109,875	109,623	111,553
43 States and political subdivisions.....	5,450	6,003	5,623	5,764	5,173	5,709	5,693	5,677
44 U.S. Govt.....	848	1,635	1,078	2,298	1,103	1,224	2,742	3,081
Domestic interbank:								
45 Commercial.....	14,870	15,378	13,714	14,037	14,069	13,794	14,569	15,032
46 Mutual savings.....	453	464	391	412	411	375	387	401
Foreign:								
47 Governments, official institutions, etc.....	195	219	218	254	271	296	321	317
48 Commercial banks.....	1,467	1,522	1,508	1,549	1,534	1,443	1,659	1,616
49 Certified and officers' checks.....	4,075	4,245	4,081	3,974	3,786	3,868	4,022	3,908
50 <i>Time and savings deposits</i> <sup>3</sup> .....	200,703	201,381	202,735	202,677	203,866	205,144	206,529	206,809
51 Savings <sup>4</sup> .....	82,838	82,585	82,524	82,321	82,337	82,080	81,862	81,810
52 Time:	117,865	118,796	120,211	120,356	121,529	123,064	124,667	124,999
53 Individuals, partnerships, and corporations	90,793	91,328	92,084	92,227	93,029	93,839	94,703	95,199
54 States and political subdivisions.....	20,225	20,366	20,765	20,678	20,875	21,376	21,818	21,653
55 Domestic interbank.....	3,064	3,171	3,398	3,490	3,676	3,889	4,036	4,052
56 Foreign govts., official institutions, etc.....	2,950	3,127	3,122	3,129	3,121	3,142	3,341	3,332
57 Federal funds purchased, etc. <sup>5</sup> .....	56,634	54,235	55,247	55,106	57,189	55,009	55,967	56,973
Borrowings from:								
58 F. R. Banks.....	376	172	903	626	159	397	480	1,287
59 Others.....	3,014	2,880	3,098	2,823	2,657	3,026	2,942	3,072
60 Other liabilities, etc. <sup>6</sup> .....	14,445	14,808	15,304	15,263	15,268	15,220	15,429	15,401
61 <i>Total equity capital and subordinated notes/debentures</i> <sup>7</sup> .....	31,539	31,466	31,466	31,653	31,697	31,688	31,583	31,704

<sup>1</sup> Includes securities purchased under agreements to resell.<sup>2</sup> Federal agencies only.<sup>3</sup> Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.<sup>4</sup> For amounts of these deposits by ownership categories, see Table 1.30.<sup>5</sup> Includes securities sold under agreements to repurchase.<sup>6</sup> Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.<sup>7</sup> 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	1977							
	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28 <sup>p</sup>
<b>Total loans (gross) and investments, adjusted<sup>1</sup></b>								
1 <i>Large banks</i> .....	431,712	433,371	427,009	431,492	432,305	436,186	437,455	437,492
2 New York City banks.....	94,403	94,767	92,533	94,277	94,919	95,124	96,535	96,039
3 Banks outside New York City.....	337,309	338,604	334,476	337,215	337,386	341,062	340,920	341,453
<b>Total loans (gross), adjusted</b>								
4 <i>Large banks</i> .....	320,083	320,740	314,319	318,767	318,083	322,167	323,212	323,769
5 New York City banks.....	72,906	72,450	70,173	71,924	72,609	72,987	74,807	74,544
6 Banks outside New York City.....	247,177	248,290	244,146	246,843	245,474	249,180	248,405	249,225
<b>Demand deposits, adjusted<sup>2</sup></b>								
7 <i>Large banks</i> .....	111,628	114,425	109,618	113,231	115,201	117,604	118,347	119,547
8 New York City banks.....	22,079	24,749	22,515	22,319	24,949	24,966	26,455	27,759
9 Banks outside New York City.....	89,549	89,676	87,103	90,912	90,252	92,638	91,892	91,788
<b>Large negotiable time CD's included in time and savings deposits<sup>3</sup></b>								
<b>Total:</b>								
10 <i>Large banks</i> .....	70,481	71,693	73,253	73,360	74,606	75,879	77,140	77,393
11 New York City.....	22,386	22,663	23,215	23,173	23,403	23,673	23,914	23,802
12 Banks outside New York City.....	48,095	49,030	50,038	50,187	51,203	52,206	53,226	53,591
<b>Issued to IPC's:</b>								
13 <i>Large banks</i> .....	47,480	48,356	49,470	49,513	50,522	51,525	52,448	52,738
14 New York City Banks.....	15,237	15,490	16,084	16,040	16,247	16,498	16,653	16,568
15 Banks outside New York City.....	32,243	32,866	33,386	33,473	34,275	35,027	35,795	36,170
<b>Issued to others:</b>								
16 <i>Large banks</i> .....	23,001	23,337	23,783	23,847	24,084	24,354	24,692	24,655
17 New York City banks.....	7,149	7,173	7,131	7,133	7,156	7,175	7,261	7,234
18 Banks outside New York City.....	15,852	16,164	16,652	16,714	16,928	17,179	17,431	17,421
<b>All other large time deposits<sup>4</sup></b>								
<b>Total:</b>								
19 <i>Large banks</i> .....	28,617	28,719	29,112	29,027	29,218	29,668	30,172	30,046
20 New York City banks.....	6,035	6,049	5,987	5,982	6,009	5,984	5,905	5,866
21 Banks outside New York City.....	22,582	22,670	23,125	23,045	23,209	23,684	24,267	24,180
<b>Issued to IPC's:</b>								
22 <i>Large banks</i> .....	16,642	16,663	16,856	16,831	16,819	16,876	16,892	16,914
23 New York City banks.....	4,658	4,646	4,625	4,605	4,631	4,646	4,598	4,563
24 Banks outside New York City.....	11,984	12,017	12,231	12,226	12,188	12,230	12,294	12,351
<b>Issued to others:</b>								
25 <i>Large banks</i> .....	11,975	12,056	12,256	12,196	12,399	12,792	13,280	13,132
26 New York City banks.....	1,377	1,403	1,362	1,377	1,378	1,338	1,307	1,303
27 Banks outside New York City.....	10,598	10,653	10,894	10,819	11,021	11,454	11,973	11,829
<b>Savings deposits, by ownership category</b>								
<b>Individuals and nonprofit organizations:</b>								
28 <i>Large banks</i> .....	86,326	86,054	85,950	85,727	85,659	85,406	85,296	85,311
29 New York City banks.....	9,370	9,333	9,309	9,235	9,230	9,194	9,177	9,223
30 Banks outside New York City.....	76,956	76,721	76,641	76,492	76,429	76,212	76,119	76,088
<b>Partnerships and corporations for profit:<sup>5</sup></b>								
31 <i>Large banks</i> .....	5,175	5,156	5,227	5,240	5,279	5,193	5,104	5,073
32 New York City banks.....	515	517	520	522	521	515	510	510
33 Banks outside New York City.....	4,660	4,639	4,707	4,718	4,758	4,678	4,594	4,563
<b>Domestic governmental units:</b>								
34 <i>Large banks</i> .....	1,416	1,415	1,345	1,277	1,323	1,380	1,338	1,336
35 New York City banks.....	212	203	185	182	189	205	199	186
36 Banks outside New York City.....	1,204	1,212	1,160	1,095	1,134	1,175	1,139	1,150
<b>All other:<sup>6</sup></b>								
37 <i>Large banks</i> .....	36	25	28	30	27	25	28	19
38 New York City banks.....	18	12	12	14	11	10	18	10
39 Banks outside New York City.....	18	13	16	16	16	15	10	9
<b>Gross liabilities of banks to their foreign branches</b>								
40 <i>Large banks</i> .....	4,955	5,018	4,575	4,100	5,089	4,929	5,058	6,082
41 New York City banks.....	2,679	3,011	3,304	3,257	2,932	3,324	3,489	4,013
42 Banks outside New York City.....	2,276	2,007	1,271	843	2,157	1,605	1,569	2,069
<b>Loans sold outright to selected institutions by all large banks<sup>7</sup></b>								
43 Commercial and industrial.....	3,115	3,120	3,143	3,069	3,066	3,172	3,146	3,260
44 Real estate.....	217	223	223	243	238	243	223	223
45 All other.....	1,137	1,132	1,128	1,130	1,122	1,155	1,180	1,161

<sup>1</sup> Exclusive of loans and Federal funds transactions with domestic commercial banks.<sup>2</sup> All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.<sup>3</sup> Certificates of deposit (CD's) issued in denominations of \$100,000 or more.<sup>4</sup> All other time deposits issued in denominations of \$100,000 or more (not included in large negotiable CD's).<sup>5</sup> Other than commercial banks.<sup>6</sup> Domestic and foreign commercial banks, and official international organizations.<sup>7</sup> 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 classification	Outstanding					Net change during—				
	1977					1977		1977		
	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28 <sup>p</sup>	Q3	Q4 <sup>p</sup>	Oct.	Nov.	Dec. <sup>p</sup>
Total loans classified <sup>2</sup>										
1 Total.....	100,473	100,786	100,574	101,974	101,966	268	4,361	2,161	707	1,493
Durable goods manufacturing:										
2 Primary metals.....	2,358	2,357	2,323	2,668	2,737	74	243	-58	-78	379
3 Machinery.....	4,538	4,513	4,497	4,551	4,571	-233	.....	86	-119	33
4 Transportation equipment.....	2,448	2,343	2,387	2,347	2,314	-15	-72	-26	88	-134
5 Other fabricated metal products.....	1,956	1,946	1,956	1,972	1,955	11	-20	18	-37	-1
6 Other durable goods.....	3,565	3,602	3,573	3,620	3,495	66	-237	-30	-137	-70
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco.....	3,743	3,757	3,724	3,789	3,800	128	344	141	146	57
8 Textiles, apparel, and leather.....	3,627	3,587	3,509	3,425	3,362	166	-658	-134	-259	-265
9 Petroleum refining.....	2,925	2,890	2,843	2,970	2,936	91	223	114	98	11
10 Chemicals and rubber.....	2,925	2,909	2,885	2,830	2,844	124	-37	32	12	-81
11 Other nondurable goods.....	2,147	2,155	2,155	2,276	2,257	149	89	9	-30	110
12 Mining, including crude petroleum and natural gas.....	8,464	8,557	8,595	8,590	8,757	88	525	146	86	293
Trade:										
13 Commodity dealers.....	1,820	1,816	1,764	1,789	1,847	-379	523	288	208	27
14 Other wholesale.....	7,112	7,142	7,175	7,235	7,273	103	413	221	31	161
15 Retail.....	7,475	7,448	7,275	7,077	6,972	311	-228	213	62	-503
16 Transportation.....	5,010	4,975	4,953	5,019	4,965	-68	-3	-60	102	-45
17 Communication.....	1,398	1,381	1,360	1,402	1,395	72	127	56	74	-3
18 Other public utilities.....	5,070	5,130	5,120	5,366	5,330	-512	290	74	-44	260
19 Construction.....	4,540	4,451	4,428	4,498	4,459	243	-45	-38	74	-81
20 Services.....	11,115	11,066	11,173	11,173	11,296	-270	283	-22	124	181
21 All other domestic loans.....	8,116	8,172	8,160	8,316	8,285	197	363	48	146	169
22 Bankers acceptances.....	5,241	5,746	5,910	6,209	6,270	86	2,504	924	551	1,029
23 Foreign commercial and industrial loans.....	4,880	4,843	4,809	4,852	4,846	-164	-266	159	-391	-34
MEMO ITEMS:										
24 Commercial paper included in total classified loans <sup>1</sup> .....	138	.....	.....	.....	158	-85	-75	-22	-73	20
25 Total commercial and industrial loans of all large weekly reporting banks.....	123,573	124,076	123,908	125,567	125,655	674	5,444	2,172	1,190	2,082
1977										
1977										
1977										
Aug. 31										
Sept. 28										
Oct. 26										
Nov. 30										
Dec. 28 <sup>p</sup>										
Q3										
Q4 <sup>p</sup>										
Oct.										
Nov.										
Dec. <sup>p</sup>										
"Term" loans classified <sup>3</sup>										
26 Total.....	46,076	46,274	46,631	46,660	46,626	-242	352	357	29	-34
Durable goods manufacturing:										
27 Primary metals.....	1,394	1,426	1,420	1,405	1,546	38	120	-6	-15	141
28 Machinery.....	2,306	2,337	2,384	2,319	2,286	-183	-51	47	-65	-33
29 Transportation equipment.....	1,382	1,429	1,373	1,339	1,317	47	-112	-56	-34	-22
30 Other fabricated metal products.....	785	775	831	838	834	-57	59	56	7	-4
31 Other durable goods.....	1,734	1,774	1,774	1,742	1,698	52	-76	.....	-32	-44
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco.....	1,368	1,400	1,441	1,442	1,498	-35	98	41	1	56
33 Textiles, apparel, and leather.....	1,149	1,154	1,173	1,142	1,058	4	-96	19	-31	-84
34 Petroleum refining.....	1,988	1,997	2,129	2,167	2,268	59	271	132	38	101
35 Chemicals and rubber.....	1,705	1,745	1,746	1,770	1,727	99	-18	1	24	-43
36 Other nondurable goods.....	1,088	1,094	1,094	1,119	1,147	-34	53	.....	25	28
37 Mining, including crude petroleum and natural gas.....	6,295	6,284	6,328	6,412	6,501	-91	217	44	84	89
Trade:										
38 Commodity dealers.....	209	194	209	234	236	23	42	15	25	2
39 Other wholesale.....	1,485	1,540	1,588	1,592	1,665	57	125	48	4	73
40 Retail.....	2,379	2,400	2,495	2,583	2,448	75	48	95	88	-135
41 Transportation.....	3,624	3,625	3,622	3,651	3,484	-24	-141	-3	29	-167
42 Communication.....	785	786	812	835	840	38	54	26	23	5
43 Other public utilities.....	3,358	3,302	3,413	3,294	3,266	-469	-36	111	-119	-28
44 Construction.....	1,904	2,011	1,956	2,007	1,990	178	-21	-55	51	-17
45 Services.....	5,288	5,281	5,185	5,250	5,366	-20	85	-96	65	116
46 All other domestic loans.....	2,733	2,542	2,502	2,641	2,726	110	184	-40	139	85
47 Foreign commercial and industrial loans.....	3,117	3,178	3,156	2,878	2,725	-109	-453	-22	-278	-153

<sup>1</sup> Reported for the last Wednesday of each month.<sup>2</sup> Includes "term" loans, shown below.<sup>3</sup> 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	At commercial banks								
	1972 Dec.	1973 Dec.	1974 Dec.	1975 Dec.	1976			1977	
					June	Sept.	Dec.	Mar.	June
1 All holders, IPC.....	208.0	220.1	225.0	236.9	234.2	236.1	250.1	242.3	253.8
2 Financial business.....	18.9	19.1	19.0	20.1	20.3	19.7	22.3	21.6	23.7
3 Nonfinancial business.....	109.9	116.2	118.8	125.1	121.2	122.6	130.2	125.1	128.5
4 Consumer.....	65.4	70.1	73.3	78.0	78.8	80.0	82.6	81.6	86.2
5 Foreign.....	1.5	2.4	2.3	2.4	2.5	2.3	2.7	2.4	2.5
6 Other.....	12.3	12.4	11.7	11.3	11.4	11.5	12.4	11.6	11.8
	At weekly reporting banks								
	1973 Dec.	1974 Dec.	1975 Dec.	1976 Dec.	1977				
					June	July	Aug.	Sept.	Oct. <sup>p</sup>
7 All holders, IPC.....	118.1	119.7	124.4	128.5	128.7	131.0	128.0	129.2	131.4
8 Financial business.....	14.9	14.8	15.6	17.5	17.8	18.9	18.0	17.4	17.9
9 Nonfinancial business.....	66.2	66.9	69.9	69.7	69.5	70.7	68.8	70.0	72.1
10 Consumer.....	28.0	29.0	29.9	31.7	32.3	32.6	32.4	32.8	33.4
11 Foreign.....	2.2	2.2	2.3	2.6	2.4	2.2	2.5	2.4	2.5
12 Other.....	6.8	6.8	6.6	7.1	6.7	6.7	6.4	6.6	7.0

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.

Data for August 1976 have been revised as follows: All holders, IPC, 119.4; financial business, 15.3; nonfinancial business, 65.5; consumer, 30.0; foreign, 2.5; all other, 6.1.

## 1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1974 Dec.	1975 Dec.	1976 Dec.	1977						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Commercial paper (seasonally adjusted)									
1 All issuers.....	49,742	48,145	52,623	57,434	61,327	60,323	60,320	61,391	62,591	61,995
Financial companies: <sup>1</sup>										
Dealer-placed paper: <sup>2</sup>										
2 Total.....	4,599	6,220	7,271	7,555	8,196	8,261	8,167	8,493	8,547	8,493
3 Bank-related.....	1,814	1,762	1,900	1,805	1,894	1,744	1,650	1,846	1,961	1,980
Directly-placed paper: <sup>3</sup>										
4 Total.....	31,801	31,230	32,365	34,949	37,593	36,773	36,699	37,670	38,979	38,845
5 Bank-related.....	6,518	6,892	5,959	5,999	6,636	6,344	6,394	7,069	7,008	6,567
6 Nonfinancial companies <sup>4</sup> .....	13,342	10,695	12,987	14,930	15,538	15,289	15,454	15,228	15,065	14,657
	Dollar acceptances (not seasonally adjusted)									
7 Total.....	18,484	18,727	22,523	23,201	23,440	23,499	23,091	23,317	23,908	24,088
Held by:										
8 Accepting banks.....	4,226	7,333	10,442	7,326	7,630	7,601	7,647	7,473	8,673	8,952
9 Own bills.....	3,685	5,899	8,769	6,218	6,356	6,464	6,580	6,566	7,248	7,702
10 Bills bought.....	542	1,435	1,673	1,108	1,273	1,137	1,067	907	1,424	1,251
F.R. Banks:										
11 Own account.....	999	1,126	991	108	621	393	131	482	.....	248
12 Foreign correspondents.....	1,109	293	375	385	360	296	304	287	422	392
13 Others.....	12,150	9,975	13,447	15,382	14,829	15,209	15,009	15,075	14,813	14,495
Based on:										
14 Imports into United States.....	4,023	3,726	4,992	5,124	5,635	5,570	5,446	5,654	5,886	5,973
15 Exports from United States.....	4,067	4,001	4,818	5,642	5,729	5,842	5,747	5,544	5,584	5,803
16 All other.....	10,394	11,000	12,713	12,436	12,076	12,088	11,899	12,119	12,438	12,312

<sup>1</sup> 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.

<sup>2</sup> Includes all financial company paper sold by dealers in the open market.

<sup>3</sup> As reported by financial companies that place their paper directly with investors.

<sup>4</sup> 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	Month	Average rate	Month	Average rate
1976—June 1.....	7	1977—May 13.....	6½	1976—June.....	7.20	1977—Apr.....	6.25
7.....	7¼	31.....	6¾	July.....	7.25	May.....	6.41
Aug. 2.....	7	Aug. 22.....	7	Aug.....	7.01	June.....	6.75
Oct. 4.....	6¾	Sept. 16.....	7¼	Sept.....	7.00	July.....	6.75
Nov. 1.....	6½	Oct. 7.....	7½	Oct.....	6.78	Aug.....	6.83
Dec. 13.....	6¼	Oct. 24.....	7¾	Nov.....	6.50	Sept.....	7.13
				Dec.....	6.35	Oct.....	7.52
				1977—Jan.....	6.25	Nov.....	7.75
				Feb.....	6.25	Dec.....	7.75
				Mar.....	6.25		

## 1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, Aug. 1-6, 1977

Item	All sizes	Size of loan (in thousands of dollars)					
		1-24	25-49	50-99	100-499	500-999	1,000 and over
Short-term commercial and industrial loans							
1 Amount of loans (thousands of dollars).....	8,184,373	895,501	660,159	693,427	2,102,846	626,169	3,206,271
2 Number of loans.....	174,527	129,887	20,838	10,947	10,734	1,015	1,106
3 Weighted-average maturity (months).....	3.0	2.6	3.0	2.5	2.8	2.8	3.5
4 Weighted-average interest rate (per cent per annum)...	7.87	9.24	8.56	8.75	7.87	7.59	7.22
5 Interquartile range <sup>1</sup> .....	6.92-8.66	8.30-10.11	8.00-9.20	7.78-10.00	7.19-8.32	6.94-8.00	6.75-7.45
Percentage of amount of loans:							
6 With floating rate.....	52.7	26.1	29.3	50.9	53.0	55.2	64.6
7 Made under commitment.....	40.8	13.9	17.5	20.7	36.8	59.4	56.3
Long-term commercial and industrial loans							
8 Amount of loans (thousands of dollars).....	1,195,225	375,556		206,220		86,110	527,338
9 Number of loans.....	25,464	24,063		1,121		116	164
10 Weighted-average maturity (months).....	63.8	51.7		116.6		46.5	54.7
11 Weighted-average interest rate (per cent per annum)...	8.09	9.35		7.03		8.18	7.60
12 Interquartile range <sup>1</sup> .....	6.95-9.16	8.45-10.00		4.41-9.00		7.50-9.11	6.85-8.77
Percentage of amount of loans:							
13 With floating rate.....	53.4	23.3		41.2		61.5	78.4
14 Made under commitment.....	53.6	15.4		64.7		54.1	76.5
Construction and land development loans							
15 Amount of loans (thousands of dollars).....	570,762	163,298	141,147	48,143	109,676	108,497	
16 Number of loans.....	30,413	25,343	3,751	689	554	76	
17 Weighted-average maturity (months).....	13.1	11.7	10.3	9.9	10.5	23.6	
18 Weighted-average interest rate (per cent per annum)...	8.70	9.16	8.84	8.93	8.70	7.73	
19 Interquartile range <sup>1</sup> .....	8.16-9.28	8.24-9.84	8.27-9.25	8.48-9.43	8.23-9.34	7.76-9.00	
Percentage of amount of loans:							
20 With floating rate.....	29.0	8.4	9.0	45.8	51.5	55.7	
21 Secured by real estate.....	73.4	67.6	59.5	87.5	84.0	83.4	
22 Made under commitment.....	44.2	39.7	29.3	64.4	62.6	42.9	
23 Type of construction: 1- to 4-family.....	41.4	44.2	54.0	59.9	30.2	23.7	
24 Multifamily.....	7.3	8.4	1.4	4.0	10.5	11.4	
25 Nonresidential.....	51.4	47.5	44.6	36.1	59.3	64.8	
Loans to farmers							
26 Amount of loans (thousands of dollars).....	871,995	162,789	157,705	113,508	118,272	92,800	226,921
27 Number of loans.....	64,828	47,939	10,788	3,412	1,871	618	199
28 Weighted-average maturity (months).....	7.0	6.9	10.1	5.8	8.3	5.6	5.6
29 Weighted-average interest rate (per cent per annum)...	8.72	8.98	8.79	8.81	8.82	8.90	8.33
30 Interquartile range <sup>1</sup> .....	8.25-9.24	8.50-9.27	8.59-9.27	8.59-9.20	8.16-9.31	8.59-9.31	7.51-9.04
By purpose of loan:							
31 Feeder livestock.....	8.40	8.88	8.76	8.80	8.75	8.60	8.03
32 Other livestock.....	8.60	8.69	8.61	8.46	8.48	8.58	(2)
33 Other current operating expenses.....	9.00	8.97	9.01	8.87	9.06	9.01	9.13
34 Farm machinery and equipment.....	9.02	9.07	9.23	9.12	9.30	(2)	8.57
35 Other.....	8.60	9.25	7.80	8.81	8.47	8.98	8.61

<sup>1</sup> Interest rate range that covers the middle 50 per cent of the total dollar amount of loans made.

<sup>2</sup> Fewer than three sample loans.

NOTE.—For more detail, see the Board's G.14 statistical release.

## 1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

Instrument	1975	1976	1977	1977				1977, week ending—				
				Sept.	Oct.	Nov.	Dec.	Dec. 3	Dec. 10	Dec. 17	Dec. 24	Dec. 31
Money market rates												
Prime commercial paper <sup>1</sup>												
1 90- to 119-day .....	6.26	5.24	5.54	6.09	6.51	6.54	6.61	6.53	6.56	6.62	6.65	6.66
2 4- to 6-month .....	6.33	5.35	5.60	6.17	6.55	6.59	6.64	6.57	6.60	6.64	6.68	6.68
3 Finance company paper, directly placed, 3- to 6-month <sup>2</sup> .....	6.16	5.22	5.49	6.04	6.41	6.49	6.52	6.50	6.50	6.51	6.54	6.55
4 Prime bankers acceptances, 90-day <sup>3</sup> .....	6.30	5.19	5.59	6.16	6.57	6.58	6.60	6.46	6.55	6.57	6.65	6.71
5 Federal funds <sup>4</sup> .....	5.82	5.05	5.54	6.14	6.47	6.51	6.56	6.55	6.51	6.49	6.54	6.65
Large negotiable certificates of deposit												
6 3-month, secondary market <sup>5</sup> .....	6.43	5.26	5.58	6.18	6.24	6.68	6.72	6.62	6.63	6.72	6.72	6.78
7 3-month, primary market <sup>6</sup> .....		5.15	5.52	6.04	6.53	6.56	6.64	6.55	6.55	6.70	6.70	6.70
8 Euro-dollar deposits, 3-month <sup>7</sup> .....	6.97	5.57	6.05	6.57	7.14	7.09	7.15	*6.98	6.99	7.11	7.13	7.33
U.S. Govt. securities												
Bills: <sup>8</sup>												
Market yields:												
9 3-month .....	5.80	4.98	5.27	5.81	6.16	6.10	6.07	6.04	6.07	6.03	6.03	6.16
10 6-month .....	6.11	5.26	5.53	6.04	6.43	6.41	6.40	6.37	6.38	6.37	6.40	6.47
11 1-year .....	6.30	5.52	5.71	6.13	6.52	6.52	6.52	6.49	6.52	6.50	6.53	6.57
Rates on new issue:												
12 3-month .....	5.838	4.989	5.265	5.770	6.188	6.160	6.063	6.057	6.049	6.073	5.985	6.152
13 6-month .....	6.122	5.266	5.510	5.991	6.410	6.433	6.377	6.371	6.347	6.371	6.338	6.460
Notes and bonds maturing in												
14 9 to 12 months <sup>9</sup> .....	6.70	5.84	6.07	6.53	6.96	6.92	6.93	6.85	6.89	6.93	6.93	7.01
Constant maturities: <sup>10</sup>												
15 1-year .....	6.76	5.88	6.09	6.53	6.97	6.95	6.96	6.91	6.94	6.94	6.97	7.01
Capital market rates												
Government notes and bonds												
U.S. Treasury:												
Constant maturities: <sup>10</sup>												
16 2-year .....		6.31	6.45	6.71	7.11	7.14	7.18	7.12	7.15	7.15	7.19	7.25
17 3-year .....	7.49	6.77	6.69	6.84	7.19	7.22	7.30	7.22	7.27	7.27	7.33	7.39
18 5-year .....	7.77	7.18	6.99	7.04	7.32	7.34	7.48	7.35	7.44	7.46	7.51	7.57
19 7-year .....	7.90	7.42	7.23	7.21	7.44	7.46	7.59	7.45	7.54	7.56	7.63	7.70
20 10-year .....	7.99	7.61	7.42	7.34	7.52	7.58	7.69	7.56	7.63	7.66	7.73	7.79
21 20-year .....	8.19	7.86	7.67	7.57	7.71	7.76	7.87	7.75	7.81	7.84	7.92	7.99
22 30-year .....			7.75	7.64	7.77	7.85	7.94	7.84	7.88	7.91	7.98	8.04
Notes and bonds maturing in <sup>9</sup> —												
23 3 to 5 years .....	7.55	6.94	6.85	6.92	7.23	7.28	7.40	7.29	7.36	7.38	7.43	7.51
24 Over 10 years (long-term) .....	6.98	6.78	7.06	6.94	7.08	7.14	7.23	7.14	7.18	7.20	7.26	7.34
State and local:												
Moody's series: <sup>11</sup>												
25 Aaa .....	6.42	5.66	5.20	5.27	5.31	5.15	5.07	5.05	5.05	5.00	5.10	5.15
26 Baa .....	7.62	7.49	6.12	5.83	5.94	5.94	5.79	5.90	5.80	5.75	5.75	5.75
27 Bond Buyer series <sup>12</sup> .....	7.05	6.64	5.68	5.51	5.64	5.49	5.57	5.47	5.54	5.55	5.62	5.66
Corporate bonds												
Seasoned issues <sup>13</sup>												
28 All industries .....	9.57	9.01	8.43	8.31	8.42	8.48	8.54	8.47	8.50	8.53	8.57	8.61
By rating groups:												
29 Aaa .....	8.83	8.43	8.02	7.92	8.04	8.08	8.19	8.08	8.13	8.18	8.23	8.28
30 Aa .....	9.17	8.75	8.24	8.15	8.26	8.34	8.40	8.31	8.35	8.38	8.43	8.48
31 A .....	9.65	9.09	8.49	8.37	8.48	8.56	8.57	8.54	8.55	8.56	8.58	8.62
32 Baa .....	10.61	9.75	8.97	8.80	8.89	8.95	8.99	8.94	8.95	8.97	9.02	9.06
Aaa utility bonds: <sup>14</sup>												
33 New issue .....	9.40	8.48	8.19	8.07	8.23	8.27	8.34	8.26	8.35	8.36	.....	.....
34 Recently offered issues .....	9.41	8.49	8.19	8.07	8.22	8.24	8.38	8.23	8.34	8.38	8.41	8.48
Dividend/price ratio												
35 Preferred stocks .....	8.38	7.97	7.60	7.58	7.60	7.67	7.85	7.79	7.84	7.87	7.86	7.84
36 Common stocks .....	4.31	3.77	4.56	4.82	4.97	5.02	5.11	5.01	5.13	5.07	5.17	5.08

<sup>1</sup> Averages of the most representative daily offering rates quoted by dealers.<sup>2</sup> Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.<sup>3</sup> 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.<sup>4</sup> 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.<sup>5</sup> Weekly figures are 7-day averages of the daily midpoints as determined from the range of offering rates; monthly figures are averages of total days in the month.<sup>6</sup> 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.<sup>7</sup> Averages of daily quotations for the week ending Wednesday.<sup>8</sup> Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount basis.<sup>9</sup> Unweighted averages for all outstanding notes and bonds in maturity ranges shown, based on daily closing bid prices. "Long-term" includes all bonds neither due nor callable in less than 10 years.<sup>10</sup> Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.<sup>11</sup> General obligations only, based on figures for Thursday, from Moody's Investors Service.<sup>12</sup> Twenty issues of mixed quality.<sup>13</sup> Averages of daily figures from Moody's Investors Service.<sup>14</sup> 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	1975	1976	1977	1977						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Prices and trading (averages of daily figures)										
Common stock prices										
1 New York Stock Exchange (Dec. 31, 1965 = 50) .	45.73	54.45	53.67	54.31	54.94	53.51	52.66	51.37	51.87	51.83
2 Industrial . . . . .	51.88	60.44	57.84	58.44	58.90	57.30	56.41	54.99	55.62	55.55
3 Transportation . . . . .	30.73	39.57	41.07	43.29	43.52	41.04	39.99	38.33	39.30	39.75
4 Utility . . . . .	31.45	36.97	40.91	41.59	42.44	41.50	40.93	40.38	40.33	40.36
5 Finance . . . . .	46.62	52.94	55.23	55.15	57.29	56.52	55.33	53.24	54.04	53.85
6 Standard & Poor's Corporation (1941-43 = 10)¹ .	85.17	102.01	98.18	99.29	100.19	97.75	96.23	93.78	94.28	93.82
7 American Stock Exchange (Aug. 31, 1973 = 100) .	83.15	101.63	116.18	116.28	122.03	119.33	118.08	115.41	117.80	124.88
Volume of trading (thousands of shares)²										
8 New York Stock Exchange . . . . .	18,568	21,189	20,936	22,007	23,656	18,831	18,270	19,689	23,557	21,475
9 American Stock Exchange . . . . .	2,150	2,565	2,514	2,720	2,880	2,140	2,080	2,080	2,061	3,008
Customer financing (end-of-period balances, in millions of dollars)										
10 Regulated margin credit at brokers/dealers and banks³ . . . . .	6,500	9,011	10,255	10,490	10,592	10,617	10,583	10,680	10,680	10,680
11 Brokers, total . . . . .	5,540	8,166	9,432	9,667	9,763	9,793	9,756	9,858	9,858	9,858
12 Margin stock⁴ . . . . .	5,390	7,960	9,230	9,460	9,560	9,590	9,560	9,610	9,610	9,610
13 Convertible bonds . . . . .	147	204	198	204	196	196	192	245	245	245
14 Subscription issues . . . . .	3	2	4	3	7	7	4	3	3	3
15 Banks, total . . . . .	960	845	823	823	829	824	827	822	822	822
16 Margin stocks . . . . .	909	800	779	780	787	783	783	778	778	778
17 Convertible bonds . . . . .	36	30	25	24	23	24	27	28	28	28
18 Subscription issues . . . . .	15	15	19	19	19	17	17	16	16	16
19 Unregulated nonmargin stock credit at banks⁵ . . . . .	2,281	2,817	2,403	2,419	2,438	2,434	2,431	2,456	2,456	2,456
MEMO: Free credit balances at brokers⁶										
20 Margin-account . . . . .	475	585	595	600	605	600	615	630	630	630
21 Cash-account . . . . .	1,525	1,855	1,805	1,860	1,745	1,745	1,850	1,845	1,845	1,845
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	100.0	100.0
By equity class (in per cent):⁷										
23 Under 40 . . . . .	24.0	12.0	12.9	16.2	17.4	18.0	27.0	17.0	17.0	17.0
24 40-49 . . . . .	28.8	23.0	27.0	32.9	32.0	36.0	35.0	33.0	33.0	33.0
25 50-59 . . . . .	22.3	35.0	33.0	26.4	27.0	23.0	18.0	26.0	26.0	26.0
26 60-69 . . . . .	11.6	15.0	13.3	12.0	12.0	11.0	9.8	12.0	12.0	12.0
27 70-79 . . . . .	6.9	8.7	8.0	7.0	7.0	6.0	6.0	7.0	7.0	7.0
28 80 or more . . . . .	5.3	6.0	5.8	5.5	5.0	5.0	5.0	5.0	5.0	5.0
Special miscellaneous-account balances at brokers (end of period)										
29 Total balances (millions of dollars)⁸ . . . . .	7,290	8,776	9,470	9,730	9,660	9,640	9,640	9,710	9,710	9,710
Distribution by equity status (per cent)										
30 Net credit status . . . . .	43.8	41.3	41.0	40.9	41.1	41.7	42.8	41.8	41.8	41.8
Debit status, equity of—										
31 60 per cent or more . . . . .	40.8	47.8	47.8	47.1	46.2	45.9	43.8	45.5	45.5	45.5
32 Less than 60 per cent . . . . .	15.4	10.9	11.2	12.0	12.4	12.4	13.4	12.7	12.7	12.7

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 values.

⁸ Balances that may be used by customers as the margin deposit required for additional purchases. Balances may arise as transfers based on loan values of other collateral in the customer's margin account or deposits of cash (usually sales proceeds) occur.

NOTE.—For table on "Margin Requirements" see p. A-10, Table 1.161.

## 1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

Account	1974	1975	1976	1977								
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct. <sup>r</sup>	Nov.
				Savings and loan associations								
1 Assets .....	295,545	338,233	391,999	409,357	414,436	421,865	427,041	433,828	440,202	444,484	450,667	455,807
2 Mortgages .....	249,301	278,590	323,130	333,703	338,984	344,631	350,765	355,991	361,719	366,978	371,857	376,601
3 Cash and investment securities <sup>1</sup> .....	23,251	30,853	35,660	39,656	39,061	40,461	39,626	40,990	41,002	39,639	40,571	40,514
4 Other .....	22,993	28,790	33,209	35,998	36,391	36,773	36,650	36,847	37,481	37,867	38,239	38,692
5 Liabilities and net worth .....	295,545	338,233	391,999	409,357	414,436	421,865	427,041	433,828	440,202	444,484	450,667	455,807
6 Savings capital .....	242,974	285,743	336,030	352,194	354,318	357,965	364,349	368,513	371,376	377,338	379,735	381,487
7 Borrowed money .....	24,780	20,634	19,087	18,283	18,880	19,804	20,558	20,964	22,031	22,925	24,210	25,708
8 FHLBB .....	21,508	17,524	15,708	14,325	14,809	15,000	15,595	15,724	16,255	16,908	17,546	18,302
9 Other .....	3,272	3,110	3,379	3,958	4,071	4,804	4,963	5,240	5,776	6,017	6,664	7,406
10 Loans in process .....	3,244	5,128	6,836	7,351	7,899	8,505	9,123	9,332	9,657	9,735	9,849	9,918
11 Other .....	6,105	6,949	8,015	8,833	10,360	12,287	9,515	11,220	12,990	10,113	12,167	13,655
12 Net worth <sup>2</sup> .....	18,442	19,779	22,031	22,696	22,979	23,304	23,496	23,799	24,148	24,373	24,706	25,039
13 MEMO: Mortgage loan commitments outstanding <sup>3</sup> ..	7,454	10,673	14,828	19,304	21,242	22,274	22,037	21,911	21,905	21,635	21,559	21,229
Mutual savings banks												
14 Assets .....	109,550	121,056	134,812	138,901	139,496	140,593	141,778	143,036	143,815	144,666	145,651	.....
Loans:												
15 Mortgage .....	74,891	77,221	81,630	82,273	82,687	83,075	84,051	84,700	85,419	86,079	86,769	.....
16 Other .....	3,812	4,023	5,183	6,389	6,050	6,650	6,887	7,176	7,119	6,878	7,115	.....
Securities:												
17 U.S. Govt. ....	2,555	4,740	5,840	6,360	6,323	6,248	6,604	6,101	6,019	6,192	6,101	.....
18 State and local government ..	930	1,545	2,417	2,431	2,504	2,539	2,544	2,594	2,762	2,777	2,808	.....
19 Corporate and other <sup>4</sup> .....	22,550	27,992	33,793	35,928	36,322	36,455	36,349	36,674	36,878	36,927	37,073	.....
20 Cash .....	2,167	2,330	2,355	1,823	1,900	1,922	2,071	2,001	6,857	1,992	2,011	.....
21 Other assets .....	2,645	3,205	3,593	3,668	3,709	3,703	3,771	3,789	3,760	3,821	3,773	.....
22 Liabilities .....	109,550	121,056	134,812	138,901	139,496	140,593	141,778	143,036	143,815	144,666	145,651	.....
23 Deposits .....	98,701	109,873	122,877	126,687	126,938	127,791	129,332	130,111	130,381	131,688	132,250	.....
24 Regular: <sup>5</sup>	98,221	109,291	121,961	125,624	125,731	126,587	128,071	128,748	129,030	130,230	130,913	.....
25 Ordinary savings .....	64,286	69,653	74,535	76,260	76,336	76,384	77,033	77,069	77,163	77,640	77,503	.....
26 Time and other .....	33,935	39,639	47,426	49,364	49,395	50,203	51,038	51,679	51,867	52,590	53,410	.....
27 Other .....	480	582	916	1,063	1,207	1,204	1,261	1,363	1,351	1,458	1,337	.....
28 Other liabilities .....	2,888	2,755	2,884	2,939	3,230	3,381	2,939	3,379	3,779	3,254	3,632	.....
29 General reserve accounts .....	7,961	8,428	9,052	9,275	9,329	9,422	9,506	9,546	9,654	9,723	9,769	.....
30 MEMO: Mortgage loan commitments outstanding <sup>6</sup> ..	2,040	1,803	2,439	3,161	3,287	3,521	4,079	4,049	4,198	4,254	4,423	.....
Life insurance companies												
31 Assets .....	263,349	289,304	321,552	326,753	328,786	331,028	334,386	336,651	338,964	341,382	343,738	.....
Securities:												
32 Government .....	10,900	13,758	17,942	18,470	18,500	18,475	18,579	18,916	19,174	19,515	19,519	.....
33 United States <sup>7</sup> .....	3,372	4,736	5,368	5,546	5,544	5,396	5,400	5,628	5,831	5,883	5,810	.....
34 State and local .....	3,667	4,508	5,594	5,732	5,758	5,797	5,813	5,847	5,881	5,994	5,979	.....
35 Foreign <sup>8</sup> .....	3,861	4,514	6,980	7,192	7,198	7,282	7,366	7,441	7,462	7,638	7,730	.....
36 Business .....	119,637	135,317	157,246	161,214	162,816	164,126	166,859	168,498	169,747	170,606	172,005	.....
37 Bonds .....	97,717	107,256	122,984	128,596	130,057	131,568	133,497	135,262	136,752	138,046	139,909	.....
38 Stocks .....	21,920	28,061	34,262	32,618	32,759	32,558	33,362	33,236	32,995	32,560	32,096	.....
39 Mortgages .....	86,234	89,167	91,552	91,786	92,200	92,358	92,854	93,106	93,326	94,070	94,684	.....
40 Real estate .....	8,331	9,621	10,476	10,738	10,802	10,822	10,897	10,901	10,926	10,930	11,024	.....
41 Policy loans .....	22,862	24,467	25,834	26,207	26,364	26,500	26,657	26,780	26,946	27,087	27,220	.....
42 Other assets .....	15,385	16,971	18,502	18,338	18,104	18,747	18,540	18,450	18,845	19,174	19,286	.....
Credit unions												
43 Total assets/liabilities and capital .....	31,948	38,037	45,225	47,621	47,974	48,999	50,186	50,218	50,904	52,136	52,412	53,141
44 Federal .....	16,715	20,209	24,396	25,813	25,980	26,594	27,364	27,290	27,632	28,384	28,463	28,954
45 State .....	15,233	17,828	20,829	21,808	21,994	22,405	22,822	22,928	23,272	23,752	23,949	24,187
46 Loans outstanding .....	24,432	28,169	34,384	35,471	36,102	36,987	38,201	38,657	39,711	40,573	40,865	41,427
47 Federal .....	12,730	14,869	18,311	18,869	19,151	19,680	20,420	20,591	21,194	21,692	21,814	22,224
48 State .....	11,702	13,300	16,073	16,602	16,951	17,307	17,781	18,066	18,517	18,881	19,051	19,203
49 Savings .....	27,518	33,013	39,173	41,483	41,760	42,504	43,552	43,658	43,982	45,103	45,441	45,977
50 Federal (shares) .....	14,370	17,530	21,130	22,534	22,730	23,169	23,825	23,873	24,080	24,775	24,945	25,303
51 State (shares and deposits) ..	13,148	15,483	18,043	18,949	19,030	19,335	19,727	19,785	19,902	20,328	20,496	20,674

For notes see bottom of page A30.

## 1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Fiscal year 1976	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Calendar year					
				1976		1977	1977		
				H1	H2	H1	Sept.	Oct.	Nov.
U.S. Budget									
1 Receipts <sup>1</sup> .....	299,197	81,686	356,861	159,742	157,868	189,410	36,642	24,127	27,596
2 Outlays <sup>1,2,3</sup> .....	365,658	94,659	401,896	180,559	193,629	199,482	35,097	38,790	36,864
3 Surplus, or deficit (–) .....	–66,461	–12,973	–45,035	–20,816	–35,761	–10,072	1,545	–14,663	–9,269
4 Trust funds .....	2,409	–1,952	7,833	5,503	–4,621	7,332	3,900	198	457
5 Federal funds <sup>4</sup> .....	–68,870	–11,021	–52,868	–26,320	–31,140	–17,405	–2,355	–14,861	–9,726
Off-budget entities surplus, or deficit (–)									
6 Federal Financing Bank outlays .....	–5,915	–2,575	–8,415	–3,222	–5,176	–2,075	–892	–1,211	–250
7 Other <sup>2,5</sup> .....	–1,355	793	–269	–1,119	3,809	–2,086	–786	1,750	–183
U.S. Budget plus off-budget, including Federal Financing Bank									
8 Surplus, or deficit (–) .....	–73,731	–14,755	–53,718	–25,158	–37,125	–14,233	–133	–14,124	–9,702
Financed by:									
9 Borrowing from the public <sup>3</sup> .....	82,922	18,027	53,516	33,561	35,457	16,480	10,024	1,851	8,854
10 Cash and monetary assets (decrease, or increase (–)) .....	–7,796	–2,899	–2,238	–7,909	2,153	–4,666	–12,093	9,952	2,278
11 Other <sup>6</sup> .....	–1,396	–373	2,440	–495	–485	2,420	2,202	2,321	–1,429
MEMO ITEMS:									
12 Treasury operating balance (level, end of period) .....	14,836	17,418	19,104	14,836	11,670	77,311	19,104	7,687	5,471
13 F.R. Banks .....	11,975	13,299	15,740	11,975	10,393	65,372	15,740	6,398	2,562
14 Tax and loan accounts .....	2,854	4,119	3,364	2,854	1,277	11,940	3,364	1,289	2,909
15 Other demand accounts <sup>7</sup> .....	7			7					

<sup>1</sup> Effective June 1977, earned income credit payments in excess of an individual's tax liability, formerly treated as outlays, are classified as income tax refunds retroactive to January 1976.

<sup>2</sup> Outlay totals reflect the reclassification of the Export-Import Bank, and the Housing for the Elderly and Handicapped Fund effective October 1978, from off-budget status to unified budget status.

<sup>3</sup> Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank are treated as debt rather than asset sales.

<sup>4</sup> Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

<sup>5</sup> Includes Pension Benefit Guaranty Corp.; Postal Service Fund, Rural

Electrification; and Telephone Revolving Fund, Rural Telephone Bank; and Housing for the Elderly or Handicapped Fund until October 1978.

<sup>6</sup> Includes public debt accrued interest payable to the public; deposit funds; miscellaneous liability (including checks outstanding) and asset accounts; seignorage; increment on gold; net gain/loss for U.S. currency valuation adjustment; net gain/loss for IMF valuation adjustment.

<sup>7</sup> 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," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978*.

## NOTES TO TABLE 1.38

<sup>1</sup> Holdings of stock of the Federal home loan banks are included in "other assets."

<sup>2</sup> Includes net undistributed income, which is accrued by most, but not all, associations.

<sup>3</sup> Excludes figures for loans in process, which are shown as a liability.

<sup>4</sup> Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Govt. agencies.

<sup>5</sup> Excludes checking, club, and school accounts.

<sup>6</sup> 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.

<sup>7</sup> Direct and guaranteed obligations. Excludes Federal agency issues not guaranteed, which are shown in this table under "business" securities.

<sup>8</sup> 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."

*Credit unions*: Estimates by the National Credit Union Administration for a group of Federal and State-chartered credit unions that account for about 30 per cent of credit union assets. Figures are preliminary and revised annually to incorporate recent benchmark data.

## 1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

Source or type	Fiscal year 1976	Transition quarter (July- Sept. 1976)	Fiscal year 1977	Calendar year					
				1976		1977	1977		
				H1	H2	H1	Sept.	Oct.	Nov.
Receipts									
1 All sources <sup>1</sup> .....	299,197	81,686	356,861	159,742	157,868	189,410	36,642	24,127	27,596
2 Individual income taxes, net.....	130,794	39,611	156,725	64,959	75,899	77,948	17,327	13,275	13,171
3 Withheld.....	123,408	32,949	144,820	63,859	68,023	73,303	11,776	12,770	12,916
4 Presidential Election Campaign Fund.....	34	1	37	33	1	37			
5 Nonwithheld.....	35,528	6,809	42,062	27,879	8,426	32,959	5,903	711	430
6 Refunds <sup>1</sup> .....	28,175	1,139	30,194	26,813	1,541	28,350	352	206	174
7 Corporation income taxes:									
8 Gross receipts.....	46,783	9,808	60,057	27,973	20,706	37,133	8,770	2,159	1,386
9 Refunds.....	5,374	1,348	5,164	2,639	2,886	2,324	394	714	466
10 Social insurance taxes and contribu- tions, net.....	92,714	25,760	108,683	51,828	47,596	58,099	7,828	6,550	10,404
11 Payroll employment taxes and contributions <sup>2</sup> .....	76,391	21,534	88,196	40,947	40,427	45,242	6,990	5,542	8,750
12 Self-employment taxes and contributions <sup>3</sup> .....	3,518	269	4,014	3,250	286	3,687	309		
13 Unemployment insurance.....	8,054	2,698	11,312	5,193	4,379	6,575	94	541	1,216
14 Other net receipts <sup>4</sup> .....	4,752	1,259	5,162	2,438	2,504	2,595	434	466	438
15 Excise taxes.....	16,963	4,473	17,548	8,204	8,910	8,432	1,589	1,529	1,615
16 Customs.....	4,074	1,212	5,150	2,147	2,361	2,519	494	406	459
17 Estate and gift.....	5,216	1,455	7,327	2,643	2,943	4,332	454	410	439
18 Miscellaneous receipts <sup>5</sup> .....	8,026	1,612	6,536	4,630	3,236	3,269	575	512	587
Outlays									
19 All types <sup>1, 6</sup> .....	365,658	94,659	401,896	180,559	193,629	199,482	35,097	38,790	36,864
20 National defense.....	89,996	22,518	96,721	44,052	45,002	48,721	8,979	8,087	8,974
21 International affairs <sup>6</sup> .....	5,067	1,997	5,593	2,668	3,028	2,522	868	446	251
22 General science, space, and technology.....	4,370	1,161	4,677	1,708	2,377	2,108	393	378	389
23 Natural resources, environment, and energy.....	11,282	3,324	14,335	6,900	7,206	6,855	1,511	1,259	1,527
24 Agriculture.....	2,502	584	5,330	417	2,019	2,628	50	1,103	1,553
25 Commerce and transportation.....	17,248	4,700	14,731	5,766	9,643	5,945	1,863	3,586	1,777
26 Community and regional development.....	5,300	1,530	7,394	2,411	3,192	3,149	941	628	1,058
27 Education, training, employment, and social services.....	18,167	5,013	19,718	9,116	9,083	9,775	1,801	1,761	1,834
28 Health.....	33,448	8,720	38,838	17,008	19,329	18,654	3,316	3,355	2,613
29 Income security <sup>1</sup> .....	126,598	32,710	137,151	64,526	65,367	69,917	11,643	11,476	12,635
30 Veterans benefits and services.....	18,432	3,962	18,040	9,450	8,542	9,382	1,325	1,587	1,571
31 Law enforcement and justice.....	3,320	859	3,589	1,784	1,839	1,783	267	282	321
32 General government.....	2,927	878	3,338	870	1,734	1,587	326	182	376
33 Revenue sharing and general purpose fiscal assistance.....	7,119	2,024	9,404	3,664	4,729	4,333	65	2,274	249
34 Interest <sup>7</sup> .....	34,589	7,246	38,092	18,560	18,409	18,927	2,722	2,908	2,758
35 Undistributed offsetting receipts <sup>7, 8</sup> .....	-14,704	-2,567	-15,053	-8,340	-7,869	-6,803	-973	-524	-1,021

<sup>1</sup> Effective June 1977, earned income credit payments in excess of an individual's tax liability, formerly treated as outlays, are classified as income tax refunds retroactive to January 1976.

<sup>2</sup> Old-age, disability and hospital insurance, and Railroad Retirement accounts.

<sup>3</sup> Old-age, disability, and hospital insurance.

<sup>4</sup> Supplementary medical insurance premiums, Federal employee retirement contributions, and Civil Service retirement and disability fund.

<sup>5</sup> Deposits of earnings by F.R. Banks and other miscellaneous receipts.

<sup>6</sup> Outlay totals reflect the reclassification of the Export-Import Bank

from off-budget status to unified budget status. Export-Import Bank certificates of beneficial interest (effective July 1, 1975) and loans to the Private Export Funding Corp. (PEFCO), a wholly owned subsidiary of the Export-Import Bank, are treated as debt rather than asset sales.

<sup>7</sup> Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. Govt. accounts from an accrual basis to a cash basis.

<sup>8</sup> Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. Govt. contributions for employee retirement.

## 1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1974	1975		1976			1977		
	Dec. 31	June 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
1 Federal debt outstanding .....	504.0	544.1	587.6	631.9	<sup>2</sup> 646.4	665.5	680.1	685.2	709.1
2 Public debt securities .....	492.7	533.7	576.6	620.4	634.7	653.5	669.2	674.4	698.8
3 Held by public .....	351.5	387.9	437.3	470.8	488.6	506.4	524.3	523.2	543.4
4 Held by agencies .....	141.2	145.3	139.3	149.6	146.1	147.1	144.9	151.2	155.5
5 Agency securities .....	11.3	10.9	10.9	11.5	11.6	12.0	10.9	10.8	10.3
6 Held by public .....	9.3	9.0	8.9	9.5	<sup>2</sup> 9.7	10.0	9.1	9.0	8.5
7 Held by agencies .....	2.0	1.9	2.0	2.0	1.9	1.9	1.8	1.8	1.8
8 Debt subject to statutory limit .....	493.0	534.2	577.8	621.6	635.8	654.7	670.3	675.6	698.5
9 Public debt securities .....	490.5	532.6	576.0	619.8	634.1	652.9	668.6	673.8	696.8
10 Other debt <sup>1</sup> .....	2.4	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7
11 MEMO: Statutory debt limit .....	495.0	577.0	595.0	636.0	636.0	682.0	682.0	700.0	752.0

<sup>1</sup> Includes guaranteed debt of Govt. agencies, specified participation certificates, notes to international lending organizations, and District of Columbia stadium bonds.

<sup>2</sup> Gross Federal debt and Agency debt held by the public increased

\$0.5 billion due to a retroactive reclassification of the Export-Import Bank certificates of beneficial interest from loan asset sales to debt, effective July 1, 1975.

NOTE.—Data from *Treasury Bulletin* (U.S. Treasury Dept.).

## 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	1977				
					Aug.	Sept.	Oct.	Nov.	Dec.
1 Total gross public debt <sup>1</sup> .....	469.9	492.7	576.6	653.5	685.2	698.8	697.4	708.0	718.9
By type:									
2 Interest-bearing debt .....	467.8	491.6	575.7	652.5	684.1	697.6	696.3	707.0	715.2
3 Marketable .....	270.2	282.9	363.2	421.3	438.1	443.5	447.4	454.9	459.9
4 Bills .....	107.8	119.7	157.5	164.0	154.3	156.1	156.2	156.7	161.1
5 Notes .....	124.6	129.8	167.1	216.7	238.1	241.7	245.6	251.1	251.8
6 Bonds .....	37.8	33.4	38.6	40.6	45.8	45.7	45.7	47.1	47.0
7 Nonmarketable <sup>2</sup> .....	197.6	208.7	212.5	231.2	245.9	254.1	248.9	252.1	255.3
8 Convertible bonds <sup>3</sup> .....	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
9 Foreign issues <sup>4</sup> .....	26.0	22.8	21.6	22.3	21.4	21.8	21.1	21.7	22.2
10 Savings bonds and notes .....	60.8	63.8	67.9	72.3	75.5	75.8	76.2	76.6	77.0
11 Govt. account series <sup>5</sup> .....	108.0	119.1	119.4	129.7	136.3	140.1	136.9	138.6	139.8
By holder: <sup>6</sup>									
12 U.S. Govt. agencies and trust funds .....	129.6	141.2	139.3	147.1	151.9	155.5	152.2	.....	.....
13 F.R. Banks .....	78.5	80.5	87.9	97.0	98.4	<sup>9</sup> 104.7	94.6	.....	.....
14 Private investors .....	261.7	271.0	349.4	409.5	434.9	438.6	450.6	.....	.....
15 Commercial banks .....	60.3	55.6	85.1	103.8	100.0	101.0	100.5	.....	.....
16 Mutual savings banks .....	2.9	2.5	4.5	5.7	6.0	6.1	6.0	.....	.....
17 Insurance companies .....	6.4	6.1	9.3	12.5	<sup>7</sup> 14.1	14.5	14.7	.....	.....
18 Other corporations .....	10.9	11.0	20.2	26.5	24.5	23.9	23.8	.....	.....
19 State and local governments .....	29.2	29.2	33.8	41.6	52.7	53.5	54.5	.....	.....
Individuals:									
20 Savings bonds .....	60.3	63.4	67.3	72.0	75.2	75.6	76.0	.....	.....
21 Other securities .....	16.9	21.5	24.0	28.8	28.5	28.3	24.4	.....	.....
22 Foreign and international <sup>7</sup> .....	55.5	58.4	66.5	78.1	91.9	95.1	100.0	.....	.....
23 Other miscellaneous investors <sup>8</sup> .....	19.3	23.2	38.6	40.5	42.1	40.7	46.7	.....	.....

<sup>1</sup> Includes \$3.7 billion of non-interest-bearing debt (of which \$611 million on Dec. 31, 1977, was not subject to statutory debt limitations).

<sup>2</sup> 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.

<sup>3</sup> 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 that have been so exchanged are removed from this category and recorded in the notes category above.

<sup>4</sup> Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

<sup>5</sup> Held only by U.S. Govt. agencies and trust funds.

<sup>6</sup> Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

<sup>7</sup> Consists of the investments of foreign balances and international accounts in the United States. Beginning with July 1974, the figures exclude non-interest-bearing notes issued to the International Monetary Fund.

<sup>8</sup> Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Govt. deposit accounts, and Govt.-sponsored agencies.

<sup>9</sup> Includes a nonmarketable Federal Reserve special certificate for \$2.5 billion.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.

Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury Dept.); data by holder from *Treasury Bulletin*.

## 1.43 U.S. GOVERNMENT MARKETABLE SECURITIES Ownership, by maturity

Par value; millions of dollars, end of period

Type of holder	1975	1976	1977		1975	1976	1977	
			Oct.	Nov.			Oct.	Nov.
	All maturities				1 to 5 years			
1 All holders . . . . .	363,191	421,276	447,435	454,862	112,270	141,132	149,820	153,696
2 U.S. Govt. agencies and trust funds . . . . .	19,397	16,485	14,548	14,514	7,058	6,141	5,921	4,793
3 F. R. Banks . . . . .	87,934	96,971	94,597	96,477	30,518	31,249	28,155	27,558
4 Private investors . . . . .	255,860	307,820	338,290	343,870	74,694	103,742	115,744	121,346
5 Commercial banks . . . . .	64,398	78,262	73,127	73,839	29,629	40,005	38,493	39,706
6 Mutual savings banks . . . . .	3,300	4,072	4,393	4,353	1,524	2,010	2,109	2,146
7 Insurance companies . . . . .	7,565	10,284	11,576	12,091	2,359	3,885	4,285	4,679
8 Nonfinancial corporations . . . . .	9,365	14,193	10,305	10,091	1,967	2,618	2,821	3,330
9 Savings and loan associations . . . . .	2,793	4,576	5,138	5,002	1,558	2,360	2,725	2,599
10 State and local governments . . . . .	9,285	12,252	16,524	16,582	1,761	2,543	3,930	4,022
11 All others . . . . .	159,154	184,182	217,227	221,912	35,894	50,321	61,381	64,862
	Total, within 1 year				5 to 10 years			
12 All holders . . . . .	199,692	211,035	217,765	223,139	26,436	43,045	48,599	45,337
13 U.S. Govt. agencies and trust funds . . . . .	2,769	2,012	890	1,995	3,283	2,879	2,139	2,129
14 F. R. Banks . . . . .	46,845	51,569	49,176	51,592	6,463	9,148	10,547	10,349
15 Private investors . . . . .	150,078	157,454	167,699	169,552	16,690	31,018	35,913	32,858
16 Commercial banks . . . . .	29,875	31,213	26,572	26,973	4,071	6,278	7,164	6,148
17 Mutual savings banks . . . . .	983	1,214	1,335	1,342	448	567	655	615
18 Insurance companies . . . . .	2,024	2,191	2,103	2,218	1,592	2,546	3,135	3,162
19 Nonfinancial corporations . . . . .	7,105	11,009	6,867	6,011	175	370	367	427
20 Savings and loan associations . . . . .	914	1,984	2,177	2,182	216	155	161	148
21 State and local governments . . . . .	5,288	6,622	8,493	8,680	782	1,465	1,325	1,367
22 All others . . . . .	103,889	103,220	120,153	122,147	9,405	19,637	23,104	21,022
	Bills, within 1 year				10 to 20 years			
23 All holders . . . . .	157,483	163,992	156,174	156,656	14,264	11,865	12,975	12,939
24 U.S. Govt. agencies and trust funds . . . . .	207	449	112	112	4,233	3,102	3,102	3,102
25 F. R. Banks . . . . .	38,018	41,279	36,240	37,192	1,507	1,363	1,467	1,473
26 Private investors . . . . .	119,258	122,264	119,822	119,353	8,524	7,400	8,406	8,364
27 Commercial banks . . . . .	17,481	17,303	9,549	10,176	552	339	490	471
28 Mutual savings banks . . . . .	554	454	444	465	232	139	152	138
29 Insurance companies . . . . .	1,513	1,463	1,171	1,115	1,154	1,114	1,253	1,254
30 Nonfinancial corporations . . . . .	5,829	9,939	5,239	4,640	61	142	136	134
31 Savings and loan associations . . . . .	518	1,266	976	860	82	64	57	56
32 State and local governments . . . . .	4,566	5,556	6,876	6,851	896	718	918	867
33 All others . . . . .	88,797	86,282	95,566	95,245	5,546	4,884	5,400	5,444
	Other, within 1 year				Over 20 years			
34 All holders . . . . .	42,209	47,043	61,592	66,483	10,530	14,200	18,276	19,751
35 U.S. Govt. agencies and trust funds . . . . .	2,562	1,563	779	1,883	2,053	2,350	2,495	2,495
36 F. R. Banks . . . . .	8,827	10,290	12,936	14,400	2,601	3,642	5,252	5,505
37 Private investors . . . . .	30,820	35,190	47,877	50,199	5,876	8,208	10,529	11,751
38 Commercial banks . . . . .	12,394	13,910	17,023	16,797	271	427	409	541
39 Mutual savings banks . . . . .	429	760	890	877	112	143	142	142
40 Insurance companies . . . . .	511	728	931	1,103	436	548	800	778
41 Nonfinancial corporations . . . . .	1,276	1,070	1,628	1,371	57	55	114	189
42 Savings and loan associations . . . . .	396	718	1,201	1,322	22	13	18	18
43 State and local governments . . . . .	722	1,066	1,617	1,829	558	904	1,858	1,645
44 All others . . . . .	15,092	16,938	24,587	26,902	4,420	6,120	7,189	8,437

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 Nov. 30, 1977: (1) 5,490 commercial

banks, 466 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 440 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 496 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	1977			1977, week ending Wednesday—					
				Sept.	Oct.	Nov.	Nov. 9	Nov. 16	Nov. 23	Nov. 30	Dec. 7	Dec. 14
1 U.S. Govt. securities.....	3,579	6,027	10,449	9,987	11,231	11,086	10,889	13,207	9,990	9,277	9,618	8,840
By maturity:												
2 Bills.....	2,550	3,889	6,676	6,391	6,916	6,689	5,642	8,205	6,189	6,590	5,773	5,699
3 Other within 1 year.....	250	223	210	211	291	257	246	236	187	382	259	223
4 1-5 years.....	465	1,414	2,317	2,267	2,355	2,136	2,095	2,423	2,014	1,508	2,304	1,689
5 5-10 years.....	256	363	1,019	785	1,320	1,372	1,802	1,588	1,139	541	818	814
6 Over 10 years.....	58	138	229	334	348	631	1,104	755	461	255	465	415
By type of customer:												
7 U.S. Govt. securities dealers.....	652	885	1,360	1,190	1,195	1,157	1,002	1,175	1,131	1,422	1,167	1,186
8 U.S. Govt. securities brokers.....	965	1,750	3,407	3,516	4,204	3,912	3,947	4,877	3,623	2,520	3,282	2,823
9 Commercial banks.....	998	1,451	2,426	2,017	2,126	2,048	1,992	2,588	1,664	1,846	1,619	1,604
10 All others <sup>1</sup> .....	964	1,941	3,257	3,265	3,705	3,968	3,948	4,567	3,571	3,490	3,550	3,226
11 Federal agency securities.....	965	1,043	1,548	1,601	1,733	1,697	1,300	2,390	1,792	1,400	1,515	1,302

<sup>1</sup> Includes—among others—all other dealers and brokers in commodities and securities, foreign banking agencies, and the F.R. 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	1977			1977, week ending Wednesday—					
				Sept.	Oct.	Nov.	Oct. 19	Oct. 26	Nov. 2	Nov. 9	Nov. 16	Nov. 23
	Positions <sup>2</sup>											
1 U.S. Govt. securities.....	2,580	5,884	7,592	5,011	3,913	4,351	3,536	4,701	4,155	4,378	5,005	4,075
2 Bills.....	1,932	4,297	6,290	5,323	4,283	3,784	4,032	4,847	4,344	3,832	4,579	3,500
3 Other within 1 year.....	- 6	265	188	13	11	120	10	- 37	43	166	105	103
4 1-5 years.....	265	886	515	- 378	- 233	- 135	- 261	226	- 104	- 425	- 437	- 221
5 5-10 years.....	302	300	402	- 41	- 84	383	- 182	- 238	- 1	385	501	321
6 Over 10 years.....	88	136	198	93	- 64	199	- 63	- 97	- 127	420	258	372
7 Federal agency securities....	1,212	943	729	1,648	637	914	723	699	576	610	1,040	1,086
	Sources of financing <sup>3</sup>											
8 All sources.....	3,977	6,666	8,715	10,424	8,362	9,209	8,341	8,463	8,363	8,185	9,101	10,207
Commercial banks:												
9 New York City.....	1,032	1,621	1,896	922	876	914	469	859	457	624	917	1,540
10 Outside New York City...	1,064	1,466	1,660	2,365	1,954	1,802	2,243	1,682	1,899	1,985	1,752	1,642
11 Corporations <sup>1</sup> .....	459	842	1,479	2,663	2,469	2,893	2,560	2,877	2,791	2,899	2,686	3,112
12 All others.....	1,423	2,738	3,681	4,473	3,063	3,599	3,069	3,046	3,216	2,677	3,747	3,914

<sup>1</sup> All business corporations except commercial banks and insurance companies.

<sup>2</sup> Net amounts (in terms of par values) of securities owned by nonbank dealer firms and dealer departments of commercial banks on a commitment, that is, trade-date basis, including any such securities that have been sold under agreements to repurchase. The maturities of some repurchase agreements are sufficiently long, however, to suggest that the securities involved are not available for trading purposes. Securities owned, and hence dealer positions, do not include securities purchased under agreements to resell.

<sup>3</sup> Total amounts outstanding of funds borrowed by nonbank dealer

firms and dealer departments of commercial banks against U.S. Govt. and Federal agency securities (through both collateral loans and sales under agreements to repurchase), plus internal funds used by bank dealer departments to finance positions in such securities. Borrowings against securities held under agreement to resell are excluded where the borrowing contract and the agreement to resell are equal in amount and maturity, that is, a matched agreement.

NOTE.—Averages for positions are based on number of trading days in the period; those for financing, on the number of calendar days in the period.

## 1.46 FEDERAL AND FEDERALLY SPONSORED CREDIT AGENCIES Debt Outstanding

Millions of dollars, end of period

Agency	1974	1975	1976	1977					
				May	June	July	Aug.	Sept.	Oct.
<b>1 Federal and Federally sponsored agencies.....</b>	<b>89,381</b>	<b>97,680</b>	<b>103,325</b>	<b>105,823</b>	<b>107,152</b>	<b>108,243</b>	<b>107,868</b>	<b>108,379</b>	<b>109,046</b>
2 <i>Federal agencies.....</i>	<i>12,719</i>	<i>19,046</i>	<i>21,896</i>	<i>22,316</i>	<i>22,220</i>	<i>22,232</i>	<i>22,322</i>	<i>23,055</i>	<i>23,143</i>
3 Defense Department <sup>1</sup> .....	1,312	1,220	1,113	1,059	1,044	1,035	1,024	1,016	1,006
4 Export-Import Bank <sup>2,3</sup> .....	2,893	7,188	7,801	8,596	8,742	8,742	8,742	9,246	9,246
5 Federal Housing Administration <sup>4</sup> .....	440	564	575	594	588	583	579	579	583
6 Government National Mortgage Association participation certificates <sup>5</sup> .....	4,280	4,200	4,120	3,803	3,803	3,768	3,768	3,768	3,768
7 Postal Service <sup>6</sup> .....	721	1,750	2,998	2,856	2,431	2,431	2,431	2,431	2,431
8 Tennessee Valley Authority.....	3,070	3,915	5,185	5,175	5,370	5,410	5,490	5,705	5,785
9 United States Railway Association <sup>6</sup> .....	3	209	104	233	242	263	288	310	324
<b>10 Federally sponsored agencies.....</b>	<b>76,662</b>	<b>78,634</b>	<b>81,429</b>	<b>84,248</b>	<b>84,932</b>	<b>86,011</b>	<b>85,546</b>	<b>85,324</b>	<b>85,903</b>
11 Federal home loan banks.....	21,890	18,900	16,811	16,851	16,921	17,328	17,196	17,162	17,325
12 Federal Home Loan Mortgage Corporation..	1,551	1,550	1,690	1,698	1,698	1,698	1,686	1,686	1,686
13 Federal National Mortgage Association.....	28,167	29,963	30,565	30,843	31,378	31,566	31,301	31,491	31,572
14 Federal land banks.....	12,653	15,000	17,127	18,137	18,137	18,719	18,719	18,719	19,118
15 Federal intermediate credit banks.....	8,589	9,254	10,494	11,174	11,418	11,654	11,786	11,693	11,623
16 Banks for cooperatives.....	3,589	3,655	4,330	5,113	4,948	4,604	4,356	4,061	4,052
17 Student Loan Marketing Association <sup>7</sup> .....	220	310	410	430	430	440	500	510	525
18 Other.....	3	2	2	2	2	2	2	2	2
<b>MEMO ITEMS:</b>									
19 Federal Financing Bank debt <sup>6,8</sup> .....	4,474	17,154	28,711	31,007	30,820	32,443	33,800	35,418	36,722
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank <sup>3</sup> .....		4,595	5,208	5,273	5,420	5,420	5,420	5,924	5,924
21 Postal Service <sup>6</sup> .....	500	1,500	2,748	2,606	2,181	2,181	2,181	2,181	2,181
22 Student Loan Marketing Association <sup>7</sup> .....	220	310	410	430	430	440	500	510	525
23 Tennessee Valley Authority.....	895	1,840	3,110	3,350	3,545	3,585	3,665	3,880	3,960
24 United States Railway Association <sup>6</sup> .....	3	209	104	233	242	263	288	310	324
Other lending: <sup>9</sup>									
25 Farmers Home Administration.....	2,500	7,000	10,750	12,250	12,900	13,650	14,465	14,615	15,295
26 Rural Electrification Administration.....		566	1,415	1,864	2,042	2,105	2,184	2,382	2,467
27 Other.....	356	1,134	4,966	5,001	4,060	4,799	5,097	5,616	6,046

<sup>1</sup> Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.<sup>2</sup> Includes participation certificates reclassified as debt beginning Oct. 1, 1976.<sup>3</sup> Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.<sup>4</sup> Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.<sup>5</sup> 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.<sup>6</sup> Off-budget.<sup>7</sup> 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.<sup>8</sup> 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.<sup>9</sup> Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. The Farmers Home Administration item consists exclusively of agency assets, while the Rural Electrification Administration entry contains both agency assets and guaranteed loans.

## 1.47 NEW SECURITY ISSUES State and Local Government and Corporate

Millions of dollars

Type of issue or issuer, or use	1974	1975	1976	1977					
				Apr.	May	June	July	Aug.	Sept.
State and local government									
1 All issues, new and refunding <sup>1</sup> .....	24,315	30,607	35,313	3,566	4,308	5,347	.....	.....	.....
By type of issue:									
2 General obligation.....	13,563	16,020	18,040	1,701	2,032	2,265	.....	.....	.....
3 Revenue.....	10,212	14,511	17,140	1,862	2,272	3,079	.....	.....	.....
4 Housing Assistance Administration <sup>2</sup> .....	461	.....	.....	.....	.....	.....	.....	.....	.....
5 U.S. Govt. loans.....	79	76	133	3	4	3	.....	.....	.....
By type of issuer:									
6 State.....	4,784	7,438	7,054	769	875	1,476	.....	.....	.....
7 Special district and statutory authority.....	8,638	12,441	15,304	1,388	1,836	1,873	.....	.....	.....
8 Municipalities, counties, townships, school districts.....	10,817	10,660	12,845	1,407	1,593	1,994	.....	.....	.....
9 Issues for new capital, total.....	23,508	29,495	32,108	2,939	3,781	4,456	.....	.....	.....
By use of proceeds:									
10 Education.....	4,730	4,689	4,900	249	497	807	.....	.....	.....
11 Transportation.....	1,712	2,208	2,586	119	508	218	.....	.....	.....
12 Utilities and conservation.....	5,634	7,209	9,594	703	1,235	1,202	.....	.....	.....
13 Social welfare.....	3,820	4,392	6,566	658	438	816	.....	.....	.....
14 Industrial aid.....	494	445	483	42	130	23	.....	.....	.....
15 Other purposes.....	7,118	10,552	7,979	1,168	973	1,390	.....	.....	.....
Corporate									
16 All issues <sup>3</sup> .....	38,313	53,619	53,356	3,639	3,735	5,321	4,074	3,322	3,905
17 Bonds.....	32,066	42,756	42,262	3,048	2,487	4,286	-3,379	2,765	3,279
By type of offering:									
18 Public.....	25,903	32,583	26,453	1,961	1,600	2,045	2,360	1,947	2,059
19 Private placement.....	6,160	10,172	15,808	1,087	887	2,241	1,019	818	1,220
By industry group:									
20 Manufacturing.....	9,867	16,980	13,243	1,128	644	1,006	1,165	932	513
21 Commercial and miscellaneous.....	1,845	2,750	4,361	180	112	363	526	380	623
22 Transportation.....	1,550	3,439	4,357	129	169	25	143	241	131
23 Public utility.....	8,873	9,658	8,297	602	581	1,237	480	347	1,014
24 Communication.....	3,710	3,464	2,787	324	294	371	258	45	319
25 Real estate and financial.....	6,218	6,469	9,222	684	688	1,284	807	819	679
26 Stocks.....	6,247	10,863	11,094	591	1,248	1,035	695	557	626
By type:									
27 Preferred.....	2,253	3,458	2,789	163	212	332	327	178	347
28 Common.....	3,994	7,405	8,305	428	1,036	703	368	379	279
By industry group:									
29 Manufacturing.....	544	1,670	2,237	220	8	176	144	34	38
30 Commercial and miscellaneous.....	940	1,470	1,183	114	126	437	66	94	86
31 Transportation.....	22	1	24	.....	.....	103	100	.....	40
32 Public utility.....	3,964	6,235	6,101	172	1,031	229	363	150	403
33 Communication.....	217	1,002	776	10	.....	45	19	45	3
34 Real estate and financial.....	562	488	771	75	84	45	3	279	55

<sup>1</sup> Par amounts of long-term issues based on date of sale.<sup>2</sup> 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.<sup>3</sup> Figures, which represent gross proceeds of issues maturing in more than 1 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	1974	1975	1976	1975			1976			
				Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>All issues<sup>1</sup></b>										
1 New issues	39,344	53,255	53,123	15,602	9,079	13,363	13,671	14,229	11,385	13,838
2 Retirements	9,935	10,991	12,184	3,211	2,576	3,116	2,315	3,668	2,478	3,723
3 Net change	29,399	42,263	40,939	12,390	6,503	10,247	11,356	10,561	8,907	10,115
<b>Bonds and notes</b>										
4 New issues	31,354	40,468	38,994	11,460	6,654	9,595	9,404	10,244	8,701	10,645
5 Retirements	6,255	8,583	9,109	2,336	2,111	2,549	1,403	3,159	1,826	2,721
6 Net change: Total	25,098	31,886	29,884	9,124	4,543	7,047	8,001	7,084	6,875	7,924
<b>By industry:</b>										
7 Manufacturing	7,404	13,219	8,978	4,574	1,442	2,069	2,966	1,529	1,551	2,932
8 Commercial and other <sup>2</sup>	1,116	1,605	2,259	483	221	528	203	726	610	720
9 Transportation, including railroad	341	2,165	3,078	429	147	1,588	985	488	1,092	513
10 Public utility	7,308	7,236	6,829	1,977	1,395	1,211	1,820	1,260	2,109	1,640
11 Communication	3,499	2,980	1,687	810	472	429	498	953	335	-99
12 Real estate and financial	5,428	4,682	7,054	852	866	1,222	1,530	2,128	1,178	2,218
<b>Common and preferred stock</b>										
13 New issues	7,980	12,787	14,129	4,142	2,425	3,768	4,267	3,985	2,684	3,193
14 Retirements	3,678	2,408	3,075	875	465	567	912	509	652	1,002
15 Net change: Total	4,302	10,377	11,055	3,266	1,960	3,200	3,355	3,477	2,032	2,191
<b>By industry:</b>										
16 Manufacturing	17	1,607	2,634	500	412	433	838	1,120	744	-68
17 Commercial and other <sup>2</sup>	-135	1,137	762	490	108	462	88	318	117	239
18 Transportation, including railroad	-20	65	96	7	53	4	5	25	17	49
19 Public utility	3,834	6,015	6,171	1,866	1,043	1,537	2,174	1,300	932	1,765
20 Communication	398	1,084	854	359	97	604	47	735	19	53
21 Real estate and financial	207	468	538	43	247	160	203	-21	203	153

<sup>1</sup> Excludes issues of investment companies.<sup>2</sup> 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	1975	1976	1977						
			May	June	July	Aug.	Sept.	Oct.	Nov.
<b>INVESTMENT COMPANIES</b> excluding money market funds									
1 Sales of own shares <sup>1</sup>	3,302	4,226	421	639	573	501	558	542	511
2 Redemptions of own shares <sup>2</sup>	3,686	6,802	531	510	515	493	469	519	430
3 Net sales	-384	2,496	-110	129	58	8	89	23	81
4 Assets <sup>3</sup>	42,179	47,537	44,403	46,255	45,651	45,038	45,046	43,435	45,050
5 Cash position <sup>4</sup>	3,748	2,747	2,859	2,901	3,068	3,135	3,403	3,481	3,487
6 Other	38,431	44,790	41,544	43,354	42,583	41,903	41,643	39,954	41,563

<sup>1</sup> 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.<sup>2</sup> Excludes share redemption resulting from conversions from one fund to another in the same group.<sup>3</sup> Market value at end of period, less current liabilities.<sup>4</sup> Also includes all U.S. Govt. securities and other short-term debt securities.

NOTE.—Investment Company Institute data based on reports of members, which comprise substantially all open-end investment companies registered with the Securities and Exchange Commission. Data reflect newly formed companies after their initial offering of securities.

## 1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Account	1974	1975	1976	1976				1977		
				Q1	Q2	Q3	Q4	Q1	Q2	Q3
1 Profits before tax.....	126.9	123.5	156.9	153.5	159.2	159.9	154.8	161.7	174.0	172.8
2 Profits tax liability.....	52.4	50.2	64.7	63.1	66.1	65.9	63.9	64.4	69.7	69.3
3 Profits after tax.....	74.5	73.3	92.2	90.4	93.1	94.0	90.9	97.3	104.3	103.5
4 Dividends.....	31.0	32.4	35.8	33.6	35.0	36.0	38.4	38.5	40.3	42.3
5 Undistributed profits.....	43.5	40.9	56.4	56.8	58.1	58.0	52.5	58.8	64.0	61.2
6 Capital consumption allowances.....	81.6	89.5	97.2	94.1	95.9	98.2	100.4	102.0	103.5	105.8
7 Net cash flow.....	125.1	130.4	153.6	150.9	154.0	156.2	152.9	160.8	167.5	167.0

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

## 1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976			1977		
					Q2	Q3	Q4	Q1	Q2	Q3
1 Current assets.....	574.4	643.2	712.2	731.6	775.4	791.8	816.8	845.3	874.7	909.8
2 Cash.....	57.5	61.6	62.7	68.1	70.8	71.1	77.0	75.0	77.9	79.1
3 U.S. Govt. securities.....	10.2	11.0	11.7	19.4	23.3	23.9	26.4	27.3	24.1	24.1
4 Notes and accounts receivable.....	243.4	269.6	293.2	298.2	321.8	328.5	328.2	346.6	361.4	379.1
5 U.S. Govt. <sup>1</sup> .....	3.4	3.5	3.5	3.6	3.7	4.3	4.3	4.7	4.8	5.3
6 Other.....	240.0	266.1	289.7	294.6	318.1	324.2	323.9	342.0	356.6	373.8
7 Inventories.....	215.2	246.7	288.0	285.8	295.6	302.1	315.4	322.1	332.5	343.1
8 Other.....	48.1	54.4	56.6	60.0	63.9	66.3	69.8	74.3	78.8	84.5
9 Current liabilities.....	352.2	401.0	450.6	457.5	475.9	484.1	499.9	516.6	532.0	556.3
10 Notes and accounts payable.....	234.4	265.9	292.7	288.0	293.8	291.7	302.9	309.0	318.9	329.7
11 U.S. Govt. <sup>1</sup> .....	4.0	4.3	5.2	6.4	6.8	7.0	7.0	6.8	5.7	6.2
12 Other.....	230.4	261.6	287.5	281.6	287.0	284.7	295.9	302.2	313.2	323.5
13 Accrued Federal income taxes.....	15.1	18.1	23.2	20.7	22.0	24.9	26.8	28.6	24.5	26.9
14 Other.....	102.6	117.0	134.8	148.8	160.1	167.5	170.2	179.0	188.6	199.7
15 Net working capital.....	222.2	242.3	261.5	274.1	299.5	307.7	316.9	328.7	342.8	353.5

<sup>1</sup> Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

SOURCE.—Securities and Exchange Commission.

## 1.52 BUSINESS EXPENDITURES on New Plant and Equipment

Billions of dollars; quarterly data are at seasonally adjusted annual rates.

Industry	1976	1975	1976				1977			
		Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 All industries.....	120.82	111.80	114.72	118.12	122.55	125.22	130.16	134.24	138.43	142.02
Manufacturing										
2 Durable goods industries.....	23.50	21.07	21.63	22.54	24.59	25.50	26.30	27.26	27.96	29.74
3 Nondurable goods industries.....	29.22	25.75	27.58	28.09	30.20	28.93	30.13	32.19	33.40	34.58
Nonmanufacturing										
4 Mining.....	3.98	3.82	3.83	3.83	4.21	4.13	4.24	4.49	4.52	4.54
Transportation:										
5 Railroad.....	2.35	2.39	2.08	2.64	2.69	2.63	2.71	2.57	2.74	3.19
6 Air.....	1.31	1.65	1.18	1.44	1.12	1.41	1.62	1.43	1.84	2.05
7 Other.....	3.56	3.56	3.29	4.16	3.44	3.49	2.96	2.96	2.18	1.72
Public utilities:										
8 Electric.....	18.90	17.92	18.56	18.82	18.22	19.49	21.19	21.14	22.24	22.72
9 Gas and other.....	3.47	3.00	3.36	3.03	3.45	3.96	4.16	4.16	4.47	4.78
10 Communication.....	12.93	12.22	12.54	12.62	13.64	14.30	14.19	15.32	15.08	15.70
11 Commercial and other <sup>1</sup> .....	20.87	20.44	20.68	20.94	20.99	21.36	22.67	22.73	22.73	38.70

<sup>1</sup> Includes trade, service, construction, finance, and insurance.<sup>2</sup> Anticipated by business.

agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

NOTE.—Estimates for corporate and noncorporate business, excluding

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

## 1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

Account	1972	1973	1974	1975	1976			1977		
					Q2	Q3	Q4	Q1	Q2	Q3
ASSETS										
Accounts receivable, gross										
1 Consumer.....	31.9	35.4	36.1	36.0	36.7	37.6	38.6	39.2	40.7	42.3
2 Business.....	27.4	32.3	37.2	39.3	42.4	42.4	44.7	47.5	50.4	50.6
3 Total.....	59.3	67.7	73.3	75.3	79.2	80.0	83.4	86.7	91.2	92.9
4 LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	9.8	10.2	10.5	10.6	11.1	11.7
5 Accounts receivable, net.....	51.9	59.3	64.2	65.9	69.4	69.9	72.9	76.1	80.1	81.2
6 Cash and bank deposits.....	2.8	2.6	3.0	2.9	2.7	2.6	2.6	2.7	2.5	2.5
7 Securities.....	.9	.8	.4	1.0	.8	1.2	1.1	1.0	1.2	1.8
8 All other.....	10.0	10.6	12.0	11.8	12.4	12.7	12.6	13.0	13.7	14.2
9 Total assets.....	65.6	73.2	79.6	81.6	85.3	86.4	89.2	92.8	97.5	99.6
LIABILITIES										
10 Bank loans.....	5.6	7.2	9.7	8.0	6.9	5.5	6.3	6.1	5.7	5.4
11 Commercial paper.....	17.3	19.7	20.7	22.2	22.2	21.7	23.7	24.8	27.5	25.7
Debt:										
12 Short-term, n.e.c.....	4.3	4.6	4.9	4.5	5.0	5.2	5.4	4.5	5.5	5.4
13 Long-term, n.e.c.....	22.7	24.6	26.5	27.6	30.1	31.0	32.3	34.0	35.0	34.8
14 Other.....	4.8	5.6	5.5	6.8	7.8	9.5	8.1	9.5	9.4	13.7
15 Capital, surplus, and undivided profits.....	10.9	11.5	12.4	12.5	13.2	13.4	13.4	13.9	14.4	14.6
16 Total liabilities and capital.....	65.6	73.2	79.6	81.6	85.3	86.4	89.2	92.8	97.5	99.6

NOTE.—Components may not add to totals due to rounding.

## 1.522 DOMESTIC FINANCE COMPANIES Business Credit

Millions of dollars, seasonally adjusted except as noted

Type	Accounts receivable outstanding Nov. 30, 1977 <sup>1</sup>	Changes in accounts receivable during—			Extensions			Repayments		
		1977			1977			1977		
		Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
1 Total.....	53,943	—240	1,522	499	11,702	12,461	12,655	11,942	10,939	12,156
2 Retail automotive (commercial vehicles).....	11,630	239	152	146	1,004	942	961	765	790	815
3 Wholesale automotive.....	11,280	—960	741	—96	4,233	5,488	5,104	5,193	4,747	5,200
4 Retail paper on business, industrial, and farm equipment.....	14,406	369	415	357	1,097	1,096	1,176	728	681	819
5 Loans on commercial accounts receivable.....	3,913	19	—128	16	2,499	2,032	2,428	2,480	2,160	2,412
6 Factored commercial accounts receivable.....	2,294	—58	248	15	1,477	1,506	1,466	1,535	1,258	1,451
7 All other business credit.....	10,420	151	94	61	1,392	1,397	1,520	1,241	1,303	1,459

<sup>1</sup> Not seasonally adjusted.

## 1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

Item		1974	1975	1976	1977					
					June	July	Aug.	Sept.	Oct.	Nov.
Terms and yields in primary and secondary markets										
PRIMARY MARKETS										
Conventional mortgages on new homes										
Terms: <sup>1</sup>										
1	Purchase price (thous. dollars).....	40.1	44.6	48.4	53.1	53.7	54.9	56.0	r54.0	55.9
2	Amount of loan (thous. dollars).....	29.8	33.3	35.9	39.5	40.0	40.8	41.7	r40.2	41.8
3	Loan/price ratio (per cent).....	74.3	74.7	74.2	76.0	76.2	76.5	76.3	r76.1	76.6
4	Maturity (years).....	26.3	26.8	27.2	27.2	27.9	28.2	28.2	r27.6	28.1
5	Fees and charges (per cent of loan amount) <sup>2</sup> .....	1.30	1.54	1.44	1.25	1.31	1.30	1.34	r1.35	1.36
6	Contract rate (per cent per annum).....	8.71	8.75	8.76	8.78	8.79	8.81	8.82	r8.84	8.85
Yield (per cent per annum):										
7	FHLBB series <sup>3</sup> .....	8.92	9.01	8.99	8.98	9.00	9.02	9.04	9.07	9.07
8	HUD series <sup>4</sup> .....	9.22	9.10	8.99	9.00	9.00	9.00	9.00	9.00	9.05
SECONDARY MARKETS										
Yields (per cent per annum) on—										
9	FHA mortgages (HUD series) <sup>5</sup> .....	9.55	9.19	8.82	8.74	8.74	8.74	8.72	8.78	8.78
10	GNMA securities <sup>6</sup> .....	8.72	8.52	8.17	7.95	7.95	8.03	8.03	8.16	8.19
FNMA auctions: <sup>7</sup>										
11	Government-underwritten loans.....	9.31	9.26	8.99	8.75	8.72	8.76	8.74	8.74	8.85
12	Conventional loans.....	9.43	9.37	9.11	9.12	9.07	9.06	9.05	9.05	9.16
Activity in secondary markets										
FEDERAL NATIONAL MORTGAGE ASSOCIATION										
Mortgage holdings (end of period)										
13	Total.....	29,578	31,824	32,904	33,918	33,954	34,029	34,149	34,123	34,192
14	FHA-insured.....	19,189	19,732	18,916	18,974	18,887	18,785	18,704	18,602	18,535
15	VA-guaranteed.....	8,310	9,573	9,212	9,509	9,449	9,388	9,344	9,287	9,267
16	Conventional.....	2,080	2,519	4,776	5,435	5,618	5,866	6,100	6,234	6,389
Mortgage transactions (during period)										
17	Purchases.....	6,953	4,263	3,606	656	322	405	385	251	352
18	Sales.....	4	2	86						
Mortgage commitments: <sup>8</sup>										
19	Contracted (during period).....	10,765	6,106	6,247	999	357	531	364	897	975
20	Outstanding (end of period).....	7,960	4,126	3,398	5,854	5,062	4,717	3,522	3,702	4,192
Auction of 4-month commitments to buy—										
Government-underwritten loans:										
21	Offered <sup>9</sup> .....	5,462.6	7,042.6	4,929.8	278.9	206.4	314.9	112.9	613.2	105.2
22	Accepted.....	2,371.4	3,848.3	2,787.2	127.8	131.4	221.4	75.4	400.5	76.4
Conventional loans:										
23	Offered <sup>9</sup> .....	1,195.4	1,401.3	2,595.7	371.1	286.8	370.2	246.4	758.1	268.8
24	Accepted.....	656.5	765.0	1,879.2	263.0	184.4	236.7	184.4	529.0	193.2
FEDERAL HOME LOAN MORTGAGE CORPORATION										
Mortgage holdings (end of period) <sup>10</sup>										
25	Total.....	4,586	4,987	4,269	3,389	3,483	3,424	3,376	3,402	3,266
26	FHA/VA.....	1,904	1,824	1,618	1,502	1,481	1,463	1,443	1,424	1,406
27	Conventional.....	2,682	3,163	2,651	1,887	2,001	1,961	1,933	1,978	1,860
Mortgage transactions (during period)										
28	Purchases.....	2,191	1,716	1,175	379	236	455	479	428	576
29	Sales.....	52	1,020	1,396	336	79	479	386	354	677
Mortgage commitments: <sup>11</sup>										
30	Contracted (during period).....	4,553	982	1,477	511	511	567	547	465	574
31	Outstanding (end of period).....	2,390	111	333	1,293	1,350	1,352	1,353	1,329	1,233

<sup>1</sup> 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.

<sup>2</sup> Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

<sup>3</sup> Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

<sup>4</sup> Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

<sup>5</sup> Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

<sup>6</sup> 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.

<sup>7</sup> Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

<sup>8</sup> 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.

<sup>9</sup> Mortgage amounts offered by bidders are total bids received.

<sup>10</sup> Includes participations as well as whole loans.

<sup>11</sup> Includes conventional and Government-underwritten loans.

## 1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

Type of holder, and type of property	1972	1973	1974	1975	1976		1977	
					Q4	Q1	Q2	Q3
1 All holders.....	603,417	682,321	742,512	801,537	*889,062	*912,528	947,196	983,565
2 1- to 4-family.....	372,154	416,211	449,371	490,761	*556,344	*572,709	599,219	626,333
3 Multifamily.....	82,840	93,132	99,976	100,601	*104,269	*105,586	105,902	107,850
4 Commercial.....	112,665	131,725	146,877	159,298	*171,399	*174,937	180,260	185,526
5 Farm.....	35,758	41,253	46,288	50,877	*57,050	*59,296	61,815	63,856
6 Major financial institutions.....	450,000	505,400	542,560	581,193	*647,650	*662,390	688,798	715,168
7 Commercial banks <sup>1</sup> .....	99,314	119,068	132,105	136,186	*151,326	*154,628	161,128	168,528
8 1- to 4-family.....	57,004	67,998	74,758	77,018	*86,234	*88,116	91,820	96,039
9 Multifamily.....	5,778	6,932	7,619	5,915	*8,082	*8,258	8,605	9,000
10 Commercial.....	31,751	38,696	43,679	46,882	*50,289	*51,388	53,548	56,008
11 Farm.....	4,781	5,442	6,049	6,371	*6,721	*6,866	7,155	7,481
12 Mutual savings banks.....	67,556	73,230	74,920	77,249	*81,639	82,273	84,051	86,103
13 1- to 4-family.....	46,229	48,811	49,213	50,025	*53,089	*53,502	54,658	55,993
14 Multifamily.....	10,910	12,343	12,923	13,792	*14,177	*14,291	14,600	14,956
15 Commercial.....	10,355	12,012	12,722	13,373	*14,313	*14,422	14,734	15,094
16 Farm.....	62	64	62	59	*60	58	59	60
17 Savings and loan associations.....	206,182	231,733	249,301	278,590	323,130	333,703	350,765	366,975
18 1- to 4-family.....	166,410	187,078	200,987	223,903	260,895	*269,932	284,541	298,122
19 Multifamily.....	21,051	22,779	23,808	25,547	28,436	*29,199	30,517	31,863
20 Commercial.....	18,721	21,876	24,506	29,140	33,799	*34,572	35,707	36,990
21 Life insurance companies.....	76,948	81,369	86,234	89,168	91,555	91,786	92,854	93,562
22 1- to 4-family.....	22,315	20,426	19,026	17,590	16,088	15,699	15,418	15,533
23 Multifamily.....	17,347	18,451	19,625	19,629	19,178	18,921	18,891	19,033
24 Commercial.....	31,608	36,496	41,256	45,196	48,864	49,526	50,405	50,790
25 Farm.....	5,678	5,996	6,327	6,753	7,425	7,640	8,140	8,206
26 Federal and related agencies.....	40,157	46,721	58,320	66,891	66,753	*67,066	68,301	69,135
27 Government National Mortgage Assn... <sup>2</sup>	5,113	4,029	4,846	7,438	4,241	4,013	3,912	3,599
28 1- to 4-family.....	2,513	1,455	2,248	4,728	1,970	1,670	1,654	1,522
29 Multifamily.....	2,600	2,574	2,598	2,710	2,271	2,343	2,258	2,077
30 Farmers Home Admin.....	1,019	1,366	1,432	1,109	1,064	500	1,043	1,342
31 1- to 4-family.....	279	743	759	208	454	98	410	528
32 Multifamily.....	29	29	167	215	218	28	97	125
33 Commercial.....	320	218	156	190	72	64	126	162
34 Farm.....	391	376	350	496	320	310	410	527
35 Federal Housing and Veterans Admin... <sup>3</sup>	3,338	3,476	4,015	4,970	5,150	*5,223	5,222	5,100
36 1- to 4-family.....	2,199	2,013	2,009	1,990	1,676	*1,730	1,701	1,552
37 Multifamily.....	1,139	1,463	2,006	2,980	3,474	*3,493	3,521	3,548
38 Federal National Mortgage Assn.....	19,791	24,175	29,578	31,824	32,904	*33,831	33,918	34,148
39 1- to 4-family.....	17,697	20,370	23,778	25,813	26,934	26,836	27,933	28,178
40 Multifamily.....	2,094	3,805	5,800	6,011	5,970	6,995	5,985	5,970
41 Federal land banks.....	9,107	11,071	13,863	16,563	19,125	19,942	20,818	21,523
42 1- to 4-family.....	13	123	406	549	601	611	628	649
43 Farm.....	9,094	10,948	13,457	16,014	18,524	19,331	20,190	20,874
44 Federal Home Loan Mortgage Corp....	1,789	2,604	4,586	4,987	4,269	3,557	3,388	3,423
45 1- to 4-family.....	1,754	2,446	4,217	4,588	3,889	3,200	2,901	2,931
46 Multifamily.....	35	158	369	399	380	357	487	492
47 Mortgage pools or trusts <sup>2</sup> .....	14,404	18,040	23,799	34,138	49,801	*55,462	58,748	64,398
48 Government National Mortgage Assn... <sup>2</sup>	5,504	7,890	11,769	18,257	30,572	34,260	36,573	41,089
49 1- to 4-family.....	5,353	7,561	11,249	17,538	29,583	33,190	35,467	39,865
50 Multifamily.....	151	329	520	719	989	1,070	1,106	1,224
51 Federal Home Loan Mortgage Corp....	441	766	757	1,598	2,671	3,570	4,460	5,294
52 1- to 4-family.....	331	617	608	1,349	2,282	3,112	3,938	4,675
53 Multifamily.....	110	149	149	249	389	458	522	619
54 Farmers Home Admin.....	8,459	9,384	11,273	14,283	16,558	*17,632	17,715	18,015
55 1- to 4-family.....	5,017	5,458	6,782	9,194	10,219	*10,821	10,814	10,996
56 Multifamily.....	131	138	116	295	532	*786	777	791
57 Commercial.....	867	1,124	1,473	1,948	2,440	*2,570	2,680	2,726
58 Farm.....	2,444	2,664	2,902	2,846	3,367	*3,455	3,444	3,502
59 Individuals and others <sup>3</sup> .....	98,856	112,160	117,833	119,315	124,858	127,610	131,349	134,864
60 1- to 4-family.....	45,040	51,112	53,331	56,268	62,430	64,192	67,336	69,750
61 Multifamily.....	21,465	23,982	24,276	22,140	20,173	19,387	18,536	18,152
62 Commercial.....	19,043	21,303	23,085	22,569	21,622	22,395	23,060	23,756
63 Farm.....	13,308	15,763	17,141	18,338	20,633	21,636	22,417	23,206

<sup>1</sup> Includes loans held by nondeposit trust companies but not bank trust departments.

<sup>2</sup> Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

<sup>3</sup> 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	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct.	Nov.
				Amounts outstanding (end of period)						
1 Total.....	157,454	164,955	185,489	192,828	196,998	199,971	204,358	207,294	209,141	212,074
By holder:										
2 Commercial banks.....	75,846	78,667	89,511	93,875	96,149	97,794	100,059	101,564	102,504	103,469
3 Finance companies.....	36,087	35,994	38,639	40,127	40,712	41,398	41,987	42,333	42,704	43,322
4 Credit unions.....	21,895	25,666	30,546	32,704	33,750	34,122	35,077	35,779	35,993	36,488
5 Retailers <sup>1</sup> .....	17,933	18,002	19,052	17,911	18,032	18,137	18,475	18,725	18,961	19,629
6 Others <sup>2</sup> .....	5,693	6,626	7,741	8,211	8,355	8,520	8,760	8,894	8,978	9,166
By type of credit:										
7 Automobile.....	52,871	55,879	66,116	70,857	72,829	74,304	76,027	77,207	77,845	78,757
8 Commercial banks.....	30,994	31,553	37,984	41,060	42,307	43,211	44,262	44,933	45,399	45,845
9 Indirect.....	18,687	18,353	21,176	22,066	23,258	23,735	24,277	24,717	24,972	25,228
10 Direct.....	12,306	13,200	16,808	18,453	19,050	19,476	19,985	20,216	20,427	20,616
11 Finance companies.....	10,623	11,155	12,489	13,023	13,219	13,597	13,783	13,930	13,998	14,205
12 Credit unions.....	10,869	12,741	15,163	16,234	16,754	16,938	17,412	17,761	17,867	18,113
13 Others.....	386	430	480	540	549	558	570	584	581	594
14 Mobile homes.....	14,618	14,423	14,572	14,540	14,627	14,713	14,812	14,880	14,929	14,999
15 Commercial banks.....	8,972	8,649	8,734	8,680	8,722	8,761	8,794	8,828	8,839	8,856
16 Finance companies.....	3,525	3,451	3,273	3,149	3,136	3,126	3,114	3,119	3,116	3,123
17 Home improvement.....	8,522	9,405	10,990	11,507	11,794	12,025	12,329	12,532	12,703	12,879
18 Commercial banks.....	4,694	4,965	5,554	5,744	5,889	6,022	6,158	6,265	6,377	6,447
Revolving credit:										
19 Bank credit cards.....	8,281	9,501	11,351	11,287	11,563	11,754	12,227	12,651	12,829	13,096
20 Bank check credit.....	2,797	2,810	3,041	3,148	3,230	3,295	3,409	3,504	3,551	3,601
21 All other.....	70,364	72,937	79,418	81,488	82,955	83,880	85,554	86,519	87,283	88,743
22 Commercial banks, total.....	20,108	21,188	22,847	23,955	24,437	24,752	25,209	25,383	25,510	25,626
23 Personal loans.....	13,771	14,629	15,669	16,464	16,749	16,922	17,238	17,373	17,452	17,555
24 Finance companies, total.....	21,590	21,238	22,749	23,827	24,223	24,538	24,951	25,143	25,448	25,850
25 Personal loans.....	16,985	17,263	18,554	19,214	19,540	19,808	20,118	20,256	20,498	20,852
26 Credit unions.....	9,174	10,754	12,799	13,703	14,141	14,297	14,697	14,991	15,081	15,289
27 Retailers.....	17,933	18,002	19,052	17,911	18,032	18,137	18,475	18,725	18,961	19,629
28 Others.....	1,559	1,755	1,971	2,092	2,121	2,157	2,221	2,277	2,283	2,350
Net change (during period) <sup>3</sup>										
29 Total.....	9,280	7,504	20,533	2,655	2,422	2,464	2,651	2,351	2,626	2,853
By holder:										
30 Commercial banks.....	3,975	2,821	10,845	1,235	1,422	1,150	1,448	1,228	1,315	1,384
31 Finance companies.....	731	-90	2,644	460	182	524	321	378	487	543
32 Credit unions.....	2,262	3,771	4,880	665	519	368	472	458	469	566
33 Retailers <sup>1</sup> .....	1,538	69	1,050	210	144	286	170	144	280	184
34 Others <sup>2</sup> .....	774	933	1,115	84	154	136	240	143	75	177
By type of credit:										
35 Automobile.....	500	3,007	10,238	1,247	963	1,069	1,054	1,105	850	1,241
36 Commercial banks.....	-508	559	6,431	620	745	584	725	714	587	725
37 Indirect.....	-310	-334	2,823	273	365	290	357	466	295	444
38 Direct.....	-198	894	3,608	347	380	294	368	248	292	281
39 Finance companies.....	-116	532	1,334	258	-28	275	65	128	52	242
40 Credit unions.....	1,123	1,872	2,422	352	244	208	237	228	222	263
41 Other.....	2	44	50	17	2	2	27	34	-11	10
42 Mobile homes.....	1,068	-195	150	-6	34	57	55	32	44	74
43 Commercial banks.....	632	-323	85	12	3	19	3	10	15	23
44 Finance companies.....	166	-73	-177	-24	-21	-12	-18	-3	-11	4
45 Home improvement.....	1,094	881	1,585	133	181	165	183	143	201	211
46 Commercial banks.....	611	271	588	66	75	76	62	77	115	99
Revolving credit:										
47 Bank credit cards.....	1,443	1,220	1,850	192	238	184	315	279	287	243
48 Bank check credit.....	543	14	231	103	90	39	60	49	57	27
49 All other.....	4,631	2,577	6,479	985	916	951	984	743	1,188	1,057
50 Commercial banks, total.....	1,255	1,080	1,659	242	271	248	283	99	254	267
51 Personal loans.....	898	858	1,040	170	180	143	161	56	142	183
52 Finance companies, total.....	746	-348	1,509	227	226	260	273	251	448	293
53 Personal loans.....	486	279	1,290	184	185	228	186	223	353	235
54 Credit unions.....	948	1,580	2,045	258	239	129	200	197	204	252
55 Retailers.....	1,538	69	1,050	210	144	286	170	144	280	184
56 Others.....	145	196	217	48	36	28	59	52	2	61

<sup>1</sup> Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

<sup>2</sup> Mutual savings banks, savings and loan associations, and auto dealers.

<sup>3</sup> Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

NOTE.—Total consumer noninstalment credit outstanding—credit scheduled to be repaid in a lump sum, including single-payment loans, charge accounts, and service credit—amounted to \$38.7 billion at the end of 1976, \$35.7 billion at the end of 1975, and \$33.8 billion at the end of 1974. Comparable data for Dec. 31, 1977, will be published in the February 1978 BULLETIN.

## 1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

Holder, and type of credit	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct.	Nov.
	Extensions <sup>3</sup>									
1 Total.....	157,200	164,169	193,328	18,503	18,810	18,631	19,204	19,164	19,787	19,680
By holder:										
2 Commercial banks.....	72,605	77,312	94,220	9,070	9,232	9,143	9,426	9,442	9,802	9,688
3 Finance companies.....	34,061	31,173	36,028	3,359	3,444	3,335	3,459	3,514	3,653	3,602
4 Credit unions.....	19,596	24,096	28,587	2,860	2,769	2,663	2,806	2,773	2,858	2,920
5 Retailers <sup>1</sup> .....	27,034	27,049	29,188	2,728	2,806	2,951	2,840	2,860	2,961	2,857
6 Others <sup>2</sup> .....	3,904	4,539	5,305	485	559	540	673	575	512	612
By type of credit:										
7 Automobile.....	45,429	51,413	62,988	6,048	6,063	5,966	6,158	6,109	6,083	6,330
8 Commercial banks.....	26,406	28,573	36,585	3,416	3,527	3,553	3,616	3,640	3,642	3,717
9 Indirect.....	15,576	15,766	19,882	1,791	1,865	1,905	1,925	2,028	1,976	2,076
10 Direct.....	10,830	12,807	16,704	1,625	1,661	1,649	1,692	1,612	1,666	1,641
11 Finance companies.....	8,604	9,674	11,209	1,114	1,099	963	1,036	1,013	989	1,097
12 Credit unions.....	10,015	12,683	14,675	1,457	1,390	1,402	1,434	1,376	1,414	1,458
13 Others.....	404	483	518	60	47	48	72	80	38	58
14 Mobile homes.....	5,782	4,323	4,841	415	420	455	479	424	457	464
15 Commercial banks.....	3,486	2,622	3,071	275	244	267	267	261	270	280
16 Finance companies.....	1,376	764	690	50	48	55	55	51	61	54
17 Home improvement.....	5,211	5,556	6,736	636	686	671	733	679	718	761
18 Commercial banks.....	2,789	2,722	3,245	317	328	330	332	340	373	370
Revolving credit:										
19 Bank credit cards.....	17,098	20,428	25,862	2,621	2,640	2,566	2,711	2,847	2,973	2,828
20 Bank check credit.....	4,227	4,024	4,783	506	521	499	510	485	487	492
21 All other.....	79,453	78,425	88,117	8,277	8,480	8,476	8,612	8,620	9,067	8,804
22 Commercial banks, total.....	18,599	18,944	20,673	1,935	1,973	1,928	1,990	1,870	2,056	2,001
23 Personal loans.....	13,176	13,386	14,480	1,396	1,413	1,350	1,404	1,346	1,463	1,434
24 Finance companies, total.....	23,796	20,657	24,087	2,188	2,289	2,309	2,361	2,440	2,596	2,441
25 Personal loans.....	17,162	16,944	19,579	1,744	1,850	1,836	1,870	1,938	2,044	1,914
26 Credit unions.....	8,560	10,134	12,340	1,233	1,225	1,113	1,207	1,240	1,282	1,285
27 Retailers.....	27,034	27,049	29,188	2,728	2,806	2,951	2,840	2,860	2,961	2,857
28 Others.....	1,463	1,642	1,830	193	187	175	214	211	172	221
	Liquidations <sup>3</sup>									
29 Total.....	147,920	156,665	172,795	15,849	16,388	16,167	16,553	16,814	17,160	16,826
By holder:										
30 Commercial banks.....	68,630	74,491	83,376	7,835	7,810	7,992	7,978	8,214	8,487	8,305
31 Finance companies.....	33,330	31,263	33,384	2,899	3,261	2,811	3,138	3,135	3,166	3,059
32 Credit unions.....	17,334	20,325	23,707	2,195	2,250	2,295	2,333	2,316	2,389	2,354
33 Retailers <sup>1</sup> .....	25,496	26,980	28,138	2,518	2,662	2,665	2,670	2,716	2,681	2,673
34 Others <sup>2</sup> .....	3,130	3,606	4,191	401	405	404	433	432	437	435
By type of credit:										
35 Automobile.....	44,929	48,406	52,750	4,801	5,100	4,897	5,104	5,005	5,234	5,089
36 Commercial banks.....	26,915	28,014	30,154	2,796	2,781	2,969	2,891	2,926	3,055	2,991
37 Indirect.....	15,886	16,101	17,059	1,518	1,500	1,615	1,568	1,562	1,681	1,632
38 Direct.....	11,029	11,913	13,095	1,278	1,281	1,354	1,324	1,364	1,374	1,360
39 Finance companies.....	8,720	9,142	9,875	856	1,127	688	970	885	937	855
40 Credit unions.....	8,892	10,811	12,253	1,106	1,146	1,194	1,197	1,148	1,193	1,195
41 Others.....	402	439	468	43	45	46	45	46	49	48
42 Mobile homes.....	4,715	4,517	4,691	421	386	397	424	392	413	390
43 Commercial banks.....	2,854	2,944	2,986	263	241	248	264	251	255	257
44 Finance companies.....	1,210	837	867	74	68	68	73	54	72	50
45 Home improvement.....	4,117	4,675	5,151	502	505	506	551	536	517	550
46 Commercial banks.....	2,178	2,451	2,657	251	253	254	270	263	257	272
Revolving credit:										
47 Bank credit cards.....	15,655	19,208	24,012	2,430	2,403	2,382	2,396	2,567	2,687	2,585
48 Bank check credit.....	3,684	4,010	4,552	402	431	459	450	436	430	466
49 All other.....	74,821	75,849	81,638	7,292	7,564	7,525	7,628	7,877	7,880	7,747
50 Commercial banks, total.....	17,345	17,864	19,014	1,692	1,702	1,680	1,707	1,771	1,802	1,734
51 Personal loans.....	12,278	12,528	13,439	1,226	1,233	1,207	1,243	1,291	1,321	1,250
52 Finance companies, total.....	23,050	21,005	22,578	1,961	2,063	2,049	2,089	2,189	2,148	2,148
53 Personal loans.....	16,676	16,665	18,289	1,560	1,666	1,609	1,684	1,714	1,692	1,678
54 Credit unions.....	7,613	8,554	10,295	975	986	984	1,008	1,043	1,078	1,033
55 Retailers.....	25,496	26,980	28,138	2,518	2,662	2,665	2,670	2,716	2,681	2,673
56 Others.....	1,318	1,446	1,613	146	151	146	155	158	170	159

<sup>1</sup> Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.<sup>2</sup> Mutual savings banks, savings and loan associations, and auto dealers.<sup>3</sup> Monthly figures are seasonally adjusted.

## 1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year data are at seasonally adjusted annual rates.

Transaction category, or sector	1972	1973	1974	1975	1976	1975		1976		1977
						H1	H2	H1	H2	
Nonfinancial sectors										
1 Total funds raised.....	177.8	202.0	189.6	205.6	268.3	180.8	230.4	254.5	282.1	309.6
2 Excluding equities.....	167.2	194.3	185.8	195.5	257.8	170.3	220.8	241.1	274.4	300.8
By sector and instrument:										
3 U.S. Govt.....	15.1	8.3	11.8	85.4	69.0	79.6	91.2	73.1	64.9	40.3
4 Public debt securities.....	14.3	7.9	12.0	85.8	69.1	80.4	91.3	73.0	65.3	40.9
5 Agency issues and mortgages.....	.8	.4	-.2	-.4	-.1	-.8	-.1	.1	-.3	-.6
6 All other nonfinancial sectors.....	162.7	193.8	177.8	120.2	199.2	101.1	139.2	181.4	217.1	269.3
7 Corporate equities.....	10.5	7.7	3.8	10.0	10.5	10.5	9.6	13.3	7.6	8.8
8 Debt instruments.....	152.2	186.1	174.0	110.1	188.8	90.7	129.6	168.0	209.5	260.5
9 Private domestic nonfinancial sectors.....	158.7	187.5	162.4	107.0	179.0	93.1	120.9	166.2	191.7	264.9
10 Corporate equities.....	10.9	7.9	4.1	9.9	10.5	10.3	9.5	13.3	7.7	8.2
11 Debt instruments.....	147.8	179.7	158.3	97.1	168.4	82.8	111.4	152.9	184.0	256.6
12 Debt capital instruments.....	102.3	105.0	98.7	95.8	122.7	93.8	97.8	111.7	133.7	163.5
13 State and local obligations.....	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5	27.2
14 Corporate bonds.....	12.2	9.2	19.7	27.2	22.8	33.4	21.1	20.4	25.3	19.6
Mortgages:										
15 Home.....	42.6	46.4	34.8	39.5	63.6	33.4	45.6	57.1	70.2	85.6
16 Multifamily residential.....	12.7	10.4	6.9	*	1.6	.4	-.4	.6	2.6	4.6
17 Commercial.....	16.5	18.9	15.1	11.0	13.4	9.4	12.6	13.9	12.9	17.3
18 Farm.....	3.6	5.5	5.0	4.6	6.1	5.1	4.0	5.0	7.3	9.2
19 Other debt instruments.....	45.5	74.6	59.6	1.3	45.7	-11.0	13.6	41.2	50.3	93.2
20 Consumer credit.....	18.9	22.0	10.2	9.4	23.6	2.2	16.6	22.9	24.2	35.2
21 Bank loans n.e.c.....	18.9	39.8	29.1	-14.5	3.7	-20.9	-8.2	-.3	7.8	37.2
22 Open market paper.....	.8	2.5	6.6	-2.6	4.0	-1.4	-3.8	6.4	1.6	5.0
23 Other.....	6.9	10.3	13.7	9.0	14.4	9.0	9.0	12.2	16.7	15.9
24 By borrowing sector.....	158.7	187.5	162.4	107.0	179.0	93.1	120.9	166.2	191.7	264.9
25 State and local governments.....	14.5	13.2	16.2	11.2	14.6	10.0	12.3	13.0	16.3	20.6
26 Households.....	66.6	79.1	49.2	48.6	89.8	37.3	59.9	83.9	95.6	129.6
27 Farm.....	5.8	9.7	7.9	8.7	11.0	8.7	8.8	10.6	11.6	16.9
28 Nonfarm noncorporate.....	14.1	12.8	7.4	2.0	5.2	-1.1	5.1	2.7	7.6	10.6
29 Corporate.....	57.7	72.7	81.8	36.6	58.3	38.3	34.8	56.1	60.5	87.2
30 Foreign.....	4.0	6.2	15.4	13.2	20.3	8.0	18.3	15.2	25.4	4.4
31 Corporate equities.....	-.4	-.2	-.2	.1	*	.1	.1	*	-.1	.6
32 Debt instruments.....	4.4	6.4	15.7	13.0	20.3	7.9	18.2	15.1	25.5	3.9
33 Bonds.....	1.0	1.0	2.1	6.2	8.4	5.7	6.8	7.3	9.5	4.3
34 Bank loans n.e.c.....	2.9	2.8	4.7	3.7	6.7	-.4	7.8	3.4	10.0	-5.8
35 Open market paper.....	-1.0	.9	7.3	.3	1.9	-.8	1.4	1.5	2.4	2.2
36 U.S. Govt. loans.....	1.5	1.7	1.6	2.8	3.3	3.4	2.2	2.9	3.6	3.1
Financial sectors										
37 Total funds raised.....	28.3	51.6	39.4	14.0	28.6	15.1	12.8	27.8	29.4	64.0
By instrument:										
38 U.S. Govt. related.....	8.4	19.9	23.1	13.5	18.6	14.5	12.6	18.6	18.6	25.7
39 Sponsored credit agency securities.....	3.5	16.3	16.6	2.3	3.3	1.9	2.8	4.5	2.1	10.1
40 Mortgage pool securities.....	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2	17.9
41 Loans from U.S. Govt.....	1.9	31.7	16.3	.4	10.0	.6	.2	9.1	10.8	38.3
42 Private financial sectors.....	2.8	1.5	.3	*	.7	.1	-.1	-.7	2.2	.9
43 Corporate equities.....	17.1	30.2	16.0	.4	9.2	.6	.3	9.8	8.6	37.4
44 Debt instruments.....	5.1	3.5	2.1	2.9	5.8	2.3	3.5	7.0	4.5	8.2
45 Corporate bonds.....	1.7	-1.2	-1.3	2.3	2.1	1.4	3.2	1.4	2.8	3.0
46 Mortgages.....	5.9	8.9	4.6	-3.6	-3.7	-4.7	-2.5	-3.0	-4.4	-2.7
47 Bank loans n.e.c.....	4.4	11.8	3.9	2.8	7.1	8.2	-2.6	6.1	8.1	25.4
48 Open market paper and Rp's.....	*	7.2	6.7	-4.0	-2.0	-6.6	-1.3	-1.6	-2.4	3.5
49 Loans from FHLB's.....										
By sector:										
50 Sponsored credit agencies.....	3.5	16.3	17.3	3.2	2.9	3.0	3.4	4.5	1.4	7.8
51 Mortgage pools.....	4.9	3.6	5.8	10.3	15.7	11.5	9.2	14.2	17.2	17.9
52 Private financial sectors.....	19.9	31.7	16.3	.4	10.0	.6	.2	9.1	10.8	38.3
53 Commercial banks.....	4.8	8.1	-1.1	1.7	7.4	5.7	-2.3	9.0	5.9	15.1
54 Bank affiliates.....	.7	2.2	3.5	.3	-.8	.9	-.3	-1.3	-.3	1.3
55 Savings and loan associations.....	2.0	6.0	6.3	-2.2	*	-6.8	2.3	.5	-.5	10.6
56 Other insurance companies.....	.5	.5	.9	1.0	1.0	.9	1.0	1.0	1.0	1.0
57 Finance companies.....	6.2	9.4	4.5	.5	6.4	-1.4	2.4	5.7	7.1	14.9
58 REIT's.....	6.3	6.5	.6	-2.0	-2.8	-2.0	-1.9	-2.5	-3.0	-2.9
59 Open-end investment companies.....	-.5	-1.2	-.7	-.1	-1.0	.7	-.9	-2.5	.5	-1.1
60 Money market funds.....			2.4	1.3	-.3	2.6	*	-.7	.2	-.5
All sectors										
61 Total funds raised, by instrument.....	206.1	253.7	229.0	219.5	296.8	195.9	243.2	282.2	311.4	373.6
62 Investment company shares.....	-.5	-1.2	-.7	-.1	-1.0	.7	-.9	-2.5	.5	-1.1
63 Other corporate equities.....	13.8	10.4	4.8	10.2	12.2	9.8	10.5	15.1	9.3	10.8
64 Debt instruments.....	192.8	244.5	224.9	209.5	285.6	185.4	233.6	269.6	307.6	363.9
65 U.S. Govt. securities.....	23.6	28.3	34.3	98.2	88.1	93.1	103.2	91.9	84.3	68.4
66 State and local obligations.....	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5	27.2
67 Corporate and foreign bonds.....	18.4	13.6	23.9	36.3	37.0	41.3	31.3	34.7	39.3	32.7
68 Mortgages.....	77.0	79.9	60.5	57.2	86.8	49.5	65.0	77.9	95.7	119.6
69 Consumer credit.....	18.9	22.0	10.2	9.4	23.6	2.2	16.6	22.9	24.2	35.2
70 Bank loans n.e.c.....	27.8	51.6	38.4	-14.4	6.7	-25.9	-2.9	.1	13.4	28.7
71 Open market paper and Rp's.....	4.1	15.2	17.8	.5	13.0	6.1	-5.0	14.0	12.0	32.5
72 Other loans.....	8.4	19.1	22.7	8.7	15.3	6.9	10.5	13.4	17.2	20.1

## 1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-year data are at seasonally adjusted annual rates.

Transaction category, or sector	1972	1973	1974	1975	1976	1975		1976		1977
						H1	H2	H1	H2	
1 Total funds advanced in credit markets to nonfinancial sectors	167.2	194.3	185.8	195.5	257.8	170.3	220.8	241.1	274.4	300.8
By public agencies and foreign:										
2 Total net advances	19.8	34.1	52.7	44.3	54.6	55.0	33.6	53.2	56.0	74.0
3 U.S. Govt. securities	7.6	9.5	11.9	22.5	26.8	33.4	11.6	27.1	26.5	31.7
4 Residential mortgages	7.0	8.2	14.7	16.2	12.8	16.9	15.5	12.1	13.5	20.0
5 FHLB advances to S&L's	*	7.2	6.7	-4.0	-2.0	-6.6	-1.3	-1.6	-2.4	3.5
6 Other loans and securities	5.1	9.2	19.5	9.5	16.9	11.3	7.8	15.6	18.3	18.8
Totals advanced, by sector										
7 U.S. Govt.	1.8	2.8	9.8	15.1	8.9	15.9	14.3	6.4	11.4	5.9
8 Sponsored credit agencies	9.2	21.4	25.6	14.5	20.6	16.5	12.6	20.7	20.6	27.5
9 Monetary authorities	.3	9.2	6.2	8.5	9.8	7.6	9.5	14.5	5.2	11.6
10 Foreign	8.4	.6	11.2	6.1	15.2	15.0	-2.7	11.6	18.8	28.9
11 Agency borrowing not included in line 1	8.4	19.9	23.1	13.5	18.6	14.5	12.6	18.6	18.6	25.7
Private domestic funds advanced										
12 Total net advances	155.9	180.2	156.1	164.8	221.8	129.8	199.7	206.6	237.0	252.5
13 U.S. Govt. securities	16.0	18.8	22.4	75.7	61.3	59.7	91.6	64.8	57.8	36.7
14 State and local obligations	14.7	14.7	17.1	13.6	15.1	12.3	14.9	14.7	15.5	27.2
15 Corporate and foreign bonds	13.1	10.0	20.9	32.8	30.3	38.8	26.8	26.8	33.9	20.9
16 Residential mortgages	48.2	48.4	26.9	23.2	52.4	16.7	29.6	45.5	59.2	70.1
17 Other mortgages and loans	63.9	95.4	75.4	15.6	60.8	-4.3	35.5	53.2	68.3	101.1
18 LESS: FHLB advances	*	7.2	6.7	-4.0	-2.0	-6.6	-1.3	-1.6	-2.4	3.5
Private financial intermediation										
19 Credit market funds advanced by private financial institutions	149.7	164.9	126.3	119.9	187.2	99.8	140.0	167.6	206.8	233.9
20 Commercial banking	70.5	86.5	64.6	27.6	58.0	14.4	40.7	44.5	71.5	80.1
21 Savings institutions	48.2	36.9	26.9	52.0	71.7	48.5	55.4	71.8	71.7	84.6
22 Insurance and pension funds	17.2	23.9	30.0	41.5	47.6	38.3	44.7	47.8	47.3	55.3
23 Other finance	13.9	17.5	4.7	-1.1	9.9	-1.4	-7	3.4	16.3	13.9
24 Sources of funds	149.7	164.9	126.3	119.9	187.2	99.8	140.0	167.6	206.8	233.9
25 Private domestic deposits	100.8	86.5	69.4	90.9	122.8	90.3	91.5	106.1	139.5	122.8
26 Credit market borrowing	17.1	30.2	16.0	.4	9.2	.6	.3	9.8	8.6	37.4
27 Other sources	31.8	48.2	40.9	28.6	55.1	9.0	48.2	51.7	58.7	73.7
28 Foreign funds	5.3	6.9	14.5	-4	3.1	-5.6	4.8	-2.6	8.8	-4.1
29 Treasury balances	7	-1.0	-5.1	-1.7	-1	-3.5	.1	2.9	-3.1	-1.1
30 Insurance and pension reserves	11.6	18.4	26.0	29.0	35.8	26.4	31.5	35.1	36.5	46.2
31 Other, net	14.1	23.9	5.4	1.7	16.4	-8.3	11.7	16.2	16.6	32.7
Private domestic nonfinancial investors										
32 Direct lending in credit markets	23.3	45.5	45.9	45.3	43.8	30.6	60.0	48.8	38.8	56.0
33 U.S. Govt. securities	3.9	19.5	18.2	22.2	19.4	6.0	38.4	22.6	16.1	11.0
34 State and local obligations	3.0	5.4	10.0	6.3	4.7	7.2	5.5	3.9	5.5	9.5
35 Corporate and foreign bonds	4.4	1.3	4.7	8.2	4.0	10.8	5.6	4.9	3.1	.4
36 Commercial paper	2.9	12.5	4.8	3.1	4.0	1.5	4.7	6.7	1.3	18.7
37 Other	9.1	6.8	8.2	5.5	11.8	5.1	6.0	10.8	12.8	16.4
38 Deposits and currency	105.2	90.4	75.7	97.1	130.3	96.0	98.2	111.0	149.5	127.1
39 Time and savings accounts	83.8	76.1	66.7	84.8	113.0	73.0	96.5	98.3	127.6	106.6
40 Large negotiable CD's	7.7	18.1	18.8	-14.0	-14.2	-27.8	-.2	-18.0	-10.4	-2.6
41 Other at commercial banks	30.6	29.6	26.1	39.4	58.1	39.3	39.4	50.2	66.0	41.9
42 At savings institutions	45.4	28.5	21.8	59.4	69.1	61.5	57.4	66.1	72.1	67.4
43 Money	21.4	14.3	8.9	12.3	17.2	23.0	1.7	12.7	21.6	20.5
44 Demand deposits	17.0	10.3	2.6	6.1	9.9	17.3	-5.0	7.8	11.9	16.2
45 Currency	4.4	3.9	6.3	6.2	7.3	5.7	6.7	4.9	9.8	4.3
46 Total of credit market instruments, deposits and currency	128.5	136.0	121.5	142.4	174.0	126.6	158.2	159.8	188.1	183.1
47 Public support rate (in per cent)	11.8	17.5	28.4	22.7	21.2	32.3	15.2	22.1	20.4	24.6
48 Private financial intermediation (in per cent)	96.1	91.5	80.9	72.8	84.4	76.9	70.1	81.1	87.3	92.6
49 Total foreign funds	13.7	7.5	25.7	5.8	18.3	9.4	2.1	9.0	27.6	24.9
MEMO: Corporate equities not included above										
50 Total net issues	13.3	9.2	4.1	10.0	11.2	10.5	9.5	12.6	9.8	9.7
51 Mutual fund shares	-.5	-1.2	-.7	-.1	-1.0	.7	-.9	-2.5	.5	-1.1
52 Other equities	13.8	10.4	4.8	10.2	12.2	9.8	10.5	15.1	9.3	10.8
53 Acquisitions by financial institutions	15.3	13.3	5.8	9.4	12.3	10.7	8.1	12.6	12.0	6.5
54 Other net purchases	-2.1	-4.1	-1.6	.6	-1.1	-.2	1.4	*	-2.2	3.3

## 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, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. 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.

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

## 2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1974	1975	1976	1977							
				May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>1 Industrial production</b> .....	<b>129.3</b>	<b>117.8</b>	<b>129.8</b>	<b>137.0</b>	<b>137.8</b>	<b>138.7</b>	<b>138.1</b>	<b>138.5</b>	<b>138.8</b>	<b>139.3</b>	<b>139.6</b>
Market groupings:											
<b>2 Products, total</b> .....	<b>129.3</b>	<b>119.3</b>	<b>129.3</b>	<b>136.5</b>	<b>137.3</b>	<b>138.7</b>	<b>138.4</b>	<b>138.8</b>	<b>138.9</b>	<b>139.3</b>	<b>140.0</b>
<b>3 Final, total</b> .....	<b>125.1</b>	<b>118.2</b>	<b>127.2</b>	<b>134.7</b>	<b>135.4</b>	<b>136.8</b>	<b>136.3</b>	<b>136.8</b>	<b>136.6</b>	<b>137.0</b>	<b>137.6</b>
<b>4 Consumer goods</b> .....	<b>128.9</b>	<b>124.0</b>	<b>136.2</b>	<b>143.1</b>	<b>143.8</b>	<b>145.4</b>	<b>144.7</b>	<b>144.9</b>	<b>145.2</b>	<b>145.7</b>	<b>146.2</b>
<b>5 Equipment</b> .....	<b>120.0</b>	<b>110.2</b>	<b>114.6</b>	<b>123.2</b>	<b>124.1</b>	<b>124.8</b>	<b>124.9</b>	<b>125.6</b>	<b>124.9</b>	<b>125.3</b>	<b>126.0</b>
<b>6 Intermediate</b> .....	<b>135.3</b>	<b>123.1</b>	<b>137.2</b>	<b>143.5</b>	<b>144.7</b>	<b>146.3</b>	<b>146.1</b>	<b>146.5</b>	<b>147.0</b>	<b>147.9</b>	<b>149.2</b>
<b>7 Materials</b> .....	<b>132.4</b>	<b>115.5</b>	<b>130.6</b>	<b>137.8</b>	<b>138.7</b>	<b>138.9</b>	<b>137.6</b>	<b>137.9</b>	<b>138.8</b>	<b>139.2</b>	<b>139.1</b>
<b>8 Industry groupings:</b>											
<b>Manufacturing</b> .....	<b>129.4</b>	<b>116.3</b>	<b>129.5</b>	<b>137.1</b>	<b>137.8</b>	<b>138.5</b>	<b>138.6</b>	<b>139.0</b>	<b>139.2</b>	<b>139.6</b>	<b>140.4</b>
Capacity utilization (per cent) <sup>1</sup> in—											
<b>9 Manufacturing</b> .....	<b>84.2</b>	<b>73.6</b>	<b>80.2</b>	<b>82.8</b>	<b>83.0</b>	<b>83.1</b>	<b>82.9</b>	<b>82.9</b>	<b>82.8</b>	<b>82.8</b>	<b>83.0</b>
<b>10 Industrial materials industries</b> .....	<b>87.7</b>	<b>73.6</b>	<b>80.4</b>	<b>82.7</b>	<b>83.0</b>	<b>82.9</b>	<b>82.0</b>	<b>82.0</b>	<b>82.3</b>	<b>82.4</b>	<b>82.1</b>
<b>11 Construction contracts</b> <sup>2</sup> .....	<b>173.9</b>	<b>162.3</b>	<b>190.2</b>	<b>317.0</b>	<b>284.0</b>	<b>218.0</b>	<b>267.0</b>	<b>279.0</b>	<b>244.0</b>	<b>258.0</b>	.....
<b>12 Nonagricultural employment, total</b> <sup>3</sup> .....	<b>119.1</b>	<b>*117.0</b>	<b>120.6</b>	<b>124.4</b>	<b>124.7</b>	<b>125.1</b>	<b>125.2</b>	<b>125.7</b>	<b>125.9</b>	<b>126.4</b>	<b>126.7</b>
<b>13 Goods-producing, total</b> .....	<b>106.2</b>	<b>*97.1</b>	<b>100.3</b>	<b>104.5</b>	<b>104.7</b>	<b>104.9</b>	<b>104.5</b>	<b>104.7</b>	<b>105.0</b>	<b>105.4</b>	<b>105.5</b>
<b>14 Manufacturing, total</b> .....	<b>103.1</b>	<b>94.3</b>	<b>97.5</b>	<b>100.8</b>	<b>100.9</b>	<b>101.1</b>	<b>100.8</b>	<b>100.8</b>	<b>101.1</b>	<b>101.4</b>	<b>102.2</b>
<b>15 Manufacturing, production-worker</b> .....	<b>102.1</b>	<b>91.3</b>	<b>95.2</b>	<b>98.9</b>	<b>98.9</b>	<b>*98.9</b>	<b>98.4</b>	<b>98.5</b>	<b>98.8</b>	<b>99.2</b>	<b>100.1</b>
<b>16 Service-producing</b> .....	<b>126.1</b>	<b>127.8</b>	<b>131.7</b>	<b>135.3</b>	<b>135.6</b>	<b>136.2</b>	<b>136.6</b>	<b>137.1</b>	<b>137.3</b>	<b>137.8</b>	<b>138.3</b>
<b>17 Personal income, total</b> <sup>4</sup> .....	<b>184.3</b>	<b>200.0</b>	<b>220.7</b>	<b>242.1</b>	<b>243.3</b>	<b>245.6</b>	<b>*247.2</b>	<b>*249.2</b>	<b>*252.6</b>	<b>254.9</b>	.....
<b>18 Wages and salary disbursements</b> .....	<b>178.9</b>	<b>188.5</b>	<b>208.6</b>	<b>229.7</b>	<b>230.8</b>	<b>232.3</b>	<b>*233.4</b>	<b>*235.2</b>	<b>*238.7</b>	<b>240.0</b>	.....
<b>19 Manufacturing</b> .....	<b>157.6</b>	<b>157.3</b>	<b>177.7</b>	<b>198.5</b>	<b>200.4</b>	<b>201.2</b>	<b>200.7</b>	<b>202.2</b>	<b>*205.1</b>	<b>206.8</b>	.....
<b>20 Disposable personal income</b> .....	<b>180.8</b>	<b>199.2</b>	<b>217.8</b>	<b>239.4</b>	.....	.....	<b>*241.3</b>	.....	.....	.....	.....
<b>21 Retail sales</b> <sup>5</sup> .....	<b>170.1</b>	<b>184.6</b>	<b>203.5</b>	<b>221.6</b>	<b>221.0</b>	<b>223.7</b>	<b>225.5</b>	<b>225.4</b>	<b>*232.2</b>	<b>*234.9</b>	<b>233.3</b>
Prices: <sup>6</sup>											
<b>22 Consumer</b> .....	<b>147.7</b>	<b>161.2</b>	<b>170.5</b>	<b>*180.6</b>	<b>*181.8</b>	<b>*182.6</b>	<b>*183.3</b>	<b>*184.0</b>	<b>*184.5</b>	<b>185.4</b>	.....
<b>23 Wholesale</b> .....	<b>160.1</b>	<b>174.1</b>	<b>182.9</b>	<b>*195.2</b>	<b>*194.4</b>	<b>*194.9</b>	<b>*194.6</b>	<b>*195.8</b>	<b>*196.3</b>	<b>197.0</b>	<b>198.2</b>

<sup>1</sup> Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

<sup>2</sup> Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.

<sup>3</sup> Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

<sup>4</sup> Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

<sup>5</sup> Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

<sup>6</sup> 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).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

## 2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

Series	1977				1977				1977			
	Q1	Q2	Q3 <sup>r</sup>	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 <sup>r</sup>	Q4
	Output (1967 = 100)				Capacity (per cent of 1967 output)				Utilization rate (per cent)			
<b>1 Manufacturing</b> .....	<b>133.1</b>	<b>136.9</b>	<b>138.7</b>	<b>139.7</b>	<b>164.0</b>	<b>165.6</b>	<b>167.1</b>	<b>168.7</b>	<b>81.2</b>	<b>82.7</b>	<b>83.0</b>	<b>82.8</b>
<b>2 Primary processing</b> .....	<b>140.1</b>	<b>146.3</b>	<b>147.4</b>	<b>148.4</b>	<b>170.2</b>	<b>171.8</b>	<b>173.5</b>	<b>175.1</b>	<b>82.3</b>	<b>85.1</b>	<b>85.0</b>	<b>84.8</b>
<b>3 Advanced processing</b> .....	<b>129.3</b>	<b>132.0</b>	<b>134.2</b>	<b>135.2</b>	<b>160.7</b>	<b>162.2</b>	<b>163.8</b>	<b>165.3</b>	<b>80.5</b>	<b>81.4</b>	<b>81.9</b>	<b>81.8</b>
<b>4 Materials</b> .....	<b>133.1</b>	<b>137.7</b>	<b>138.2</b>	<b>139.0</b>	<b>165.5</b>	<b>166.6</b>	<b>167.8</b>	<b>168.9</b>	<b>80.4</b>	<b>82.6</b>	<b>82.4</b>	<b>82.3</b>
<b>5 Durable goods</b> .....	<b>129.2</b>	<b>135.1</b>	<b>136.0</b>	<b>137.5</b>	<b>169.0</b>	<b>170.3</b>	<b>171.6</b>	<b>172.8</b>	<b>76.5</b>	<b>79.4</b>	<b>79.2</b>	<b>79.6</b>
<b>6 Basic metal</b> .....	<b>108.6</b>	<b>116.4</b>	<b>109.3</b>	.....	<b>144.8</b>	<b>145.1</b>	<b>145.3</b>	.....	<b>75.0</b>	<b>80.2</b>	<b>75.2</b>	.....
<b>7 Nondurable goods</b> .....	<b>149.5</b>	<b>154.6</b>	<b>154.6</b>	<b>155.7</b>	<b>175.6</b>	<b>177.2</b>	<b>178.8</b>	<b>180.4</b>	<b>85.1</b>	<b>87.2</b>	<b>86.4</b>	<b>86.3</b>
<b>8 Textile, paper, and chemical</b> .....	<b>153.9</b>	<b>159.9</b>	<b>159.4</b>	<b>160.3</b>	<b>183.6</b>	<b>185.4</b>	<b>187.1</b>	<b>188.9</b>	<b>83.8</b>	<b>86.3</b>	<b>85.2</b>	<b>84.8</b>
<b>9 Textile</b> .....	<b>111.3</b>	<b>110.9</b>	<b>112.4</b>	.....	<b>141.4</b>	<b>141.9</b>	<b>142.5</b>	.....	<b>78.7</b>	<b>78.1</b>	<b>78.9</b>	.....
<b>10 Paper</b> .....	<b>131.7</b>	<b>134.3</b>	<b>135.1</b>	.....	<b>148.9</b>	<b>150.1</b>	<b>151.3</b>	.....	<b>88.4</b>	<b>89.5</b>	<b>89.3</b>	.....
<b>11 Chemical</b> .....	<b>181.6</b>	<b>191.8</b>	<b>189.8</b>	.....	<b>216.2</b>	<b>218.7</b>	<b>221.2</b>	.....	<b>84.0</b>	<b>87.7</b>	<b>85.8</b>	.....
<b>12 Energy</b> .....	<b>122.0</b>	<b>122.6</b>	<b>123.4</b>	.....	<b>144.3</b>	<b>144.7</b>	<b>145.2</b>	.....	<b>84.5</b>	<b>84.8</b>	<b>85.0</b>	.....

## 2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1974	1975	1976	1977						
				June	July	Aug.	Sept.	Oct. <sup>r</sup>	Nov. <sup>r</sup>	Dec.
	Household survey data									
1 Noninstitutional population <sup>1</sup> . . . . .	150,827	153,449	156,048	158,456	158,682	158,899	159,114	159,334	159,522	159,736
2 Labor force (including Armed Forces) <sup>1</sup> . . . . .	93,240	94,793	96,917	99,770	99,440	99,834	99,999	100,236	101,130	101,055
3 Civilian labor force . . . . .	91,011	92,613	94,773	97,641	97,305	97,697	97,868	98,102	98,998	98,926
Employment:										
4 Nonagricultural industries <sup>2</sup> . . . . .	82,443	81,403	84,188	87,341	87,348	87,519	87,880	87,958	88,818	89,258
5 Agriculture . . . . .	3,492	3,380	3,297	3,338	3,213	3,252	3,215	3,272	3,362	3,331
Unemployment:										
6 Number . . . . .	5,076	7,830	7,288	6,962	6,744	6,926	6,773	6,872	6,818	6,337
7 Rate (per cent of civilian labor force) . . . . .	5.6	8.5	7.7	7.1	6.9	7.1	6.9	7.0	6.9	6.4
8 Not in labor force . . . . .	57,587	58,655	59,130	58,686	59,242	59,064	59,114	59,099	58,391	58,682
	Establishment survey data									
9 Nonagricultural payroll employment <sup>3</sup>	78,419	77,052	79,436	82,157	82,407	82,474	82,763	82,902	83,222	83,439
10 Manufacturing . . . . .	20,048	18,347	18,955	19,611	19,666	19,594	19,612	19,666	19,717	19,876
11 Mining . . . . .	694	745	783	856	833	818	856	859	863	713
12 Contract construction . . . . .	3,963	3,515	3,594	3,888	3,913	3,893	3,892	3,911	3,946	3,964
13 Transportation and public utilities . . . . .	4,696	4,499	4,510	4,588	4,572	4,581	4,616	4,610	4,630	4,660
14 Trade . . . . .	17,016	16,999	17,690	18,264	18,322	18,377	18,431	18,414	18,486	18,511
15 Finance . . . . .	4,209	4,223	4,315	4,494	4,506	4,524	4,545	4,572	4,600	4,618
16 Service . . . . .	13,617	14,007	14,642	15,260	15,372	15,448	15,482	15,533	15,601	15,676
17 Government . . . . .	14,176	14,719	14,948	15,196	15,223	15,239	15,329	15,337	15,379	15,421

<sup>1</sup> Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

<sup>2</sup> Includes self-employed, unpaid family, and domestic service workers.

<sup>3</sup> Data include all full- and part-time employees who worked during, or received pay for the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

## 2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

Grouping	1967 pro- portion	1976 average	1976			1977								
			Oct.	Nov.	Dec.	May	June	July	Aug.	Sept. <sup>r</sup>	Oct.	Nov. <sup>p</sup>	Dec. <sup>h</sup>	
Index (1967 = 100)														
MAJOR MARKET														
1 Total index.....	100.00	129.8	130.2	131.5	133.0	137.0	137.8	138.7	138.1	138.5	138.8	139.3	139.6	
2 Products.....	60.71	129.3	129.2	131.3	133.4	136.5	137.3	138.7	138.4	138.8	138.9	139.3	140.0	
3 Final products.....	47.82	127.2	126.7	129.3	131.5	134.7	135.4	136.8	136.3	136.8	136.6	137.0	137.6	
4 Consumer goods.....	27.68	136.2	135.9	138.4	141.3	143.1	143.8	145.4	144.7	144.9	145.2	145.7	146.2	
5 Equipment.....	20.14	114.6	114.2	116.8	118.0	123.2	124.1	124.8	124.9	125.6	124.9	125.3	126.0	
6 Intermediate products.....	12.89	137.2	138.8	139.0	140.5	143.5	144.7	146.3	146.1	146.5	147.0	147.9	149.2	
7 Materials.....	39.29	130.6	131.8	131.9	132.0	137.8	138.7	138.9	137.6	137.9	138.8	139.2	139.1	
Consumer goods														
8 Durable consumer goods.....	7.89	141.4	138.9	143.7	150.5	152.2	155.8	158.0	154.7	155.6	157.2	155.6	155.9	
9 Automotive products.....	2.83	154.8	147.8	161.6	178.8	172.8	179.8	184.8	177.2	177.0	180.1	173.7	173.5	
10 Autos and utility vehicles.....	2.03	149.8	136.3	154.0	176.9	167.4	177.4	184.1	173.1	172.6	176.7	167.7	166.7	
11 Autos.....	1.90	132.0	120.2	138.4	156.3	148.5	156.8	161.4	150.9	151.6	154.3	147.5	143.6	
12 Auto parts and allied goods.....	.80	167.6	176.6	180.5	183.4	186.6	185.8	186.6	187.3	188.1	189.0	189.2	191.0	
13 Home goods.....	5.06	133.9	133.9	133.7	134.5	140.6	142.3	142.9	142.1	143.6	144.4	145.3	146.2	
14 Appliances, A/C, and TV.....	1.40	114.6	115.7	114.9	110.3	131.0	133.1	130.1	129.6	129.4	129.8	133.1	133.0	
15 Appliances and TV.....	1.33	117.2	118.5	117.3	112.3	134.8	136.8	134.3	133.0	134.1	132.9	133.7	.....	
16 Carpeting and furniture.....	1.07	144.1	146.2	143.6	144.7	147.3	151.2	154.1	154.8	159.0	160.0	158.9	.....	
17 Misc. home goods.....	2.59	140.1	138.6	139.9	143.6	143.1	143.6	145.1	143.6	144.9	145.8	146.2	148.0	
18 Nondurable consumer goods.....	19.79	134.1	134.7	136.2	137.6	139.5	139.1	140.3	140.6	140.7	140.5	141.6	142.2	
19 Clothing.....	4.29	124.0	123.3	123.1	124.1	125.5	125.7	124.1	126.4	128.3	128.9	.....	.....	
20 Consumer staples.....	15.50	136.9	138.0	139.8	141.3	143.4	142.9	144.8	144.6	144.1	143.8	145.0	145.5	
21 Consumer foods and tobacco.....	8.33	130.7	133.1	132.4	131.8	135.0	135.4	137.1	137.9	137.1	136.2	137.0	.....	
22 Nonfood staples.....	7.17	144.1	143.7	148.2	152.3	153.2	151.7	153.8	152.4	152.4	152.7	154.4	154.7	
23 Consumer chemical products.....	2.63	166.4	168.3	173.7	177.5	180.8	179.3	179.4	181.8	182.5	182.3	185.4	.....	
24 Consumer paper products.....	1.92	113.3	110.9	114.2	116.6	118.4	116.3	117.4	117.0	116.4	117.7	118.0	.....	
25 Consumer energy products.....	2.62	144.4	142.9	147.6	153.1	150.8	149.8	154.9	148.9	148.6	148.9	150.0	.....	
26 Residential utilities.....	1.45	151.1	148.7	153.9	162.1	.....	.....	.....	.....	.....	.....	.....	.....	
Equipment														
27 Business equipment.....	12.63	136.3	135.7	140.1	142.3	148.9	150.1	151.2	151.1	152.1	152.3	152.7	153.3	
28 Industrial equipment.....	6.77	128.0	129.6	131.1	132.3	138.4	140.0	140.7	140.4	141.4	141.6	142.2	143.1	
29 Building and mining equipment.....	1.44	177.7	181.2	181.5	183.7	205.3	208.1	210.6	203.9	204.5	204.9	203.5	204.8	
30 Manufacturing equipment.....	3.85	106.5	108.1	109.9	110.8	112.8	115.0	114.3	115.3	117.6	118.8	119.3	120.1	
31 Power equipment.....	1.47	135.3	136.0	137.0	137.9	139.9	139.0	141.2	143.7	141.4	139.2	141.7	142.5	
32 Commercial transit, farm equipment.....	5.86	145.8	142.6	150.6	154.1	161.2	161.9	163.3	163.4	164.4	164.6	164.7	165.2	
33 Commercial equipment.....	3.26	173.5	177.5	179.6	184.3	191.1	191.4	191.7	193.0	193.7	194.9	196.1	197.2	
34 Transit equipment.....	1.93	104.1	97.6	107.8	108.0	116.5	118.5	121.5	121.9	125.1	121.4	119.2	119.0	
35 Farm equipment.....	.67	131.4	102.0	132.4	140.3	144.4	143.2	144.6	139.2	134.9	141.5	143.0	.....	
36 Defense and space equipment.....	7.51	78.4	78.0	77.6	77.2	80.0	80.3	80.4	80.8	80.9	78.9	79.2	79.9	
Intermediate products														
37 Construction supplies.....	6.42	132.6	134.8	135.8	135.5	138.7	139.9	141.2	141.7	143.2	144.4	146.0	147.1	
38 Business supplies.....	6.47	141.8	142.8	141.9	145.3	148.4	149.6	151.3	150.6	149.7	149.7	149.8	.....	
39 Commercial energy products.....	1.14	157.1	155.4	156.2	162.7	165.8	164.2	168.2	165.0	162.7	162.5	162.1	.....	
Materials														
40 Durable goods materials.....	20.35	126.8	128.3	128.2	128.7	135.2	136.4	136.8	135.4	135.7	137.0	137.3	138.3	
41 Durable consumer parts.....	4.58	121.6	118.4	126.2	126.3	132.0	134.5	137.2	135.2	135.8	136.0	136.7	137.7	
42 Equipment parts.....	5.44	133.9	138.0	137.2	138.8	141.7	143.0	145.0	145.6	146.8	147.2	147.9	149.0	
43 Durable materials n.e.c.....	10.34	125.5	127.5	124.4	124.3	133.2	133.8	132.4	130.1	129.8	132.2	131.9	133.0	
44 Basic metal materials.....	5.57	110.9	172.0	105.5	104.8	117.8	116.3	112.6	108.7	106.8	110.1	108.5	.....	
45 Nondurable goods materials.....	10.47	146.3	147.5	147.3	145.8	155.4	154.7	154.1	155.1	153.9	154.7	155.7	156.7	
46 Textile, paper, and chem. mat.....	7.62	151.1	152.5	151.4	150.3	160.7	160.1	158.9	159.6	159.0	159.9	160.0	160.9	
47 Textile materials.....	1.85	115.1	112.6	110.0	113.7	111.8	109.0	110.1	112.2	114.5	119.0	118.7	.....	
48 Paper materials.....	1.62	130.8	132.1	131.0	127.6	136.2	134.4	134.3	135.7	135.2	134.4	133.2	.....	
49 Chemical materials.....	4.15	175.1	178.3	178.1	175.5	192.2	192.7	190.3	190.1	188.2	188.1	189.0	.....	
50 Containers, nondurable.....	1.70	142.7	141.7	145.9	143.8	152.3	152.4	152.4	156.2	151.2	150.7	155.9	.....	
51 Nondurable materials n.e.c.....	1.14	119.9	122.4	121.3	119.8	123.1	122.9	124.9	122.4	124.1	125.5	127.1	.....	
52 Energy materials.....	8.48	120.2	120.8	121.9	123.4	122.3	124.3	125.2	121.4	123.5	123.9	123.3	.....	
53 Primary energy.....	4.65	107.1	108.6	106.7	107.0	106.6	109.7	108.9	106.8	110.0	111.7	110.5	.....	
54 Converted fuel materials.....	3.82	136.2	135.5	140.3	143.4	141.4	142.0	145.1	139.1	140.0	138.7	138.9	.....	
Supplementary groups														
55 Home goods and clothing.....	9.35	129.4	129.0	128.8	129.7	133.6	134.7	134.3	134.9	136.5	137.3	138.1	139.0	
56 Energy, total.....	12.23	128.8	128.8	130.6	133.3	132.5	133.5	135.6	131.4	132.5	132.8	132.6	130.1	
57 Products.....	3.76	148.2	146.8	150.2	156.0	155.3	154.1	158.9	153.7	153.0	153.0	153.6	.....	
58 Materials.....	8.48	120.2	120.8	121.9	123.4	122.3	124.3	125.2	121.4	123.5	123.9	123.3	.....	

For NOTE see opposite page.

## 2.13 Continued

Grouping	SIC code	1967 pro- por- tion	1976 ave- rage	1976			1977								
				Oct.	Nov.	Dec.	May	June	July	Aug.	Sept. <sup>a</sup>	Oct.	Nov. <sup>b</sup>	Dec. <sup>c</sup>	
MAJOR INDUSTRY				Index (1967 = 100)											
1 Mining and utilities.....		12.05	131.6	132.5	133.8	135.4	137.1	138.8	139.4	134.4	135.1	135.3	136.0	134.3	
2 Mining.....		6.36	114.2	116.1	115.3	115.4	119.5	122.8	119.8	115.4	118.0	119.1	118.3	113.4	
3 Utilities.....		5.69	151.0	150.8	154.6	157.9	156.7	156.8	161.4	155.7	154.1	153.5	155.7	157.4	
4 Electric.....		3.88	167.6	167.0	171.8	176.1									
5 Manufacturing.....		87.95	129.5	129.8	131.4	132.5	137.1	137.8	138.5	138.6	139.0	139.2	139.6	140.4	
6 Nondurable.....		35.97	140.9	141.9	143.0	143.3	148.5	148.4	148.6	149.4	149.5	149.4	150.3	151.1	
7 Durable.....		51.98	121.7	121.4	123.4	125.0	129.3	130.5	131.6	131.3	131.7	132.3	132.2	133.0	
Mining															
8 Metal mining.....	10	.51	122.8	126.1	124.5	126.8	120.5	121.3	101.9	70.0	71.4	79.8	84.6	.....	
9 Coal.....	11, 12	.69	117.2	126.4	122.1	120.6	122.4	133.4	120.7	113.6	133.0	141.4	140.6	74.6	
10 Oil and gas extraction.....	13	4.40	112.0	112.5	112.3	112.8	118.3	121.3	120.6	119.3	119.6	118.9	117.2	117.8	
11 Stone and earth minerals.....	14	.75	118.3	120.0	120.8	118.0	123.0	122.5	126.7	125.0	126.7	126.7	128.3	.....	
Nondurable manufactures															
12 Foods.....	20	8.75	132.3	134.8	134.3	132.9	138.3	136.9	138.3	139.3	138.3	137.6	138.4	.....	
13 Tobacco products.....	21	.67	117.9	118.3	119.6	119.2	105.2	119.2	114.5	117.0	113.5	113.5	.....	.....	
14 Textile mill products.....	22	2.68	136.4	134.2	133.3	133.7	136.0	135.4	137.2	136.6	140.7	143.2	143.6	.....	
15 Apparel products.....	23	3.31	122.2	122.9	122.7	124.9	123.5	122.1	121.1	124.1	127.7	129.2	.....	.....	
16 Paper and products.....	26	3.21	133.0	132.3	132.5	131.4	139.5	139.3	139.2	140.3	139.1	137.7	138.0	139.4	
17 Printing and publishing.....	27	4.72	120.6	119.3	119.7	123.0	124.4	124.1	124.9	125.0	124.2	124.8	124.7	126.5	
18 Chemicals and products.....	28	7.74	169.3	170.7	173.7	173.1	182.8	183.5	182.6	182.6	181.3	180.8	183.0	.....	
19 Petroleum products.....	29	1.79	133.1	130.3	135.8	138.9	142.4	140.0	140.4	139.9	141.9	141.2	141.5	142.0	
20 Rubber & plastic products.....	30	2.24	200.2	211.1	215.5	216.9	232.4	235.2	235.2	237.4	239.5	237.2	240.0	.....	
21 Leather and products.....	31	.86	80.9	77.2	75.8	74.2	76.2	74.1	74.1	74.5	74.0	76.8	76.8	.....	
Durable manufactures															
22 Ordnance, pvt. & govt.....	19, 91	3.64	72.7	72.3	71.6	71.3	74.4	74.1	75.0	75.5	75.1	74.0	73.7	74.7	
23 Lumber and products.....	24	1.64	125.1	129.6	129.5	128.1	133.0	132.4	132.9	131.8	137.1	136.2	137.4	.....	
24 Furniture and fixtures.....	25	1.37	132.7	134.5	133.7	135.7	137.5	139.9	143.0	142.9	145.6	146.5	146.6	.....	
25 Clay, glass, stone products.....	32	2.74	137.1	139.9	143.2	142.8	145.0	147.7	148.0	148.8	145.5	147.3	150.9	.....	
26 Primary metals.....	33	6.57	108.9	109.9	104.6	101.5	117.1	114.7	114.4	112.5	109.0	113.7	111.9	111.2	
27 Iron and steel.....	331, 2	4.21	104.9	105.1	100.3	93.4	111.0	109.2	110.9	110.6	104.6	108.1	105.6	.....	
28 Fabricated metal products.....	34	5.93	123.3	123.5	126.7	128.1	128.2	130.8	132.0	134.0	133.6	134.4	135.2	136.0	
29 Nonelectrical machinery.....	35	9.15	135.0	134.3	137.5	141.5	142.6	144.0	145.7	145.2	147.4	148.2	148.9	150.4	
30 Electrical machinery.....	36	8.05	131.6	135.0	135.7	135.1	141.8	142.6	143.6	143.9	144.6	144.2	145.1	146.6	
31 Transportation equipment.....	37	9.27	110.6	104.3	112.7	117.4	120.3	123.7	125.6	124.3	125.5	124.1	121.9	122.2	
32 Motor vehicles & parts.....	371	4.50	140.7	128.4	145.5	155.0	157.7	163.2	166.2	164.4	165.6	167.9	163.0	161.9	
33 Aerospace & misc. tr. eq.....	372-9	4.77	82.2	81.6	81.7	81.9	85.2	86.5	87.3	86.5	87.7	82.8	83.1	84.7	
34 Instruments.....	38	2.11	148.2	150.2	150.3	155.8	157.4	158.2	159.0	158.3	160.3	161.8	161.3	162.0	
35 Miscellaneous mfrs.....	39	1.51	143.5	142.4	143.7	146.8	148.0	148.4	150.4	147.5	150.7	149.9	151.2	152.5	
MAJOR MARKET															
Gross value (billions of 1972 dollars, annual rates)															
36 Products, total.....		1507.4	550.4	548.1	558.7	571.2	582.2	585.9	590.5	590.2	590.1	591.5	593.4	595.6	
37 Final products.....		1390.9	425.7	421.6	432.6	443.8	451.0	453.7	457.8	456.9	456.8	458.4	459.1	460.9	
38 Consumer goods.....		1277.5	301.6	300.4	306.4	315.1	316.3	318.9	321.5	320.0	319.1	320.4	321.8	322.3	
39 Equipment.....		1113.4	124.0	121.3	126.4	128.4	134.6	134.9	136.2	137.0	137.6	137.9	137.3	138.6	
40 Intermediate products.....		1116.6	124.8	126.2	126.4	127.1	131.4	131.8	132.8	133.1	133.5	133.4	134.3	134.9	

<sup>1</sup> 1972 dollars.

NOTE.—Published groupings include some series and subtotals not shown separately. For summary description and historical data, see June 1976 BULLETIN, pp. 470-79. Availability of detailed descriptive and historical data will be announced in a forthcoming BULLETIN.

The industrial production indexes have been revised back to January 1976, on the basis of more complete information now available. A complete set of the revised 1976 series is attached to the September G.12.3 release which may be obtained from the Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

## 2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates. Exceptions noted.

Item	1974	1975	1976	1977							
				May	June	July	Aug. <sup>r</sup>	Sept. <sup>r</sup>	Oct.	Nov. <sup>p</sup>	
	Private residential real estate activity (thousands of units)										
NEW UNITS											
1 Permits authorized.....	1,074	927	1,296	1,615	1,678	1,639	1,772	1,695	1,850	1,891	
2 1-family.....	644	669	894	1,077	1,105	1,089	1,156	1,135	1,216	1,260	
3 2-or-more-family.....	431	278	402	538	573	550	616	560	634	631	
4 Started.....	1,338	1,160	1,540	1,937	1,897	2,083	2,029	2,065	2,224	2,105	
5 1-family.....	888	892	1,163	1,455	1,389	1,437	1,453	1,523	1,581	1,535	
6 2-or-more-family.....	450	268	377	482	508	646	576	542	643	570	
7 Under construction, end of period <sup>1</sup>	1,189	1,003	1,147	1,302	1,323	1,344	1,359	1,368	1,425	.....	
8 1-family.....	516	531	655	771	787	793	799	798	830	.....	
9 2-or-more-family.....	673	472	492	531	536	551	559	570	594	.....	
10 Completed.....	1,692	1,297	1,362	1,536	1,647	1,671	1,699	1,907	1,612	.....	
11 1-family.....	931	866	1,026	1,177	1,209	1,267	1,282	1,493	1,193	.....	
12 2-or-more-family.....	760	430	336	359	438	404	417	414	419	.....	
13 Mobile homes shipped.....	329	213	250	251	264	251	270	300	319	313	
Merchant builder activity in 1-family units:											
14 Number sold.....	501	544	639	774	806	694	825	882	868	843	
15 Number for sale, end of period <sup>1</sup> .....	407	383	433	441	444	453	467	468	477	481	
Price (thous. of dollars) <sup>2</sup>											
Median:											
16 Units sold.....	35.9	39.3	44.2	49.3	49.0	48.6	49.0	48.6	51.1	51.4	
17 Units for sale.....	36.2	38.9	41.6	43.9	44.3	44.8	45.2	45.9	46.6	.....	
Average:											
18 Units sold.....	38.9	42.5	48.1	54.4	53.9	53.6	54.3	53.9	51.2	51.6	
EXISTING UNITS (1-family)											
19 Number sold.....	2,272	2,452	3,002	3,450	3,420	3,510	3,720	3,880	3,930	4,160	
Price of units sold (thous. of dollars): <sup>2</sup>											
20 Median.....	32.0	35.3	38.1	42.2	43.4	43.7	43.9	43.8	44.0	44.5	
21 Average.....	35.8	39.0	42.2	46.8	47.7	48.0	48.1	47.9	48.2	.....	
Value of new construction <sup>3</sup> (millions of dollars)											
CONSTRUCTION											
22 Total put in place.....	138,499	134,293	147,481	*172,134	*174,584	*173,035	*172,001	*175,929	177,911	178,011	
23 Private.....	100,165	93,624	109,499	*133,711	*135,232	*133,795	*133,774	*136,676	140,213	142,078	
24 Residential.....	50,377	46,472	60,519	*82,377	*82,487	*80,825	*80,718	*82,365	85,806	87,884	
25 Nonresidential, total.....	49,788	47,152	48,980	*51,334	*52,745	*52,970	*53,056	*54,311	54,407	54,194	
Buildings:											
26 Industrial.....	7,902	8,017	7,182	*7,184	*7,066	*7,210	*7,646	*7,484	7,579	7,327	
27 Commercial.....	15,945	12,804	12,757	*13,760	*15,235	*15,533	*15,257	*16,054	15,846	15,526	
28 Other.....	5,797	5,585	6,155	*6,077	*6,206	*6,474	*6,294	*6,370	6,337	6,584	
29 Public utilities and other.....	20,144	20,746	22,886	*24,313	*24,238	*23,753	*23,859	*24,404	24,645	24,757	
30 Public.....	38,333	40,669	37,982	*38,423	*39,352	*39,240	*38,228	*39,253	37,699	35,933	
31 Military.....	1,188	1,392	1,508	*1,642	*1,566	*1,538	*1,460	*1,493	1,381	1,307	
32 Highway.....	12,066	10,861	9,756	*9,835	*10,792	*9,539	*9,449	*9,051	.....	.....	
33 Conservation and development.....	2,740	3,256	3,722	*3,562	*3,196	*4,252	*4,120	*4,878	.....	.....	
34 Other <sup>4</sup> .....	22,339	25,160	22,996	*23,384	*23,798	*23,911	*23,199	*23,831	.....	.....	

<sup>1</sup> Not at annual rates.<sup>2</sup> Not seasonally adjusted.

<sup>3</sup> 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.

<sup>4</sup> Beginning Jan. 1977 Highway imputations are included in Other.

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

Percentage changes based on seasonally adjusted data, except as noted.

Item	12 months to—		3 months (at annual rate) to—				1 month to—					Index level Nov. 1977 (1967 = 100) <sup>1</sup>
	1976 Nov.	1977 Nov.	1976	1977			1977					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
Consumer prices												
1 All items.....	5.0	6.7	4.2	10.0	8.1	4.2	.4	.3	.3	.3	.5	185.4
2 Commodities.....	3.4	6.1	3.4	10.4	7.4	2.3	.1	.3	.2	.2	.5	177.9
3 Food.....	.7	8.0	.0	14.6	12.7	1.7	.1	.3	.1	.1	.6	195.6
4 Commodities less food.....	5.0	4.9	5.7	7.4	4.2	2.7	.1	.3	.2	.3	.5	168.1
5 Durable.....	5.9	4.7	6.0	10.5	2.5	1.0	0.0	.1	.2	.0	.6	165.5
6 Nondurable.....	4.4	5.1	5.4	5.5	5.2	4.2	.3	.4	.3	.5	.4	170.1
7 Services.....	7.6	7.8	5.1	9.8	9.4	7.4	.8	.5	.5	.4	.7	199.5
8 Rent.....	5.4	6.4	5.3	6.3	6.3	7.0	.6	.5	.6	.4	.7	157.0
9 Services less rent.....	7.9	8.0	5.4	9.9	10.1	7.5	.8	.4	.5	.4	.3	207.2
Other groupings:												
10 All items less food <sup>1</sup> .....	6.3	6.4	5.3	6.9	7.8	5.7	.4	.4	.6	.4	.5	182.5
11 All items less shelter <sup>1</sup> .....	5.0	6.4	4.3	9.4	8.2	3.6	.3	.3	.2	.3	.4	182.5
12 Homeownership <sup>1</sup> .....	4.3	8.6	1.2	9.1	9.6	10.6	1.1	.6	.8	.4	.7	211.5
Wholesale prices												
13 All commodities.....	4.2	6.1	7.1	10.6	3.2	1.9	-.1	.1	.5	.8	.7	197.0
14 Farm products, and processed foods and feeds.....	-4.2	4.8	6.6	19.1	-2.5	-17.0	-2.1	-2.1	-.4	1.3	2.3	186.8
15 Farm products.....	-4.2	1.0	5.8	26.5	-21.9	-22.3	-1.8	-4.3	-.2	2.4	3.0	189.5
16 Processed foods and feeds.....	-4.3	6.8	6.5	15.4	11.0	-14.1	-2.4	-.8	-.6	.8	1.7	186.7
17 Industrial commodities.....	6.7	6.5	7.6	8.1	5.1	7.6	.5	.5	.8	.6	.4	199.2
Materials, supplies, and components of which:												
18 Crude materials <sup>2</sup> .....	19.0	5.6	21.8	21.7	2.0	8.9	0.0	1.9	.3	-.2	1.3	284.6
19 Intermediate materials <sup>3</sup> .....	6.4	6.4	7.5	8.0	4.3	7.8	.6	.5	.7	.5	.2	206.0
Finished goods, excluding foods:												
20 Consumer.....	5.1	6.2	5.2	8.7	6.3	5.2	.2	.3	.7	.6	.3	175.8
21 Durable.....	4.0	6.0	3.3	7.0	6.0	5.4	.3	1.0	.1	1.1	.1	156.3
22 Nondurable.....	5.7	6.3	6.5	10.0	6.5	4.8	.2	0.0	1.0	.3	.4	188.7
23 Producer.....	6.1	7.4	9.2	5.5	6.3	5.6	.4	.4	.5	1.5	.7	190.8
MEMO:												
24 Consumer foods.....	-5.1	8.2	8.4	12.7	13.8	-7.5	-.7	-.9	-.3	.3	.4	190.4

<sup>1</sup> Not seasonally adjusted.<sup>2</sup> Excludes crude foodstuffs and feedstuffs, plant and animal fibers, oilseeds, and leaf tobacco.<sup>3</sup> Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE.—Bureau of Labor Statistics.

## 2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

Account	1974	1975	1976	1976			1977		
				Q2	Q3	Q4	Q1	Q2	Q3 <sup>r</sup>
Gross national product									
1 Total.....	1,412.9	1,528.8	1,706.5	1,691.9	1,727.3	1,755.4	1,810.8	1,869.9	1,915.9
By source:									
2 Personal consumption expenditures.....	889.6	980.4	1,094.0	1,078.5	1,102.2	1,139.0	1,172.4	1,194.0	1,218.9
3 Durable goods.....	122.0	132.9	158.9	156.7	159.3	166.3	177.0	178.6	177.6
4 Nondurable goods.....	376.3	409.3	442.7	437.1	444.7	458.8	466.6	474.4	481.8
5 Services.....	391.3	438.2	492.3	484.6	498.2	513.9	528.8	541.1	559.5
6 Gross private domestic investment.....	214.6	189.1	243.3	244.4	254.3	243.4	271.8	294.9	303.6
7 Fixed investment.....	205.7	200.6	230.0	226.1	232.8	244.3	258.0	273.2	280.0
8 Nonresidential.....	150.6	149.1	161.9	159.8	164.9	167.6	177.0	182.4	187.5
9 Structures.....	54.5	52.9	55.8	55.8	56.0	57.0	57.9	61.0	62.6
10 Producers' durable equipment.....	96.2	96.3	106.1	104.0	109.0	110.6	119.2	121.4	124.9
11 Residential structures.....	55.1	51.5	68.0	66.3	67.8	76.7	81.0	90.8	92.5
12 Nonfarm.....	52.7	49.5	65.7	64.1	65.7	74.3	78.5	88.2	89.9
13 Change in business inventories.....	8.9	-11.5	13.3	18.3	21.5	-9	13.8	21.7	23.6
14 Nonfarm.....	10.8	-15.1	14.9	20.4	22.0	1.4	14.1	22.4	23.1
15 Net exports of goods and services.....	6.0	2.0	7.8	10.2	7.9	3.0	-8.2	-9.7	-7.5
16 Exports.....	137.9	147.3	162.9	160.6	168.4	168.5	170.4	178.1	179.9
17 Imports.....	131.9	126.9	155.1	150.4	160.6	165.6	178.6	187.7	187.4
18 Govt. purchases of goods and services.....	302.7	338.9	361.4	358.9	363.0	370.0	374.9	390.6	400.9
19 Federal.....	111.1	123.3	130.1	128.5	130.2	134.2	136.3	143.6	148.1
20 State and local.....	191.5	215.6	231.2	230.4	232.7	235.8	238.5	247.0	252.9
By major type of product:									
21 Final sales, total.....	1,404.0	1,540.3	1,693.1	1,673.7	1,705.8	1,756.3	1,797.0	1,848.2	1,892.2
22 Goods.....	638.6	686.2	764.2	761.7	746.0	774.7	805.9	827.1	843.5
23 Durable goods.....	247.8	258.2	303.4	301.9	313.4	312.6	334.4	341.0	342.3
24 Nondurable.....	390.8	428.0	460.9	459.7	464.1	460.6	471.5	486.1	501.2
25 Services.....	626.8	699.2	782.0	770.8	791.8	813.8	833.7	855.3	881.6
26 Structures.....	147.4	143.5	160.2	159.4	159.6	166.9	171.2	187.5	190.7
27 Change in business inventories.....	8.9	-11.5	13.3	18.3	21.5	-9	13.8	21.7	23.6
28 Durable goods.....	7.1	-9.2	4.1	7.0	10.7	6	7.8	11.5	10.3
29 Nondurable goods.....	1.8	-2.2	9.3	11.2	12.4	-3.1	6.0	10.2	13.4
30 MEMO: Total GNP in 1972 dollars.....	1,217.8	1,202.1	1,274.7	1,271.5	1,283.7	1,287.4	1,311.0	1,330.7	1,347.4
National income									
31 Total.....	1,136.0	1,217.0	1,364.1	1,353.9	1,379.6	1,402.1	1,450.2	1,505.7	1,540.5
32 Compensation of employees.....	875.8	930.3	1,036.3	1,024.9	1,046.5	1,074.2	1,109.9	1,144.7	1,167.4
33 Wages and salaries.....	764.1	805.7	891.8	882.4	900.2	923.2	951.3	980.9	998.9
34 Government and Government enterprises.....	160.0	175.4	187.2	185.4	188.2	192.5	194.8	197.2	200.6
35 Other.....	604.1	630.3	704.6	697.0	712.0	730.7	756.4	783.6	798.3
36 Supplement to wages and salaries.....	111.7	124.6	144.5	142.5	146.3	150.9	158.6	163.8	168.5
37 Employer contributions for social insurance.....	56.1	59.8	68.6	68.0	69.1	70.9	75.4	77.1	78.2
38 Other labor income.....	55.6	64.9	75.9	74.5	77.3	80.0	83.2	86.7	90.3
39 Proprietors' income <sup>1</sup> .....	86.4	86.0	88.0	90.4	86.2	88.7	95.1	97.0	95.5
40 Business and professional <sup>1</sup> .....	60.9	62.8	69.4	68.8	70.0	72.0	74.3	77.3	80.0
41 Farm <sup>1</sup> .....	25.4	23.2	18.6	21.6	16.2	16.6	20.7	19.7	15.5
42 Rental income of persons <sup>2</sup> .....	21.4	22.3	23.3	22.9	23.3	24.1	24.5	24.9	25.5
43 Corporate profits <sup>1</sup> .....	83.6	99.3	128.1	129.2	133.5	123.1	125.4	140.2	149.0
44 Profits before tax <sup>3</sup> .....	126.9	123.5	156.9	159.2	159.9	154.8	161.7	174.0	172.8
45 Inventory valuation adjustment.....	-40.4	-12.0	-14.1	-15.5	-11.7	-16.9	-20.6	-17.8	-5.9
46 Capital consumption adjustment.....	-2.9	-12.2	-14.7	-14.6	-14.7	-14.8	-15.6	-15.9	-17.9
47 Net interest.....	69.0	79.1	88.4	86.5	90.1	92.0	95.3	98.9	103.1

<sup>1</sup> With inventory valuation and capital consumption adjustments.<sup>2</sup> With capital consumption adjustments.<sup>3</sup> 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	1974	1975	1976	1976			1977		
				Q2	Q3	Q4	Q1	Q2	Q3 <sup>r</sup>
Personal income and saving									
1 Total personal income .....	1,154.9	1,253.4	1,382.7	1,366.7	1,393.9	1,432.2	1,476.8	1,517.2	1,549.8
2 Wage and salary disbursements.....	764.6	805.7	891.8	882.4	900.2	923.2	951.3	980.9	998.9
3 Commodity-producing industries.....	274.6	275.0	308.4	306.7	310.8	317.7	328.9	345.4	351.0
4 Manufacturing.....	211.4	211.0	238.2	236.7	240.2	245.1	255.4	265.9	270.0
5 Distributive industries.....	184.3	195.4	217.1	213.7	220.2	226.4	234.5	240.5	244.4
6 Service industries.....	145.1	159.9	179.0	176.6	180.9	186.7	193.0	197.7	202.8
7 Government and government enterprises.....	160.5	175.4	187.2	185.4	188.2	192.5	194.8	197.2	200.6
8 Other labor income.....	55.6	64.9	75.9	74.5	77.3	80.0	83.2	86.7	90.3
9 Proprietors' income <sup>1</sup> .....	86.2	86.0	88.0	90.4	86.2	88.7	95.1	97.0	95.5
10 Business and professional <sup>1</sup> .....	60.9	62.8	69.4	68.8	70.0	72.0	74.3	77.3	80.0
11 Farm <sup>1</sup> .....	25.4	23.2	18.6	21.6	16.2	16.6	20.7	19.7	15.5
12 Rental income of persons <sup>2</sup> .....	21.4	22.3	23.3	22.9	23.3	24.1	24.5	24.9	25.5
13 Dividends.....	31.0	32.4	35.8	35.0	36.0	38.4	38.5	40.3	42.3
14 Personal interest income.....	103.0	115.6	130.3	127.5	132.2	136.4	140.3	145.4	150.3
15 Transfer payments.....	140.8	176.8	192.8	188.7	194.3	198.0	203.5	203.0	208.7
16 Old-age survivors, disability, and health insurance benefits.....	70.1	81.4	92.9	89.3	95.8	98.4	99.9	101.8	108.5
17 LESS: Personal contributions for social insurance.....	47.7	50.4	55.2	54.8	55.6	56.6	59.6	60.8	61.7
18 EQUALS: Personal income.....	1,154.9	1,253.4	1,382.7	1,366.7	1,393.9	1,432.2	1,476.8	1,517.2	1,549.8
19 LESS: Personal tax and nontax payments....	170.3	169.0	196.9	192.6	200.6	209.5	224.4	224.8	226.1
20 EQUALS: Disposable personal income.....	984.6	1,084.4	1,185.8	1,174.1	1,193.3	1,222.6	1,252.4	1,292.5	1,323.8
21 LESS: Personal outlays.....	913.0	1,004.2	1,119.9	1,103.8	1,128.5	1,166.3	1,201.0	1,223.9	1,250.5
22 EQUALS: Personal saving.....	71.7	80.2	65.9	70.3	64.8	56.3	51.4	68.5	73.3
MEMO ITEMS:									
Per capita (1972 dollars):									
23 Gross national product.....	5,746	5,629	5,924	5,916	5,961	5,966	6,064	6,143	6,206
24 Personal consumption expenditures.....	3,589	3,629	3,817	3,794	3,820	3,892	3,934	3,943	3,963
25 Disposable personal income.....	3,973	4,014	4,137	4,130	4,135	4,177	4,202	4,268	4,305
26 Saving rate (per cent).....	7.3	7.4	5.6	6.0	5.4	4.6	4.1	5.3	5.5
Gross saving									
27 Gross private saving.....	209.5	259.4	272.5	275.4	277.2	261.6	262.9	292.1	310.5
28 Personal saving.....	71.7	80.2	65.9	70.3	64.8	56.3	51.4	68.5	73.3
29 Undistributed corporate profits <sup>1</sup> .....	.2	16.7	27.6	28.0	31.6	20.8	22.5	30.3	37.4
30 Corporate inventory valuation adjustment....	-40.4	-12.0	-14.1	-15.5	-11.7	-16.9	-20.6	-17.8	-5.9
Capital consumption allowances:									
31 Corporate.....	84.6	101.7	111.8	110.4	112.9	115.2	117.6	119.4	123.7
32 Noncorporate.....	53.1	60.8	67.2	66.6	68.0	69.2	71.4	73.8	76.2
33 Wage accruals less disbursements.....									
34 Government surplus, or deficit (-), national income and product accounts.....	-3.2	-64.3	-35.6	-33.3	-32.4	-29.4	-11.5	-14.9	-26.0
35 Federal.....	-10.7	-70.2	-54.0	-46.2	-53.5	-55.9	-38.8	-40.3	-58.9
36 State and local.....	7.6	5.9	18.4	12.9	21.1	26.5	27.3	25.4	32.9
37 Capital grants received by the United States, net.....									
38 Investment.....	210.1	201.0	242.5	246.5	252.8	237.5	254.7	276.1	285.4
39 Gross private domestic.....	214.6	189.1	243.3	244.4	254.1	243.3	271.8	294.9	303.6
40 Net foreign.....	-4.5	11.8	-9	2.2	-1.5	-5.9	-17.1	-18.8	-18.2
41 Statistical discrepancy.....	5.8	5.9	5.5	4.5	8.0	5.3	3.3	-1.2	.9

<sup>1</sup> With inventory valuation and capital consumption adjustments.  
<sup>2</sup> With capital consumption adjustment.

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

## 3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.<sup>1</sup>

Item credits or debits	1974	1975	1976	1976			1977		
				Q1	Q3	Q4	Q1	Q2 <sup>r</sup>	Q3
1 Merchandise exports .....	98,306	107,088	114,694	27,000	29,603	29,711	29,458	30,590	30,869
2 Merchandise imports .....	103,673	98,043	124,014	28,343	32,411	33,305	36,561	38,347	38,378
3 Merchandise trade balance <sup>2</sup> .....	-5,367	9,045	-9,320	-1,343	-2,808	-3,594	-7,103	-7,757	-7,509
4 Military transactions, net .....	-2,083	-876	366	-65	235	235	516	311	577
5 Investment income, net .....	8,744	5,954	9,808	2,437	2,667	2,424	3,252	3,504	3,215
6 Other service transactions, net .....	865	2,042	2,743	523	781	598	340	553	767
7 Balance on goods and services <sup>3</sup> .....	2,160	16,164	3,596	1,552	875	-337	-2,995	-3,389	-2,950
8 Remittances, pensions, and other transfers .....	-1,714	-1,719	-1,878	-485	-461	-473	-526	-492	-567
9 U.S. Govt. grants (excluding military) .....	-5,475	-2,893	-3,146	-544	-1,475	-572	-637	-723	-785
10 Balance on current account .....	-5,028	11,552	-1,427	523	-1,061	-1,382	-4,158	-4,604	-4,302
11 Not seasonally adjusted .....				1,458	-3,809	303	-3,409	-4,821	-6,940
12 Change in U.S. Govt. assets, other than official reserve assets, net (increase, -) .....	365	-3,463	-4,213	-723	-1,405	-1,142	-909	-825	-1,175
13 Change in U.S. official reserve assets (increase, -) .....	-1,434	-607	-2,530	-773	-407	228	-388	6	151
14 Gold .....							-58		
15 Special Drawing Rights (SDR's) .....	-172	-66	-78	-45	-18	-29		-83	-9
16 Reserve position in International Monetary Fund (IMF) .....	-1,265	-466	-2,212	-237	-716	-461	-389	-80	133
17 Foreign currencies .....	3	-75	-240	-491	327	718	59	169	27
18 Change in U.S. private assets abroad (increase, -) .....	-25,960	-27,478	-36,216	-9,254	-6,597	-13,108	1,627	-9,464	-2,372
19 Bank-reported claims .....	-19,516	-13,532	-20,904	-3,630	-3,372	-9,148	3,446	-4,553	244
20 Long-term .....	-1,183	-2,357	-2,124	-289	-978	-480	-306	23	-441
21 Short-term .....	-18,333	-11,175	-18,780	-3,341	-2,394	-8,668	3,752	4,576	685
22 Nonbank-reported claims .....	-3,221	-1,447	-1,986	-738	723	-967	-722	-1,129	674
23 Long-term .....	-474	-432	10	-191	66	-10	45	68	47
24 Short-term .....	-2,747	-1,015	-1,996	-547	657	-957	-767	-1,197	627
25 U.S. purchase of foreign securities, net .....	-1,854	-6,235	-8,730	-2,460	-2,743	-2,171	-692	-1,784	-2,190
26 U.S. direct investments abroad, net .....	-1,368	-6,264	-4,596	-2,427	-1,205	-822	-404	-1,998	-1,100
27 Change in foreign official assets in the United States (increase, +) .....	10,981	6,960	17,945	3,847	3,070	6,977	5,719	7,908	8,243
28 U.S. Treasury securities .....	3,282	4,408	9,333	1,998	1,260	3,909	5,149	5,124	6,943
29 Other U.S. Govt. obligations .....	902	905	566	68	66	116	100	609	627
30 Other U.S. Govt. liabilities <sup>4</sup> .....	724	1,701	4,938	1,524	1,819	852	712	456	319
31 Other U.S. liabilities reported by U.S. banks .....	5,818	-2,158	893	-412	-599	1,769	-420	752	-152
32 Other foreign official assets <sup>5</sup> .....	254	2,104	2,215	669	524	331	178	967	506
33 Change in foreign private assets in the United States (increase, +) .....	22,631	7,376	16,575	3,009	5,131	5,102	-3,209	5,873	4,680
34 U.S. bank-reported liabilities .....	16,017	628	10,982	672	1,774	5,008	-5,298	6,344	2,498
35 Long-term .....	9	-280	175	-105	75	221	47	105	192
36 Short-term .....	16,008	908	10,807	777	1,699	4,787	-5,345	6,239	2,306
37 U.S. nonbank-reported liabilities .....	1,844	240	-616	161	-297	-242	-374	-405	-90
38 Long-term .....	-90	334	-947	-233	-241	-311	-229	-183	-48
39 Short-term .....	1,934	-94	331	394	-56	69	-145	-222	-42
40 Foreign private purchases of U.S. Treasury securities, net .....	697	2,590	2,783	437	3,026	-88	1,047	-1,370	1,247
41 Foreign purchases of other U.S. securities, net .....	378	2,503	1,250	1,030	68	21	879	736	514
42 Foreign direct investments in the United States, net .....	3,695	1,414	2,176	709	561	403	537	568	511
43 Allocation of SDR's .....									
44 Discrepancy .....	-1,555	5,660	9,866	3,372	1,268	3,325	1,317	1,106	-5,225
45 Owing to seasonal adjustments .....				717	-2,622	1,780	524	-215	-2,506
46 Statistical discrepancy in recorded data before seasonal adjustment .....	-1,555	5,660	9,866	2,655	3,890	1,545	793	1,321	-2,719
MEMO ITEMS:									
Changes in official assets:									
47 U.S. official reserve assets (increase, -) .....	-1,434	-607	-2,530	-773	-407	228	-388	6	151
48 Foreign official assets in the United States (increase, +) .....	10,257	5,259	13,007	2,323	1,251	6,125	5,007	7,452	7,924
49 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 27 above) .....	10,841	7,092	9,324	3,482	1,774	805	3,249	1,073	1,441
50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above) .....	1,817	2,217	386	50	156	94	46	27	32

<sup>1</sup> Seasonal factors are no longer calculated for lines 13 through 50.<sup>2</sup> Data are on an international accounts (IA) basis. Differs from the Census basis primarily because the IA basis includes imports into the U.S. Virgin Islands, and it excludes military exports, which are part of Line 4.<sup>3</sup> Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition

excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

<sup>4</sup> Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.<sup>5</sup> Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.NOTE.—Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

## 3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct.	Nov.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments.....	97,908	107,130	114,802	10,395	10,112	10,150	9,563	10,916	9,190	9,304
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses.....	100,252	96,115	120,678	11,616	12,932	12,476	12,232	12,631	12,288	11,386
3 Trade balance.....	-2,344	+11,014	-5,876	-1,221	-2,820	-2,326	-2,669	-1,715	-3,098	-2,082

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. The international-accounts-basis data shown in Table 3.10 adjust the Census basis data for reasons of coverage and timing. On the export side, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military

exports (which are combined with other military transactions and are reported separately in the "service account"). On the import side, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE.—FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Dept. of Commerce, Bureau of the Census).

## 3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

Type	1974	1975	1976	1977						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec. <sup>p</sup>
1 Total.....	15,883	16,226	18,747	19,156	18,927	19,055	18,988	19,048	19,155	<sup>3</sup> 19,317
2 Gold stock, including Exchange Stabilization Fund <sup>1</sup> .....	11,652	11,599	11,598	11,658	11,658	11,658	11,658	11,658	11,658	11,719
3 Special Drawing Rights <sup>2</sup> .....	2,374	2,335	2,395	2,486	2,498	2,483	2,489	2,530	2,548	<sup>3</sup> 2,629
4 Reserve position in International Monetary Fund.....	1,852	2,212	4,434	4,920	4,716	4,859	4,776	4,842	4,933	<sup>3</sup> 4,951
5 Convertible foreign currencies.....	5	80	320	92	55	55	65	18	16	18

<sup>1</sup> Gold held under earmark at F.R. Banks for foreign and international accounts is not included in the gold stock of the United States; see Table 3.24.

<sup>2</sup> Includes allocations by the International Monetary Fund (IMF) 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.

<sup>3</sup> 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 Dec. amounted to \$19,177; SDR holdings, \$2,610, and reserve position in IMF, \$4,790.

## 3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct. <sup>p</sup>	Nov. <sup>p</sup>
1 Total .....	119,164	126,552	151,356	160,950	163,545	168,799	166,319	174,657	178,942	184,519
2 Foreign countries .....	115,842	120,929	142,873	152,259	155,362	162,379	159,163	167,243	171,546	176,886
3 Official institutions <sup>1</sup> .....	76,823	80,712	91,975	102,112	103,656	107,601	108,134	111,183	117,064	122,886
4 Short-term, reported by banks in the United States <sup>2</sup> .....	53,079	49,530	53,619	58,260	57,413	60,059	56,810	56,783	59,845	62,025
5 U.S. Treasury bonds and notes: .....										
6 Marketable <sup>3</sup> .....	5,059	6,671	11,788	16,382	18,345	19,393	23,089	25,582	28,634	31,514
7 Nonmarketable <sup>4</sup> .....	16,339	19,976	20,648	20,950	20,917	20,837	20,655	21,128	20,351	20,462
8 Other readily marketable liabilities <sup>5</sup> .....	2,346	4,535	5,920	6,520	6,981	7,312	7,580	7,690	8,234	8,885
Commercial banks abroad:										
9 Short-term, reported by banks in the United States <sup>2,6</sup> .....	30,106	29,516	37,329	35,521	36,687	39,946	35,789	40,392	38,755	38,078
10 Other foreigners .....	8,913	10,701	13,569	14,626	15,019	14,832	15,240	15,668	15,727	15,922
11 Short-term, reported by banks in the United States <sup>2</sup> .....	8,415	10,000	12,592	13,398	13,623	13,377	13,684	14,041	14,036	14,169
12 Marketable U.S. Treasury bonds and notes <sup>3,7</sup> .....	498	701	977	1,228	1,396	1,455	1,556	1,627	1,691	1,753
13 Nonmonetary international and regional organization <sup>8</sup> .....	3,322	5,623	8,483	8,691	8,183	6,420	7,156	7,414	7,396	7,633
14 Short-term, reported by banks in the United States <sup>2</sup> .....	3,171	5,292	5,450	6,556	5,727	3,834	4,216	3,555	3,396	3,258
15 Marketable U.S. Treasury bonds and notes <sup>3</sup> .....	151	331	3,033	2,135	2,456	2,586	2,940	3,859	4,000	4,375

<sup>1</sup> Includes Bank for International Settlements.<sup>2</sup> Includes Treasury bills as shown in Table 3.15.<sup>3</sup> Derived by applying reported transactions to benchmark data.<sup>4</sup> Excludes notes issued to foreign official nonreserve agencies.<sup>5</sup> Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.<sup>6</sup> Includes short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.<sup>7</sup> Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad and other foreigners.<sup>8</sup> Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve 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 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Area	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct. <sup>p</sup>	Nov. <sup>p</sup>
1 Total .....	76,823	80,712	91,975	102,112	103,656	107,601	108,134	111,183	117,064	122,886
2 Western Europe <sup>1</sup> .....	44,328	45,701	45,882	50,605	53,342	55,669	57,741	60,701	65,048	68,126
3 Canada .....	3,662	3,132	3,406	2,798	2,699	2,653	2,553	2,508	1,863	1,919
4 Latin American republics .....	4,419	4,450	4,906	4,672	4,240	4,340	4,246	4,466	4,269	4,843
5 Asia .....	18,627	22,551	34,108	40,341	39,839	41,162	40,438	40,330	42,697	45,214
6 Africa .....	3,160	2,983	1,893	1,821	1,938	2,458	2,265	2,144	2,027	1,792
7 Other countries <sup>2</sup> .....	2,627	1,895	1,780	1,875	1,598	1,319	891	1,034	1,160	992

<sup>1</sup> Includes Bank for International Settlements.<sup>2</sup> Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

NOTE.—Data represent breakdown by area of line 3, Table 3.13.

## 3.15 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

By Holder and by Type of Liability

Millions of dollars, end of period

Holder, and type of liability	1974	1975	1976	1977						
				May <sup>r</sup>	June <sup>r</sup>	July	Aug. <sup>r</sup>	Sept.	Oct. <sup>p</sup>	Nov. <sup>p</sup>
<b>1 All foreigners, excluding the International Monetary Fund.....</b>	<b>94,771</b>	<b>94,338</b>	<b>108,990</b>	<b>113,735</b>	<b>113,448</b>	<b>117,216</b>	<b>110,499</b>	<b>114,773</b>	<b>116,032</b>	<b>117,530</b>
2 Payable in dollars.....	94,004	93,781	108,266	113,083	112,773	116,256	109,610	114,027	115,256	116,698
Deposits:										
3 Demand.....	14,051	13,564	16,803	16,742	16,287	17,496	15,942	16,893	16,904	16,464
4 Time <sup>1</sup> .....	9,907	10,250	11,316	11,554	12,079	11,833	11,749	11,604	11,534	11,368
5 U.S. Treasury bills and certificates <sup>2</sup> .....	35,662	37,414	40,744	45,463	44,110	44,413	42,254	43,181	44,667	47,047
6 Other short-term liabilities <sup>3</sup> .....	34,384	32,552	39,403	39,325	40,296	42,515	39,664	42,349	42,152	41,819
7 Payable in foreign currencies.....	766	558	724	653	675	960	889	745	776	832
<b>8 Nonmonetary international and regional organizations<sup>4</sup>.....</b>	<b>3,171</b>	<b>5,293</b>	<b>5,450</b>	<b>6,557</b>	<b>5,728</b>	<b>3,834</b>	<b>4,216</b>	<b>3,555</b>	<b>3,396</b>	<b>3,258</b>
9 Payable in dollars.....	3,171	5,284	5,445	6,551	5,715	3,819	4,178	3,523	3,376	3,237
Deposits:										
10 Demand.....	139	139	290	172	228	122	142	214	173	173
11 Time <sup>1</sup> .....	111	148	205	167	156	154	147	134	140	142
12 U.S. Treasury bills and certificates.....	497	2,554	2,701	2,977	2,521	2,191	1,990	1,875	802	767
13 Other short-term liabilities <sup>5</sup> .....	2,424	2,443	2,250	3,234	2,811	1,352	1,900	1,300	2,261	2,155
14 Payable in foreign currencies.....		8	5	6	13	15	38	32	20	20
<b>15 Official institutions, banks, and other foreigners..</b>	<b>91,600</b>	<b>89,046</b>	<b>103,540</b>	<b>107,179</b>	<b>107,720</b>	<b>113,382</b>	<b>106,283</b>	<b>111,218</b>	<b>112,636</b>	<b>114,272</b>
16 Payable in dollars.....	90,834	88,496	102,821	106,532	107,058	112,437	105,431	110,504	111,881	113,461
Deposits:										
17 Demand.....	13,912	13,426	16,513	16,569	16,060	17,374	15,801	16,679	16,731	16,290
18 Time <sup>1</sup> .....	9,796	10,102	11,112	11,387	11,924	11,679	11,603	11,471	11,394	11,226
19 U.S. Treasury bills and certificates <sup>2</sup> .....	35,165	34,860	38,042	42,485	41,589	42,221	40,264	41,306	43,865	46,281
20 Other short-term liabilities <sup>3</sup> .....	31,961	30,109	37,153	36,091	37,486	41,163	37,764	41,048	39,890	39,664
21 Payable in foreign currencies.....	766	549	719	647	662	945	851	713	756	812
<b>22 Official institutions<sup>6</sup>.....</b>	<b>53,079</b>	<b>49,530</b>	<b>53,619</b>	<b>58,260</b>	<b>57,413</b>	<b>60,059</b>	<b>56,810</b>	<b>56,783</b>	<b>59,845</b>	<b>62,025</b>
23 Payable in dollars.....	52,952	49,530	53,619	58,260	57,413	60,059	56,810	56,783	59,845	62,025
Deposits:										
24 Demand.....	2,951	2,644	3,394	2,676	2,705	3,642	3,122	3,133	2,990	2,557
25 Time <sup>1</sup> .....	4,167	3,423	2,321	2,441	2,506	2,401	2,248	1,987	1,903	1,823
26 U.S. Treasury bills and certificates <sup>2</sup> .....	34,656	34,199	37,725	42,197	41,322	41,926	39,825	40,780	43,392	45,806
27 Other short-term liabilities <sup>3</sup> .....	11,178	9,264	10,179	10,947	10,880	12,090	11,615	10,882	11,560	11,839
28 Payable in foreign currencies.....	127									
<b>29 Banks and other foreigners.....</b>	<b>38,520</b>	<b>39,515</b>	<b>49,921</b>	<b>48,918</b>	<b>50,307</b>	<b>53,323</b>	<b>49,473</b>	<b>54,435</b>	<b>52,791</b>	<b>52,247</b>
30 Payable in dollars.....	37,881	38,966	49,202	48,272	49,645	52,378	48,622	53,721	52,035	51,435
31 Banks <sup>7</sup> .....	29,467	28,966	36,610	34,875	36,025	39,001	34,937	39,679	37,999	37,267
Deposits:										
32 Demand.....	8,231	7,534	9,104	9,782	9,565	10,136	8,928	9,676	9,685	9,668
33 Time <sup>1</sup> .....	1,885	1,856	2,267	1,748	2,124	1,826	1,865	1,849	1,879	1,814
34 U.S. Treasury bills and certificates.....	232	335	119	108	100	144	112	121	127	141
35 Other short-term liabilities <sup>3</sup> .....	19,119	19,241	25,120	23,236	24,236	26,895	24,033	28,033	26,308	25,643
36 Other foreigners.....	8,414	10,000	12,592	13,397	13,620	13,376	13,684	14,042	14,036	14,169
Deposits:										
37 Demand.....	2,729	3,248	4,015	4,111	3,790	3,595	3,751	3,870	4,056	4,065
38 Time <sup>1</sup> .....	3,744	4,823	6,524	7,198	7,294	7,453	7,490	7,634	7,611	7,588
39 U.S. Treasury bills and certificates.....	277	325	198	180	167	151	328	404	346	333
40 Other short-term liabilities <sup>3</sup> .....	1,664	1,604	1,854	1,908	2,370	2,177	2,116	2,133	2,022	2,182
41 Payable in foreign currencies.....	639	549	719	647	662	945	851	713	756	812

<sup>1</sup> Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."<sup>2</sup> Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.<sup>3</sup> 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.<sup>4</sup> Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.<sup>5</sup> Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.<sup>6</sup> Foreign central banks and foreign central governments and their agencies, and Bank for International Settlements.<sup>7</sup> Excludes central banks, which are included in "Official institutions."

NOTE.—"Short-term obligations" are those payable on demand, or having an original maturity of 1 year or less.

## 3.16 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars, end of period

Area and country	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct. <sup>p</sup>	Nov. <sup>p</sup>
1 Total.....	94,811	94,338	108,990	113,735	113,448	117,216	110,499	114,773	116,032	117,530
2 Foreign countries.....	91,640	89,046	103,540	107,179	107,720	113,382	106,283	111,218	112,636	114,272
3 Europe.....	48,853	43,988	46,938	47,505	49,627	50,604	48,953	51,431	52,899	54,411
4 Austria.....	607	754	348	409	465	455	498	448	410	375
5 Belgium-Luxembourg.....	2,506	2,898	2,275	2,641	2,704	2,822	2,691	2,667	2,714	2,662
6 Denmark.....	369	332	363	974	1,178	1,154	1,032	1,172	1,272	1,264
7 Finland.....	266	391	422	242	258	209	217	248	232	263
8 France.....	4,287	7,733	4,875	4,921	5,089	4,745	4,894	4,799	5,006	4,683
9 Germany.....	9,429	4,357	5,965	4,825	4,271	4,937	4,413	4,289	5,280	5,590
10 Greece.....	248	284	403	409	556	573	709	629	648	643
11 Italy.....	2,617	1,072	3,206	3,509	4,636	5,422	5,538	5,770	6,320	6,778
12 Netherlands.....	3,234	3,411	3,007	3,111	3,545	3,397	3,328	3,216	3,088	2,986
13 Norway.....	1,040	996	785	999	1,195	1,203	1,140	1,190	1,023	641
14 Portugal.....	310	195	239	238	163	222	169	173	191	266
15 Spain.....	382	426	561	586	667	642	543	723	724	647
16 Sweden.....	1,138	2,286	1,693	2,431	2,390	1,963	1,782	2,483	2,734	3,140
17 Switzerland.....	10,139	8,514	9,458	8,436	9,323	9,162	9,386	9,920	9,752	9,911
18 Turkey.....	152	118	166	68	127	101	203	93	111	118
19 United Kingdom.....	7,584	6,886	10,004	11,230	10,701	11,250	10,226	11,427	11,096	12,145
20 Yugoslavia.....	183	126	188	102	115	125	110	119	130	171
21 Other Western Europe <sup>1</sup> .....	4,073	2,970	2,672	2,136	2,009	1,973	1,855	1,839	1,938	1,895
22 U.S.S.R.....	82	40	51	66	73	88	70	53	68	66
23 Other Eastern Europe.....	206	200	255	172	162	160	151	173	162	167
24 Canada.....	3,520	3,076	4,784	4,869	4,253	4,456	4,631	4,492	4,936	4,639
25 Latin America.....	11,754	14,942	19,026	19,958	20,786	23,038	21,412	24,470	22,346	22,531
26 Argentina.....	886	1,147	1,538	1,971	1,699	1,754	2,022	2,187	2,421	2,595
27 Bahamas.....	1,054	1,827	2,750	2,744	3,777	5,518	4,283	5,940	3,773	3,469
28 Brazil.....	1,034	1,227	1,432	1,175	1,357	1,398	1,233	1,101	1,055	953
29 Chile.....	276	317	335	432	393	373	353	342	340	322
30 Colombia.....	305	417	1,017	1,172	1,196	1,220	1,164	1,156	1,182	1,152
31 Cuba.....	7	6	6	8	7	6	6	6	6	6
32 Mexico.....	1,770	2,066	2,848	2,764	2,832	2,869	2,790	2,823	2,741	2,851
33 Panama.....	510	1,099	1,140	984	941	1,015	954	947	946	986
34 Peru.....	272	244	257	219	224	241	273	288	259	235
35 Uruguay.....	165	172	245	251	234	242	230	245	226	258
36 Venezuela.....	3,413	3,289	3,095	3,006	2,478	2,532	2,887	3,037	3,212	3,780
37 Other Latin American republics.....	1,316	1,494	2,081	2,270	2,376	2,238	2,154	2,320	2,213	2,125
38 Netherlands Antilles <sup>2</sup> .....	158	129	140	215	207	158	180	169	156	184
39 Other Latin America.....	589	1,507	2,142	2,745	3,066	3,476	2,886	3,908	3,814	3,616
40 Asia.....	21,130	21,539	28,472	29,933	28,456	30,296	26,931	26,457	28,169	28,720
41 China, People's Republic of (Mainland).....	50	123	47	53	44	49	46	44	48	52
42 China, Republic of (Taiwan).....	818	1,025	989	1,210	1,196	1,259	925	924	899	886
43 Hong Kong.....	530	623	892	950	931	1,028	1,066	1,153	993	971
44 India.....	261	126	648	721	814	746	743	850	886	980
45 Indonesia.....	1,221	369	340	531	282	782	589	453	905	739
46 Israel.....	389	386	391	503	547	484	467	416	465	490
47 Japan.....	10,931	10,218	14,380	12,481	12,387	12,837	11,691	11,440	13,277	14,821
48 Korea.....	384	390	437	472	534	633	527	600	599	572
49 Philippines.....	747	698	627	634	614	653	561	559	630	603
50 Thailand.....	333	252	275	275	257	281	293	264	271	251
51 Middle East oil-exporting countries <sup>3</sup> .....	4,623	6,461	8,073	10,447	9,283	9,976	8,828	8,525	7,930	7,192
52 Other.....	845	867	1,372	1,655	1,568	1,568	1,195	1,230	1,266	1,162
53 Africa.....	3,551	3,373	2,300	2,753	2,671	3,284	3,177	3,023	2,786	2,560
54 Egypt.....	103	343	333	360	314	401	603	484	393	331
55 Morocco.....	38	68	88	93	81	73	61	68	61	31
56 South Africa.....	130	169	143	184	237	264	185	208	232	240
57 Zaire.....	84	63	35	30	30	40	38	36	33	30
58 Oil-exporting countries <sup>4</sup> .....	2,814	2,239	1,116	1,205	1,145	1,541	1,430	1,564	1,403	1,214
59 Other.....	383	491	585	881	866	966	860	664	664	715
60 Other countries.....	2,831	2,128	2,019	2,162	1,926	1,704	1,179	1,345	1,500	1,411
61 Australia.....	2,742	2,014	1,911	2,026	1,800	1,553	1,007	1,198	1,348	1,276
62 All other.....	89	114	108	135	126	151	172	146	152	135
63 Nonmonetary international and regional organizations.....	3,171	5,293	5,450	6,557	5,728	3,834	4,216	3,555	3,396	3,258
64 International.....	2,900	5,064	5,091	6,230	5,365	3,484	3,816	3,186	3,079	2,922
65 Latin American regional.....	202	187	136	118	144	165	187	157	134	128
66 Other regional <sup>5</sup> .....	69	42	223	209	218	186	213	212	183	208

For notes see bottom of p. A59.

## 3.17 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Supplemental "Other" Countries <sup>1</sup>

Millions of dollars, end of period

Area and country	1975		1976		1977	Area and country	1975		1976		1977
	Apr.	Dec.	Apr.	Dec.	Apr.		Apr.	Dec.	Apr.	Dec.	Apr.
<b>Other Western Europe</b>						<b>Other Asia</b>					
1 Cyprus.....	17	6	38	68	58	25 Afghanistan.....	19	41	57	55	90
2 Iceland.....	20	33	43	40	32	26 Bangladesh.....	50	54	44	54	.....
3 Ireland, Republic of.....	29	75	43	236	131	27 Burma.....	49	31	34	13	.....
						28 Cambodia.....	4	4	3	4	.....
<b>Other Eastern Europe</b>						29 Jordan.....	34	39	23	37	23
4 Bulgaria.....	13	19	14	34	11	30 Laos.....	5	2	2	1	.....
5 Czechoslovakia.....	11	32	11	19	31	31 Lebanon.....	180	117	132	140	133
6 German Democratic Republic.....	18	17	3	11	.....	32 Malaysia.....	92	77	130	394	511
7 Hungary.....	11	13	11	18	16	33 Nepal.....	22	28	34	32	35
8 Poland.....	42	66	74	75	64	34 Pakistan.....	118	74	92	188	135
9 Rumania.....	14	44	29	19	23	35 Singapore.....	215	256	344	280	300
						36 Sri Lanka (Ceylon).....	13	13	10	22	27
<b>Other Latin American republics</b>						37 Vietnam.....	70	62	66	50	50
10 Bolivia.....	93	110	117	121	135						
11 Costa Rica.....	120	124	134	134	170	<b>Other Africa</b>					
12 Dominican Republic.....	214	169	170	274	280	38 Ethiopia (incl. Eritrea).....	76	60	72	41	48
13 Ecuador.....	157	120	150	319	311	39 Ghana.....	13	23	45	27	37
14 El Salvador.....	144	171	212	176	214	40 Ivory Coast.....	11	18	17	10	26
15 Guatemala.....	255	260	368	340	392	41 Kenya.....	32	19	39	46	185
16 Haiti.....	34	38	48	46	68	42 Liberia.....	33	53	63	76	95
17 Honduras.....	92	99	137	134	210	43 Southern Rhodesia.....	3	1	1	1	1
18 Jamaica.....	62	41	59	34	43	44 Sudan.....	14	12	17	22	30
19 Nicaragua.....	126	133	158	113	133	45 Tanzania.....	21	30	20	48	57
20 Paraguay.....	38	43	50	47	60	46 Tunisia.....	23	29	34	19	15
21 Surinam <sup>2</sup> .....	.....	.....	13	29	17	47 Uganda.....	38	22	50	43	.....
22 Trinidad and Tobago.....	31	131	44	167	85	48 Zambia.....	18	78	14	35	55
<b>Other Latin America:</b>						<b>All Other</b>					
23 Bermuda.....	100	170	197	177	199	49 New Zealand.....	36	42	48	43	75
24 British West Indies.....	627	1,311	2,284	1,874	2,377						

<sup>1</sup> Represents a partial breakdown of the amounts shown in the "Other" categories on Table 3.16.<sup>2</sup> Surinam included with Netherlands Antilles until January 1976.

## 3.18 LONG-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Millions of dollars, end of period

Holder, and area or country	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct. <sup>P</sup>	Nov. <sup>P</sup>
1 Total.....	1,285	1,812	2,432	2,230	2,376	2,322	2,336	2,526	2,586	2,696
2 Nonmonetary international and regional organizations.....	822	415	269	266	279	269	313	330	352	352
3 Foreign countries.....	464	1,397	2,163	1,964	2,097	2,053	2,023	2,196	2,234	2,344
4 Official institutions, including central banks.....	124	931	1,337	1,080	1,135	1,081	1,006	1,074	1,089	1,255
5 Banks, excluding central banks.....	261	366	621	615	650	644	680	713	722	713
6 Other foreigners.....	79	100	204	270	312	329	337	409	422	376
<b>Area or country:</b>										
7 Europe.....	226	330	570	579	628	634	664	708	719	704
8 Germany.....	146	214	346	297	312	307	308	307	308	309
9 United Kingdom.....	59	66	124	133	147	162	169	200	205	200
10 Canada.....	19	23	29	34	35	33	27	27	27	26
11 Latin America.....	115	140	230	254	280	287	304	341	346	330
12 Middle East oil-exporting countries <sup>1</sup> .....	94	894	1,286	1,076	1,130	1,075	987	1,056	1,064	1,232
13 Other Asia.....	7	8	46	19	18	18	34	38	53	44
14 African oil-exporting countries <sup>2</sup> .....	*	*	*	*	*	*	*	*	1	1
15 Other Africa.....	1	1	*	2	6	6	6	23	22	6
16 All other countries.....	*	*	1	1	1	1	1	1	2	1

<sup>1</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).<sup>2</sup> Comprises Algeria, Gabon, Libya, and Nigeria.

NOTE.—Long-term obligations are those having an original maturity of more than 1 year.

## NOTES TO TABLE 3.16:

<sup>1</sup> Includes Bank for International Settlements.<sup>2</sup> Surinam included with Netherlands Antilles until January 1976.<sup>3</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).<sup>4</sup> Comprises Algeria, Gabon, Libya, and Nigeria.<sup>5</sup> Asian, African, and European regional organizations, except BIS, which is included in "Other Western Europe."

## 3.19 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars, end of period

Area and country	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct. <sup>2</sup>	Nov. <sup>2</sup>
1 Total .....	39,056	50,231	69,139	68,060	69,732	69,608	68,592	69,107	72,160	72,275
2 Foreign countries .....	39,055	50,229	69,134	68,057	69,720	69,599	68,581	69,096	72,151	72,263
3 Europe .....	6,255	8,987	12,122	12,185	12,923	12,763	12,277	13,352	13,770	12,969
4 Austria .....	21	15	44	43	53	63	53	117	75	52
5 Belgium-Luxembourg .....	384	352	662	589	759	505	476	558	782	751
6 Denmark .....	46	49	85	84	85	86	100	140	126	107
7 Finland .....	122	128	139	130	113	101	103	95	111	106
8 France .....	673	1,471	1,445	1,546	1,455	1,503	1,471	1,356	1,344	1,292
9 Germany .....	589	416	517	503	575	647	648	615	766	645
10 Greece .....	64	49	79	65	51	66	68	103	98	107
11 Italy .....	345	370	929	979	875	972	1,014	1,060	1,104	1,148
12 Netherlands .....	348	300	304	362	480	471	371	447	304	352
13 Norway .....	119	71	98	148	124	121	135	109	120	124
14 Portugal .....	20	16	65	100	97	110	138	148	138	115
15 Spain .....	196	249	373	302	284	323	344	346	471	401
16 Sweden .....	180	167	180	79	101	153	151	139	172	144
17 Switzerland .....	335	237	485	473	484	488	533	700	681	614
18 Turkey .....	15	86	176	322	333	333	329	337	329	344
19 United Kingdom .....	2,580	4,718	6,179	6,074	6,638	6,473	6,011	6,771	6,623	6,358
20 Yugoslavia .....	22	38	41	55	58	49	35	34	28	29
21 Other Western Europe .....	22	27	52	40	51	42	47	43	267	50
22 U.S.S.R. .....	46	103	99	82	90	88	81	89	82	81
23 Other Eastern Europe .....	131	127	171	209	216	169	169	146	149	150
24 Canada .....	2,776	2,817	3,049	3,554	3,607	3,728	3,978	3,400	3,626	3,798
25 Latin America .....	12,377	20,532	34,270	33,190	33,413	33,415	32,826	33,076	35,105	35,469
26 Argentina .....	720	1,203	964	886	904	839	856	939	1,076	1,085
27 Bahamas .....	3,405	7,570	15,336	15,127	16,058	15,061	13,647	13,522	15,984	16,516
28 Brazil .....	1,418	2,221	3,322	3,061	3,030	3,026	3,077	3,011	3,121	2,949
29 Chile .....	290	360	387	362	349	373	382	431	435	441
30 Colombia .....	713	689	586	505	495	514	542	528	570	554
31 Cuba .....	14	13	13	13	13	13	13	13	10	15
32 Mexico .....	1,972	2,802	3,432	3,249	3,204	3,469	3,455	3,488	3,261	3,220
33 Panama .....	505	1,052	1,257	1,469	905	1,278	1,463	1,063	1,431	1,719
34 Peru .....	518	583	704	741	797	796	783	785	737	734
35 Uruguay .....	63	51	38	36	32	38	39	42	47	60
36 Venezuela .....	704	1,086	1,564	1,359	1,348	1,421	1,435	1,656	1,654	1,714
37 Other Latin American republics .....	852	967	1,125	1,176	1,144	1,181	1,233	1,224	1,290	1,316
38 Netherlands Antilles <sup>1</sup> .....	62	49	40	36	69	64	57	75	61	139
39 Other Latin America .....	1,142	1,885	5,503	5,170	5,066	5,342	5,844	6,298	5,426	5,006
40 Asia .....	16,226	16,057	17,672	16,606	16,979	17,025	16,838	16,614	16,856	17,327
41 China, People's Republic of (Mainland) .....	4	22	3	15	30	13	9	27	20	22
42 China, Republic of (Taiwan) .....	500	736	991	1,221	1,259	1,275	1,236	1,303	1,321	1,275
43 Hong Kong .....	223	258	271	298	337	359	272	360	357	466
44 India .....	14	21	41	34	39	25	65	59	48	54
45 Indonesia .....	157	102	76	39	72	65	67	97	60	60
46 Israel .....	255	491	551	280	334	311	323	304	348	347
47 Japan .....	12,518	10,776	10,997	9,591	9,935	9,698	9,623	9,351	9,341	9,578
48 Korea .....	955	1,561	1,714	1,912	1,861	1,981	2,069	2,001	1,998	1,876
49 Philippines .....	372	384	559	498	418	372	478	477	489	508
50 Thailand .....	458	499	422	519	558	584	580	617	612	594
51 Middle East oil-exporting countries <sup>2</sup> .....	330	524	1,312	1,469	1,275	1,476	1,369	1,340	1,531	1,791
52 Other .....	441	684	735	730	860	867	758	708	695	757
53 Africa .....	855	1,228	1,481	1,559	1,789	1,658	1,720	1,656	1,828	1,749
54 Egypt .....	111	101	127	152	157	158	149	134	155	130
55 Morocco .....	18	9	13	34	36	46	43	48	44	31
56 South Africa .....	329	545	763	778	810	821	799	802	881	822
57 Zaire .....	98	34	29	7	9	8	6	15	7	7
58 Oil-exporting countries <sup>3</sup> .....	115	231	253	243	422	290	357	306	378	358
59 Other .....	185	308	296	344	355	333	365	350	362	400
60 Other countries .....	565	609	540	963	1,009	1,010	943	998	966	952
61 Australia .....	466	535	441	846	878	861	795	863	839	815
62 All other .....	99	73	99	117	132	150	148	135	127	137
63 Nonmonetary international and regional organizations .....	*	1	5	4	13	10	11	10	9	12

<sup>1</sup> Includes Surinam until January 1976.<sup>2</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).<sup>3</sup> Comprises Algeria, Gabon, Libya, and Nigeria.

## 3.20 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Type of Claim

Millions of dollars, end of period

Type	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct. <sup>p</sup>	Nov. <sup>p</sup>
1 Total.....	39,056	50,231	69,139	68,060	69,732	69,608	68,592	69,107	72,160	72,275
2 Payable in dollars.....	37,859	48,888	67,494	66,297	67,954	67,942	66,661	67,379	70,161	70,404
3 Loans, total.....	11,287	13,200	18,141	16,647	16,090	17,602	16,687	18,383	18,045	17,560
4 Official institutions, including central banks.....	381	613	1,448	967	983	851	1,018	1,007	1,085	1,064
5 Banks, excluding central banks.....	7,332	7,665	11,142	10,638	10,001	11,523	10,609	11,992	11,301	11,146
6 All other, including nonmonetary international and regional organizations.....	3,574	4,921	5,552	5,041	5,105	5,228	5,060	5,385	5,658	5,350
7 Collections outstanding.....	5,637	5,467	5,756	6,317	6,417	6,352	6,200	6,025	6,005	6,029
8 Acceptances made for accounts of foreigners.....	11,237	11,147	12,358	13,045	13,166	13,431	13,556	13,645	13,674	13,368
9 Other claims <sup>1</sup> .....	9,698	19,075	31,238	30,288	32,280	30,556	30,218	29,325	32,436	33,447
10 Payable in foreign currencies.....	1,196	1,342	1,645	1,764	1,779	1,667	1,931	1,728	2,000	1,871
11 Deposits with foreigners.....	669	656	1,063	864	845	817	1,032	844	922	837
12 Foreign government securities, commercial and finance paper.....	289	314	89	377	302	277	233	239	356	392
13 Other claims.....	238	372	493	522	631	572	667	645	722	642

<sup>1</sup> 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.

## 3.21 LONG-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

Millions of dollars, end of period

Type, and area or country	1974	1975	1976	1977						
				May	June	July	Aug.	Sept.	Oct. <sup>p</sup>	Nov. <sup>p</sup>
1 Total.....	7,179	9,536	11,898	12,294	12,182	12,251	12,468	12,648	12,734	12,368
By type:										
2 Payable in dollars.....	7,099	9,419	11,750	12,091	11,982	12,049	12,250	12,432	12,504	12,134
3 Loans, total.....	6,490	8,316	10,093	10,395	10,286	10,323	10,504	10,609	10,761	10,452
4 Official institutions, including central banks.....	1,324	1,351	1,407	1,674	1,653	1,676	1,712	1,756	1,774	1,794
5 Banks, excluding central banks.....	929	1,567	2,232	2,262	2,263	2,238	2,279	2,316	2,426	2,303
6 All other, including nonmonetary international and regional organizations.....	4,237	5,399	6,454	6,460	6,371	6,408	6,513	6,538	6,561	6,355
7 Other long-term claims.....	609	1,103	1,656	1,696	1,695	1,726	1,746	1,823	1,743	1,681
8 Payable in foreign currencies.....	80	116	148	202	200	202	218	216	229	235
By area or country:										
9 Europe.....	1,908	2,704	3,314	3,650	3,677	3,648	3,706	3,677	3,682	3,419
10 Canada.....	501	555	637	501	483	485	455	456	461	424
11 Latin America.....	2,614	3,468	4,870	5,042	5,016	5,045	5,219	5,428	5,547	5,583
12 Asia.....	1,619	1,795	1,904	1,884	1,832	1,862	1,846	1,872	1,763	1,742
13 Japan.....	258	296	382	391	381	391	371	359	334	320
14 Middle East oil-exporting countries <sup>1</sup> .....	384	220	146	149	151	155	170	161	172	153
15 Other Asia.....	977	1,279	1,376	1,345	1,301	1,317	1,305	1,353	1,257	1,270
16 Africa.....	366	747	890	898	860	857	898	873	858	852
17 Oil-exporting countries <sup>2</sup> .....	62	151	271	213	213	191	219	221	201	176
18 Other.....	305	596	619	685	647	666	679	651	657	676
19 All other countries <sup>3</sup> .....	171	267	282	319	313	353	344	343	423	348

<sup>1</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

<sup>2</sup> Comprises Algeria, Gabon, Libya, and Nigeria.

<sup>3</sup> Includes nonmonetary international and regional organizations.

## 3.22 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

Asset account	1974	1975	1976	1977						
			Dec.	Apr.	May	June	July	Aug. <sup>r</sup>	Sept.	Oct. <sup>p</sup>
	All foreign countries									
1 Total, all currencies . . . . .	151,905	176,493	219,420	223,222	229,542	236,480	235,637	234,592	244,955	247,049
2 Claims on United States . . . . .	6,900	6,743	7,889	8,676	7,361	7,398	10,683	8,192	11,914	8,301
3 Parent bank . . . . .	4,464	3,665	4,323	5,276	3,928	3,610	7,134	4,630	8,231	4,604
4 Other . . . . .	2,435	3,078	3,566	3,400	3,432	3,788	3,549	3,562	3,683	3,694
5 Claims on foreigners . . . . .	138,712	163,391	204,486	207,573	214,784	221,667	217,456	218,869	225,123	230,295
6 Other branches of parent bank . .	27,559	34,508	45,955	48,164	49,464	52,406	48,387	48,317	52,071	51,901
7 Other banks . . . . .	60,283	69,206	83,765	79,782	83,937	86,887	84,363	85,532	87,741	91,866
8 Official institutions . . . . .	4,077	5,792	10,609	12,517	13,045	13,194	13,572	13,820	14,182	14,444
9 Nonbank foreigners . . . . .	46,793	53,886	64,157	67,110	68,337	69,180	71,134	71,200	71,128	72,084
10 Other assets . . . . .	6,294	6,359	7,045	6,973	7,397	7,414	7,497	7,530	7,919	8,453
11 Total payable in U.S. dollars . . . . .	105,969	132,901	167,695	172,134	176,603	182,396	179,647	179,050	188,176	187,580
12 Claims on United States . . . . .	6,603	6,408	7,595	8,302	6,951	6,984	10,266	7,748	11,434	7,759
13 Parent bank . . . . .	4,428	3,628	4,264	5,232	3,903	3,590	7,095	4,560	8,177	4,517
14 Other . . . . .	2,175	2,780	3,332	3,070	3,049	3,393	3,170	3,188	3,257	3,242
15 Claims on foreigners . . . . .	96,209	123,496	156,896	160,529	166,160	172,011	166,057	167,716	173,191	175,842
16 Other branches of parent bank . .	19,688	28,478	37,909	40,300	41,350	43,952	39,647	39,995	42,983	42,693
17 Other banks . . . . .	45,067	55,319	66,331	63,061	66,319	68,815	65,875	66,826	68,789	71,591
18 Official institutions . . . . .	3,289	4,864	9,018	11,174	11,682	11,758	12,110	12,223	12,693	12,766
19 Nonbank foreigners . . . . .	28,164	34,835	43,638	45,994	46,808	47,486	48,425	48,672	48,726	48,791
20 Other assets . . . . .	3,157	2,997	3,204	3,303	3,492	3,401	3,325	3,586	3,552	3,979
	United Kingdom									
21 Total, all currencies . . . . .	69,804	74,883	81,466	80,150	83,178	84,734	83,484	83,270	88,033	90,154
22 Claims on United States . . . . .	3,248	2,392	3,354	2,541	2,714	2,450	3,129	2,307	3,422	2,729
23 Parent bank . . . . .	2,472	1,449	2,376	1,698	1,850	1,553	2,249	1,397	2,556	1,789
24 Other . . . . .	776	943	978	843	863	897	881	910	866	940
25 Claims of foreigners . . . . .	64,111	70,331	75,859	75,559	78,333	80,087	78,083	78,607	82,154	84,766
26 Other branches of parent bank . .	12,724	17,557	19,753	21,707	21,097	22,121	20,909	20,015	22,363	22,178
27 Other banks . . . . .	32,701	35,904	38,089	35,585	38,660	39,157	37,772	38,784	39,576	41,923
28 Official institutions . . . . .	788	881	1,274	1,728	1,948	1,764	1,863	1,983	1,955	2,052
29 Nonbank foreigners . . . . .	17,898	15,990	16,743	16,539	16,627	17,045	17,538	17,826	18,259	18,613
30 Other assets . . . . .	2,445	2,159	2,253	2,050	2,131	2,197	2,272	2,355	2,458	2,659
31 Total payable in U.S. dollars . . . . .	49,211	57,361	61,587	61,179	63,481	64,841	62,815	62,686	66,895	67,243
32 Claims on United States . . . . .	3,146	2,273	3,275	2,430	2,590	2,338	3,011	2,130	3,259	2,545
33 Parent bank . . . . .	2,468	1,445	2,374	1,690	1,842	1,547	2,237	1,348	2,527	1,748
34 Other . . . . .	678	828	902	740	748	791	774	781	732	797
35 Claims on foreigners . . . . .	44,694	54,121	57,488	57,894	60,030	61,582	58,875	59,419	62,584	63,596
36 Other branches of parent bank . .	10,265	15,645	17,249	19,232	18,619	19,538	18,135	17,550	19,865	19,497
37 Other banks . . . . .	23,716	28,224	28,983	26,941	29,521	29,930	28,497	29,199	29,808	31,134
38 Official institutions . . . . .	610	648	846	1,415	1,624	1,437	1,473	1,574	1,555	1,595
39 Nonbank foreigners . . . . .	10,102	9,604	10,410	10,306	10,267	10,676	10,769	11,095	11,355	11,370
40 Other assets . . . . .	1,372	967	824	855	861	922	930	1,138	1,052	1,103
	Bahamas and Caymans									
41 Total, all currencies . . . . .	31,733	45,203	66,774	70,950	71,540	74,853	74,727	73,284	78,430	76,031
42 Claims on United States . . . . .	2,464	3,229	3,508	4,998	3,543	3,970	6,447	4,875	7,455	4,756
43 Parent bank . . . . .	1,081	1,477	1,141	2,703	1,251	1,394	4,062	2,465	4,861	2,173
44 Other . . . . .	1,383	1,752	2,367	2,295	2,292	2,576	2,385	2,410	2,595	2,583
45 Claims on foreigners . . . . .	28,453	41,040	62,048	64,652	66,579	69,528	66,970	67,124	69,680	69,685
46 Other branches of parent bank . .	3,478	5,411	8,144	8,095	8,703	9,638	7,586	8,259	9,828	9,266
47 Other banks . . . . .	11,354	16,298	25,354	25,234	25,588	27,372	25,967	25,481	26,367	27,130
48 Official institutions . . . . .	2,022	3,576	7,101	7,784	8,062	8,344	8,628	8,591	9,192	9,195
49 Nonbank foreigners . . . . .	11,599	15,756	21,449	23,538	24,226	24,174	24,788	24,793	24,293	24,095
50 Other assets . . . . .	815	933	1,217	1,300	1,419	1,356	1,309	1,285	1,294	1,589
51 Total payable in U.S. dollars . . . . .	28,726	41,887	62,705	66,366	66,550	69,930	69,548	68,209	72,948	70,501

## 3.22 Continued

Liability account	1974	1975	1976	1977						
			Dec.	Apr.	May	June	July	Aug. <sup>r</sup>	Sept.	Oct. <sup>p</sup>
All foreign countries										
52 Total, all currencies.....	151,905	176,493	219,420	223,222	229,542	236,480	235,637	234,591	244,955	247,049
53 To United States.....	11,982	20,221	32,721	33,054	34,792	*37,583	37,713	36,360	38,618	38,814
54 Parent bank.....	5,809	12,165	19,775	18,256	20,497	*23,167	19,670	19,438	18,363	21,599
55 Other.....	6,173	8,057	12,946	14,798	14,295	14,416	18,043	16,922	20,255	17,215
56 To foreigners.....	132,990	149,815	179,953	183,203	187,619	191,822	189,347	189,739	198,817	199,929
57 Other branches of parent bank.....	26,941	34,111	44,370	46,386	48,137	50,291	47,015	47,221	51,201	50,641
58 Other banks.....	65,675	72,259	83,878	*82,034	*83,981	*84,142	*86,784	86,453	91,561	89,974
59 Official institutions.....	20,185	22,773	25,829	*26,297	*27,461	*28,368	*27,218	27,776	28,014	29,885
60 Nonbank foreigners.....	20,189	20,672	25,877	28,486	28,040	29,021	28,329	28,288	28,040	29,429
61 Other liabilities.....	6,933	6,456	6,747	6,965	7,130	*7,075	8,577	8,491	7,521	8,306
62 Total payable in U.S. dollars.....	107,890	135,907	173,071	177,270	181,813	187,643	184,722	183,298	192,958	192,812
63 To United States.....	11,437	19,503	31,934	32,068	33,882	*36,472	36,751	35,482	37,693	37,778
64 Parent bank.....	5,641	11,939	19,561	18,011	20,241	*22,724	19,396	19,168	18,049	21,291
65 Other.....	5,795	7,564	12,373	14,057	13,640	13,748	17,355	16,314	19,644	16,487
66 To foreigners.....	92,503	112,879	137,610	141,479	144,220	147,346	142,957	142,680	151,147	150,597
67 Other branches of parent bank.....	19,330	28,217	37,098	39,307	40,677	42,739	38,939	39,483	43,043	42,293
68 Other banks.....	43,656	51,583	60,617	*59,945	*60,861	*60,185	*61,689	61,113	65,984	63,326
69 Official institutions.....	17,444	19,982	22,878	*23,320	*24,439	*25,377	*24,240	24,481	24,695	26,363
70 Nonbank foreigners.....	12,072	13,097	17,017	18,906	18,242	19,045	18,088	17,603	17,425	18,614
71 Other liabilities.....	3,951	3,526	3,527	3,724	3,712	*3,825	5,013	5,136	4,118	4,437
United Kingdom										
72 Total, all currencies.....	69,804	74,883	81,466	80,150	83,178	84,734	83,484	83,270	88,033	90,154
73 To United States.....	3,978	5,646	5,997	6,272	5,845	6,894	8,537	7,933	7,922	7,310
74 Parent bank.....	510	2,122	1,198	1,515	1,460	2,150	2,217	1,611	1,425	1,364
75 Other.....	3,468	3,523	4,798	4,756	4,386	4,743	6,320	6,322	6,496	5,946
76 To foreigners.....	63,409	67,240	73,228	71,787	75,145	75,683	72,585	72,848	77,580	79,837
77 Other branches of parent bank.....	4,762	6,494	7,092	7,762	8,569	8,936	7,987	8,395	8,934	9,187
78 Other banks.....	32,040	32,964	36,259	33,749	35,933	34,960	34,623	34,163	37,024	36,676
79 Official institutions.....	15,258	16,553	17,273	17,260	17,538	18,086	17,148	17,366	18,553	20,366
80 Nonbank foreigners.....	11,349	11,229	12,605	13,016	13,106	13,701	12,827	12,923	13,070	13,608
81 Other liabilities.....	2,418	1,997	2,241	2,091	2,187	2,157	2,362	2,488	2,532	3,007
82 Total payable in U.S. dollars.....	49,666	57,820	63,174	62,373	64,343	65,735	63,848	63,334	67,689	68,594
83 To United States.....	3,744	5,415	5,849	6,108	5,688	6,679	8,348	7,676	7,622	7,004
84 Parent bank.....	484	2,083	1,182	1,498	1,438	2,083	2,184	1,563	1,363	1,288
85 Other.....	3,261	3,332	4,666	4,610	4,250	4,596	6,164	6,113	6,259	5,716
86 To foreigners.....	44,594	51,447	56,372	55,390	57,720	58,136	54,550	54,539	58,962	60,304
87 Other branches of parent bank.....	3,256	5,442	5,874	6,561	7,333	7,660	6,583	7,131	7,535	7,724
88 Other banks.....	20,526	23,330	25,527	23,818	25,172	24,135	23,681	23,254	25,984	25,306
89 Official institutions.....	13,225	14,498	15,423	15,394	15,674	16,301	15,295	15,252	16,430	18,053
90 Nonbank foreigners.....	7,587	8,176	9,547	9,617	9,541	10,040	8,990	8,902	9,013	9,221
91 Other liabilities.....	1,328	959	953	875	936	920	951	1,119	1,105	1,286
Bahamas and Caymans										
92 Total, all currencies.....	31,733	45,203	66,774	70,950	71,540	74,853	74,727	73,284	78,430	76,031
93 To United States.....	4,815	11,147	22,723	23,082	25,162	*26,966	25,080	24,487	27,031	27,291
94 Parent bank.....	2,636	7,628	16,163	14,514	16,426	*18,708	14,835	15,288	14,814	17,390
95 Other.....	2,180	3,519	6,560	8,568	8,735	8,258	10,245	9,198	12,218	9,902
96 To foreigners.....	26,140	32,949	42,897	46,618	45,136	46,477	47,161	46,464	50,035	47,244
97 Other branches of parent bank.....	7,702	10,569	13,801	14,123	14,001	14,662	13,736	13,206	15,026	14,623
98 Other banks.....	14,050	16,825	21,758	23,245	22,296	22,693	24,166	23,878	27,370	24,112
99 Official institutions.....	2,377	3,308	3,573	3,917	4,130	4,216	4,322	4,592	3,184	3,354
100 Nonbank foreigners.....	2,011	2,248	3,765	5,334	4,709	4,906	4,936	4,789	4,454	5,155
101 Other liabilities.....	778	1,106	1,154	1,249	1,243	*1,410	2,487	2,334	1,363	1,495
102 Total payable in U.S. dollars.....	28,840	42,197	63,417	67,168	67,518	70,816	70,399	68,663	73,769	71,292

## 3.23 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

Country or area	1975	1976	1977 Jan.— Nov. <sup>p</sup>	1977						
				May	June	July	Aug.	Sept.	Oct. <sup>p</sup>	Nov. <sup>p</sup>
	Holdings (end of period) <sup>4</sup>									
1 Estimated total.....	7,703	15,798	.....	19,745	22,196	23,433	27,584	31,068	34,325	37,642
2 Foreign countries.....	7,372	12,765	.....	17,609	19,740	20,848	24,644	27,209	30,324	33,266
3 Europe.....	1,085	2,330	.....	4,034	5,272	6,225	8,480	10,163	12,603	14,003
4 Belgium-Luxembourg.....	13	14	.....	17	18	19	19	19	20	20
5 Germany.....	215	764	.....	1,112	1,261	1,266	1,847	1,957	2,165	2,742
6 Netherlands.....	16	288	.....	418	492	503	633	719	821	911
7 Sweden.....	276	191	.....	148	149	149	155	125	125	100
8 Switzerland.....	55	261	.....	429	439	485	478	488	474	476
9 United Kingdom.....	363	485	.....	1,591	2,600	3,478	5,017	6,506	8,640	9,419
10 Other Western Europe.....	143	323	.....	314	307	321	326	343	353	331
11 Eastern Europe.....	4	4	.....	4	4	4	4	4	4	4
12 Canada.....	395	256	.....	271	279	283	288	292	294	293
13 Latin America.....	200	312	.....	471	480	481	513	517	519	518
14 Venezuela.....	4	149	.....	193	193	193	193	183	183	184
15 Other Latin America republics.....	29	35	.....	21	18	18	18	18	21	11
16 Netherlands Antilles <sup>1</sup> .....	161	118	.....	113	113	113	145	159	158	167
17 Asia.....	5,370	9,323	.....	12,528	13,407	13,567	15,071	15,942	16,612	18,100
18 Japan.....	3,271	2,687	.....	3,773	4,290	4,314	5,025	5,635	5,958	6,547
19 Africa.....	321	543	.....	279	279	279	279	279	279	348
20 All other.....	*	*	.....	26	23	13	12	16	18	5
21 Nonmonetary international and regional organizations.....	331	3,033	.....	2,136	2,456	2,585	2,940	3,859	4,001	4,376
22 International.....	322	2,905	.....	2,032	2,353	2,440	2,830	3,759	3,900	4,276
23 Latin American regional.....	9	128	.....	103	103	146	110	100	100	100
	Transactions (net purchases, or sales (-), during period)									
24 Total.....	1,994	8,095	21,845	886	2,451	1,238	4,151	3,483	3,257	3,317
25 Foreign countries.....	1,814	5,393	20,502	1,177	2,131	1,108	3,796	2,564	3,116	2,942
26 Official institutions.....	1,612	5,116	19,726	1,152	1,962	1,048	3,696	2,493	3,051	2,881
27 Other foreign.....	202	276	776	24	167	59	101	71	65	61
28 Nonmonetary international and regional organizations.....	180	2,702	1,343	-292	321	130	354	919	141	376
MEMO: Oil-exporting countries										
29 Middle East <sup>2</sup> .....	1,797	3,887	4,123	392	397	-14	533	161	284	864
30 Africa <sup>3</sup> .....	170	221	-194	-26	.....	.....	.....	.....	.....	69

<sup>1</sup> Includes Surinam until January 1976.<sup>2</sup> Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).<sup>3</sup> Comprises Algeria, Gabon, Libya, and Nigeria.<sup>4</sup> 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.

## 3.24 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

Assets	1974	1975	1976	1977						
				June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Deposits.....	418	353	352	379	468	534	382	425	416	424
Assets held in custody:										
2 U.S. Treasury securities <sup>1</sup> .....	55,600	60,019	66,532	74,098	75,443	75,976	79,285	83,832	89,497	83,832
3 Earmarked gold <sup>2</sup> .....	16,838	16,745	16,414	16,184	16,179	16,117	16,073	15,988	15,872	15,988

<sup>1</sup> Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.<sup>2</sup> 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.

## 3.25 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

Transactions, and area or country		1975 <sup>r</sup>	1976	1977	1977						Nov. <sup>p</sup>
				Jan.-Nov. <sup>p</sup>	May	June	July	Aug.	Sept.	Oct. <sup>p</sup>	
U.S. corporate securities											
Stocks											
1	Foreign purchases.....	15,355	18,227	12,910	1,207	1,196	1,373	1,023	1,012	973	1,281
2	Foreign sales.....	10,678	15,475	10,532	978	948	1,162	900	846	752	899
3	Net purchases, or sales (-).....	4,678	2,753	2,378	229	248	211	123	166	222	382
4	Foreign countries.....	4,660	2,740	2,368	209	254	210	124	170	223	385
5	Europe.....	2,491	336	850	96	33	29	37	57	109	200
6	France.....	262	256	43	-3	21	-24	-13	5	27	1
7	Germany.....	251	68	233	37	12	20	-1	14	37	64
8	Netherlands.....	359	-199	13	27	.....	-10	-2	-18	5	10
9	Switzerland.....	899	-100	155	4	-20	5	-7	6	2	34
10	United Kingdom.....	594	340	504	35	35	57	67	80	52	106
11	Canada.....	361	324	51	-33	-3	12	-5	-3	20	21
12	Latin America.....	-7	155	113	17	17	4	1	-3	-4	27
13	Middle East <sup>1</sup> .....	1,649	1,803	1,282	124	195	171	94	108	93	128
14	Other Asia.....	142	119	58	4	10	-7	-3	8	2	8
15	Africa.....	10	7	5	.....	.....	.....	1	2	2	.....
16	Other countries.....	15	-4	9	1	2	.....	-2	1	2	2
17	Nonmonetary international and regional organizations.....	18	13	11	20	-7	2	-1	-5	-1	-3
Bonds <sup>2</sup>											
18	Foreign purchases.....	5,408	5,529	7,404	609	976	752	714	504	942	743
19	Foreign sales.....	4,642	4,322	3,165	332	394	286	252	383	292	226
20	Net purchases, or sales (-).....	766	1,207	4,239	277	582	467	463	121	650	517
21	Foreign countries.....	1,795	1,248	4,193	308	569	499	438	123	650	507
22	Europe.....	113	91	1,986	99	314	232	130	33	376	320
23	France.....	82	39	-29	-7	-3	1	1	1	.....	-5
24	Germany.....	-6	-49	49	13	12	12	1	3	5	4
25	Netherlands.....	-9	-29	72	-28	57	11	.....	21	2	20
26	Switzerland.....	117	158	164	19	17	34	21	12	-7	-7
27	United Kingdom.....	-52	23	1,674	102	223	197	96	6	324	324
28	Canada.....	128	96	142	1	7	30	13	15	4	1
29	Latin America.....	31	94	62	.....	2	12	18	13	11	-1
30	Middle East <sup>1</sup> .....	1,553	1,179	1,687	192	235	153	192	79	124	159
31	Other Asia.....	-35	-165	321	17	10	72	84	-14	135	27
32	Africa.....	5	-25	-5	.....	.....	.....	.....	-3	.....	.....
33	Other countries.....	1	-21	.....	.....	.....	.....	.....	.....	.....	.....
34	Nonmonetary international and regional organizations.....	-1,029	-41	46	-31	13	-32	25	-2	.....	10
Foreign securities											
35	Stocks, net purchases, or sales (-).....	-188	-323	-463	-12	-60	-265	-63	31	106	34
36	Foreign purchases.....	1,542	1,937	1,974	200	169	159	169	169	247	214
37	Foreign sales.....	1,730	2,259	2,438	211	229	423	232	138	141	180
38	Bonds, net purchases, or sales (-).....	-6,326	-8,730	-4,652	-866	-765	-205	-1,003	-669	-278	-356
39	Foreign purchases.....	2,383	4,932	7,612	607	636	786	852	710	797	588
40	Foreign sales.....	8,708	13,662	12,264	1,473	1,401	991	1,854	1,379	1,075	944
41	Net purchases, or sales (-) of stocks and bonds.....	-6,514	-9,053	-5,115	-878	-824	-469	-1,066	-639	-172	-321
42	Foreign countries.....	-4,323	-7,155	-3,536	-204	-696	-393	-227	-632	-21	-344
43	Europe.....	-53	-843	-1,169	-124	-272	-267	-22	-24	-30	-260
44	Canada.....	-3,202	-5,245	-2,249	-128	-292	-241	-255	-573	45	-21
45	Latin America.....	-306	.....	18	-17	-42	52	-7	43	-170	-8
46	Asia.....	-622	-699	-82	62	-93	57	55	2	136	-57
47	Africa.....	15	48	4	.....	3	1	.....	1	-2	.....
48	Other countries.....	-155	-416	-57	2	2	5	1	-81	1	2
49	Nonmonetary international and regional organizations.....	-2,192	-1,898	-1,579	-673	-129	-76	-839	-6	-151	23

<sup>1</sup> Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

<sup>2</sup> 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 investments abroad.

## 3.26 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Type, and area or country	1976			1977		1976			1977	
	June	Sept.	Dec.	Mar.	June <sup>p</sup>	June	Sept.	Dec.	Mar.	June <sup>p</sup>
	Liabilities to foreigners					Claims on foreigners				
1 Total.....	6,266	6,408	6,582	6,551	6,386	13,820	13,164	14,156	14,943	16,140
By type:										
2 Payable in dollars.....	5,640	5,671	5,870	5,787	5,737	12,823	12,104	13,169	13,943	15,018
3 Payable in foreign currencies.....	626	737	712	764	648	997	1,060	987	1,000	1,122
4 Deposits with banks abroad in reporter's name.....						558	592	442	431	448
5 Other.....						439	468	545	569	674
By area or country:										
6 Foreign countries.....	6,020	6,222	6,374	6,359	6,216	13,819	13,163	14,155	14,940	16,139
7 Europe.....	2,273	2,387	2,227	2,126	2,208	5,326	5,151	5,269	5,218	5,808
8 Austria.....	13	15	10	9	10	17	21	21	23	27
9 Belgium-Luxembourg.....	233	183	166	168	138	193	195	162	170	218
10 Denmark.....	12	13	7	15	14	30	26	56	48	40
11 Finland.....	1	17	2	2	10	131	135	77	40	90
12 France.....	159	185	200	163	157	363	413	426	422	402
13 Germany.....	228	256	174	175	163	358	492	378	367	377
14 Greece.....	29	28	48	80	73	47	56	51	90	86
15 Italy.....	116	148	131	135	154	335	358	384	473	439
16 Netherlands.....	170	141	141	168	205	146	142	166	172	182
17 Norway.....	22	24	29	37	33	52	43	51	42	42
18 Portugal.....	3	5	13	23	20	22	28	40	35	30
19 Spain.....	51	36	40	52	68	432	336	369	325	322
20 Sweden.....	24	35	34	36	36	84	62	90	93	92
21 Switzerland.....	213	243	190	214	236	270	253	241	154	179
22 Turkey.....	20	16	13	12	21	31	23	25	32	37
23 United Kingdom.....	839	888	878	689	730	2,602	2,365	2,445	2,475	3,027
24 Yugoslavia.....	108	113	123	113	110	28	30	26	30	27
25 Other Western Europe.....	7	8	7	6	6	14	17	20	18	15
26 U.S.S.R.....	10	19	9	15	16	96	81	156	105	76
27 Other Eastern Europe.....	16	14	13	13	10	75	79	85	103	102
28 Canada.....	372	327	379	403	420	2,201	2,196	2,464	2,432	2,570
29 Latin America.....	1,095	1,028	1,037	1,118	1,017	3,055	2,831	3,579	4,400	4,928
30 Argentina.....	49	48	44	42	50	43	39	44	46	51
31 Bahamas.....	330	251	260	256	216	1,150	940	1,384	1,869	2,231
32 Brazil.....	97	58	72	49	37	462	417	682	535	457
33 Chile.....	15	16	17	16	24	46	26	34	35	28
34 Colombia.....	19	11	13	18	22	57	66	59	75	72
35 Cuba.....						1	1	1	1	1
36 Mexico.....	72	74	99	118	117	332	352	332	317	301
37 Panama.....	12	10	34	12	10	101	83	74	105	120
38 Peru.....	31	32	25	24	21	39	35	42	32	28
39 Uruguay.....	3	3	4	4	3	4	22	5	6	5
40 Venezuela.....	184	222	219	260	208	186	215	194	214	245
41 Other Latin American republics.....	102	104	141	148	140	188	182	276	237	236
42 Netherlands Antilles <sup>1</sup> .....	55	68	10	11	17	10	9	9	14	8
43 Other Latin America.....	127	129	100	160	151	436	444	441	914	1,146
44 Asia.....	1,705	1,978	2,052	2,057	1,891	2,703	2,401	2,282	2,314	2,318
45 China, People's Republic of (Mainland).....	1	1	1	3	2	16	5	3	7	8
46 China, Republic of (Taiwan).....	122	127	110	113	138	212	134	197	130	131
47 Hong Kong.....	28	33	40	42	27	104	88	96	107	93
48 India.....	10	11	23	39	41	51	53	55	35	51
49 Indonesia.....	115	131	110	94	80	143	179	185	206	184
50 Israel.....	34	32	37	37	45	53	48	41	51	70
51 Japan.....	272	247	193	172	184	1,170	1,010	912	969	934
52 Korea.....	60	85	76	96	95	129	142	117	130	158
53 Philippines.....	18	28	53	59	73	114	93	86	84	87
54 Thailand.....	11	23	24	19	11	19	23	22	27	22
55 Other Asia.....	1,035	1,260	1,385	1,383	1,196	692	625	568	569	582
56 Africa.....	532	435	603	588	587	378	406	392	429	368
57 Egypt.....	22	25	27	29	33	28	36	28	70	24
58 Morocco.....	32	42	43	27	70	12	9	10	12	9
59 South Africa.....	88	65	54	33	27	83	78	87	80	69
60 Zaire.....	12	24	36	39	39	25	28	21	19	17
61 Other Africa.....	377	279	444	460	418	230	255	247	248	248
62 Other countries.....	44	67	76	68	92	155	178	170	147	145
63 Australia.....	32	50	57	49	72	100	112	105	111	106
64 All other.....	12	18	19	19	20	56	67	65	36	40
65 Nonmonetary international and regional organizations.....	246	186	208	192	170	1	1	1	2	1

<sup>1</sup> 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.

## 3.27 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

Type and country	1973	1974	1975	1976	1977					
					May	June	July	Aug.	Sept.	Oct. <sup>a</sup>
1 Total.....	3,185	3,357	3,799	5,468	7,481	7,685	7,357	7,739	6,846	7,591
By type:										
2 Payable in dollars.....	2,641	2,660	3,042	4,788	6,787	6,895	6,619	6,976	6,117	6,815
3 Deposits.....	2,604	2,591	2,710	4,415	6,264	6,424	6,195	6,475	5,709	6,362
4 Short-term investments <sup>1</sup> .....	37	69	332	373	523	471	424	501	408	453
5 Payable in foreign currencies.....	544	697	757	680	695	790	739	764	729	776
6 Deposits.....	431	429	511	373	361	389	352	394	356	374
7 Short-term investments <sup>1</sup> .....	113	268	246	302	334	401	387	370	373	402
By country:										
8 United Kingdom.....	1,128	1,350	1,306	1,837	1,920	2,318	2,123	2,194	1,781	1,823
9 Canada.....	775	967	1,156	1,539	1,645	1,652	1,725	1,930	1,607	1,936
10 Bahamas.....	597	391	546	1,264	2,414	2,114	2,113	2,225	1,753	2,361
11 Japan.....	336	398	343	113	158	184	149	139	147	153
12 All other.....	349	252	446	715	1,344	1,417	1,247	1,251	1,558	1,318

<sup>1</sup> Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

## 3.28 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

Area and country	1976			1977		1976			1977	
	June	Sept.	Dec.	Mar.	June	June	Sept.	Dec.	Mar.	June <sup>a</sup>
	Liabilities to foreigners					Claims on foreigners				
1 Total.....	4,008	3,791	3,567	3,504	3,331	4,982	5,006	4,925	4,894	4,827
2 Europe.....	3,036	2,858	2,725	2,655	2,499	929	901	853	847	829
3 Germany.....	425	406	396	391	370	35	73	72	84	76
4 Netherlands.....	233	290	277	272	262	211	211	156	154	147
5 Switzerland.....	467	327	260	178	177	56	54	57	53	43
6 United Kingdom.....	1,516	1,470	1,420	1,388	1,274	310	245	240	207	221
7 Canada.....	166	111	89	82	81	1,511	1,507	1,530	1,475	1,486
8 Latin America.....	250	257	270	272	275	1,609	1,637	1,521	1,489	1,457
9 Bahamas.....	184	157	163	163	167	37	37	36	34	34
10 Brazil.....	5	5	5	5	7	165	172	133	125	125
11 Chile.....	1	1	1	1	1	306	244	248	210	208
12 Mexico.....	6	7	17	21	23	187	219	195	180	178
13 Asia.....	489	498	423	432	406	712	739	775	817	831
14 Japan.....	388	402	397	413	384	85	80	77	96	108
15 Africa.....	2	2	2	2	3	163	165	187	199	158
16 All other <sup>1</sup> .....	64	64	58	59	67	59	58	58	67	67

<sup>1</sup> Includes nonmonetary international and regional organizations.

## 3.29 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Dec. 31, 1977		Country	Rate on Dec. 31, 1977		Country	Rate on Dec. 31, 1977	
	Per cent	Month effective		Per cent	Month effective		Per cent	Month effective
Argentina.....	18.0	Feb. 1972	France.....	9.5	Aug. 1977	Norway.....	6.0	Sept. 1976
Austria.....	5.5	June 1977	Germany, Fed. Rep. of.	3.0	Dec. 1977	Sweden.....	8.0	Oct. 1976
Belgium.....	9.0	Dec. 1977	Italy.....	11.5	Aug. 1977	Switzerland.....	1.5	July 1977
Brazil.....	28.0	May 1976	Japan.....	4.25	Sept. 1977	United Kingdom.....	7.0	Nov. 1977
Canada.....	7.5	May 1977	Mexico.....	4.5	June 1942	Venezuela.....	5.0	Oct. 1970
Denmark.....	9.0	Mar. 1977	Netherlands.....	4.5	Nov. 1977			

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with

more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

## 3.30 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1974	1975	1976	1977					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Euro-dollars.....	11.01	7.02	5.58	5.80	6.30	6.56	7.14	7.09	7.12
2 United Kingdom.....	13.34	10.63	11.35	7.77	6.91	6.03	5.05	5.32	6.76
3 Canada.....	10.47	8.00	9.39	7.27	7.44	7.31	7.23	7.34	7.20
4 Germany.....	9.80	4.87	4.19	4.20	4.04	4.07	4.06	4.09	3.94
5 Switzerland.....		3.01	1.45	3.01	2.41	2.37	2.23	2.32	2.20
6 Netherlands.....		5.17	7.02	3.05	3.48	4.39	4.55	5.94	6.65
7 France.....		7.91	8.65	8.67	8.51	8.38	8.41	9.28	9.88
8 Italy.....		10.37	16.32	14.09	13.94	12.42	12.05	11.74	11.38
9 Belgium.....		6.63	10.25	6.85	6.20	6.20	6.25	6.38	7.75
10 Japan.....		11.64	7.70	6.25	6.24	5.32	5.25	5.37	5.75

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.

## 3.31 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1974	1975	1976	1977					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar.....	143.89	130.77	122.15	112.20	110.47	110.37	111.90	112.70	113.36
2 Austria/shilling.....	5.3564	5.7467	5.5744	6.1691	6.0792	6.0377	6.1567	6.2551	6.4734
3 Belgium/franc.....	2.5713	2.7253	2.5921	2.8208	2.8107	2.7910	2.8229	2.8396	2.9608
4 Canada/dollar.....	102.26	98.30	101.41	94.230	93.028	93.168	91.010	90.145	91.132
5 Denmark/krone.....	16.442	17.437	16.546	16.769	16.590	16.188	16.359	16.327	16.833
6 Finland/markka.....	26.565	27.285	25.938	24.902	24.801	23.977	24.139	23.986	24.299
7 France/franc.....	20.805	23.354	20.942	20.607	20.415	20.314	20.574	20.614	20.844
8 Germany/deutsche mark...	38.723	40.729	39.737	43.827	43.168	43.034	43.904	44.633	46.499
9 India/rupee.....	12.460	11.926	11.148	11.342	11.465	11.450	11.605	11.576	11.712
10 Ireland/pound.....	234.03	222.16	180.48	172.26	173.97	174.31	177.11	181.78	185.46
11 Italy/lira.....	.15372	.15328	.12044	.11330	.11332	.11318	.11353	.11388	.11416
12 Japan/yen.....	.34302	.33705	.33741	.37756	.37499	.37486	.39263	.40872	.41491
13 Malaysia/ringgit.....	41.682	41.753	39.340	40.443	40.606	40.600	41.088	41.910	42.201
14 Mexico/peso.....	8.0000	8.0000	6.9161	4.3528	4.3629	4.3776	4.4069	4.4096	4.4059
15 Netherlands/guilder.....	37.267	39.632	37.846	40.983	40.831	40.604	41.048	41.366	42.955
16 New Zealand/dollar.....	140.02	121.16	99.115	97.160	96.826	96.812	98.152	99.392	100.59
17 Norway/krone.....	18.119	19.180	18.327	19.023	18.863	18.226	18.232	18.328	19.056
18 Portugal/escudo.....	3.9506	3.9286	3.3159	2.5953	2.5678	2.4606	2.4601	2.4575	2.4755
19 South Africa/rand.....	146.98	136.47	114.85	114.98	115.00	115.00	115.04	115.04	115.04
20 Spain/peseta.....	1.7337	1.7424	1.4958	1.2382	1.1804	1.1824	1.1902	1.2060	1.2237
21 Sri Lanka/rupee.....	14.978	14.385	11.908	13.700	13.721	12.301	11.618	8.7721	6.2000
22 Sweden/krona.....	22.563	24.141	22.957	22.991	22.472	20.602	20.846	20.848	21.044
23 Switzerland/franc.....	33.688	38.743	40.013	41.487	41.523	42.115	43.909	45.507	48.168
24 United Kingdom/pound...	234.03	222.16	180.48	172.26	173.97	174.31	177.11	181.78	185.46
MEMO:									
25 United States/dollar 1.....	84.11	82.20	89.68	88.67	89.10	89.52	88.38	87.29	85.52

<sup>1</sup> 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.

# Guide to Tabular Presentation and Statistical Releases

## GUIDE TO TABULAR PRESENTATION

### SYMBOLS AND ABBREVIATIONS

p	Preliminary	SMSA's	Standard metropolitan statistical areas
r	Revised	REIT's	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, or
c	Corrected		(3) figure delayed or, (4) no change (when figures are expected in percentages).
n.e.c.	Not elsewhere classified		
Rp's	Repurchase agreements		
IPC's	Individuals, partnerships, and corporations		

### GENERAL INFORMATION

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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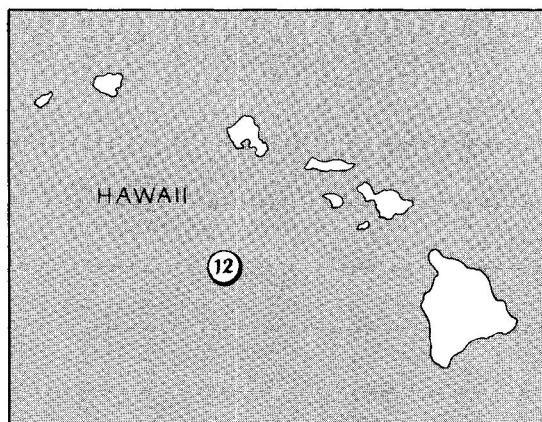
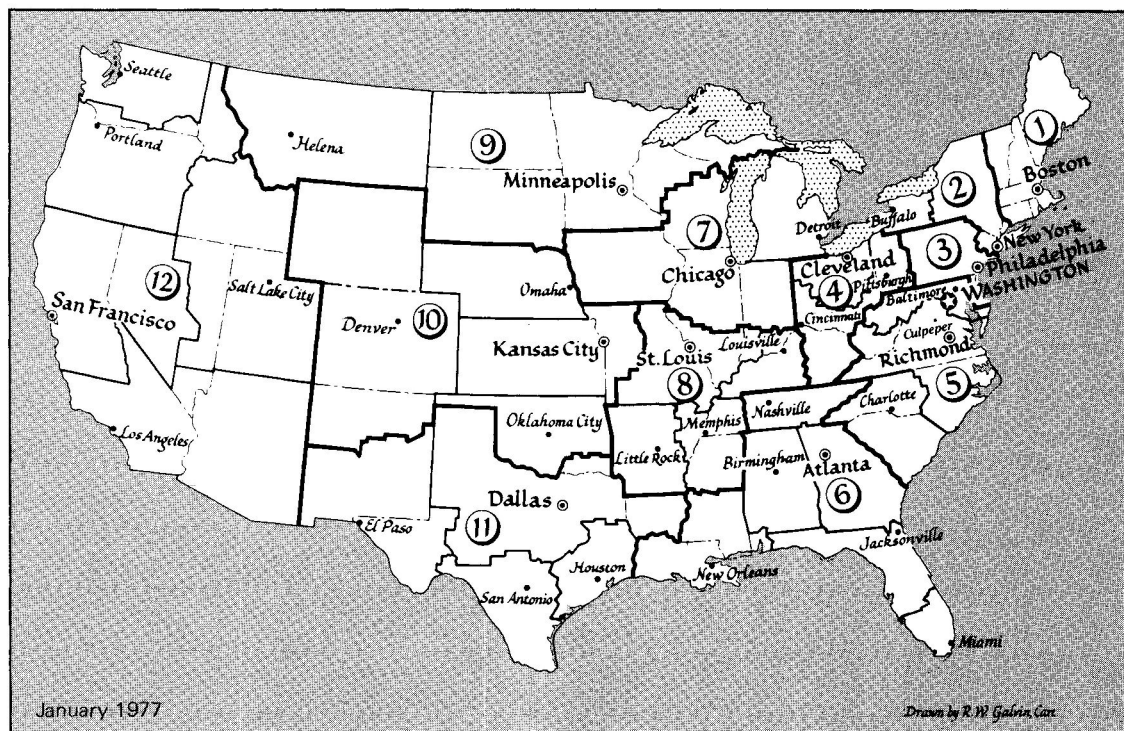
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# The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



## LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- ★ Board of Governors of the Federal Reserve System

- ⊙ Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility