JANUARY 1979

FEDERAL RESERVE BULLETIN

The Economy in 1978
A Proposal for Redefining the Monetary Aggregates

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FEDERAL RESERVE
BULLETIN

Board of Governors of the Federal Reserve System
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At the meeting on November 21, 1978, the committee agreed to instruct the manager to seek a federal funds rate of around 9⅞ percent early in the period before the next regular meeting and subsequently to maintain the rate within a narrow band of 9¾ to 10 percent. With regard to the specific objective for the rate within that range, the committee instructed the manager to be guided mainly by a range of tolerance for the annual rate of growth in M-2 over the November–December period of 6 to 9½ percent, provided that the rate of growth in M-1 over that period did not exceed 5 percent. 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 objectives.

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The Economy in 1978

Moderate Expansion and Persistent Inflation

This article was prepared by Albert M. Teplin of the National Income Section of the Division of Research and Statistics.

The economic expansion continued into its fourth year in 1978, albeit at a more moderate pace. Employment gains were again large and the unemployment rate edged down further despite sizable increases in the labor force. Inflation posed major problems, however, with price increases accelerating in most areas and the overall rate of price rise the highest since 1974.

The economy started 1978 on a hesitant note when the effects of a prolonged coal strike combined with the disruptions of unusually severe winter weather to halt economic growth (chart 1). The vigorous bounceback of activity that followed during the spring quarter was indicative of considerable underlying strength in aggregate demand. In the third quarter the pace of output growth moderated from the first-half average, although activity picked up in the final quarter of the year.

Business capital outlays provided the foundation for much of the year's expansion in aggregate activity, with strength most evident in nonresidential construction expenditures (chart 2). Meanwhile, inventory investment remained generally cautious, with stocks in close alignment with sales in most sectors.

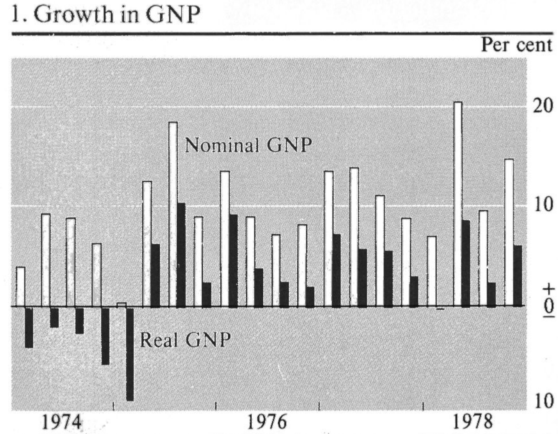
A reduced growth of spending by households exerted a moderating influence on the pace of economic activity as consumers reacted to the slowing in real income gains and to the record level of debt burdens. In addition, expenditures for residential construction, one of the most supportive sectors earlier in the expansion, leveled off in real terms, as total housing starts remained at a high level.

In part, the slowing of growth in 1978 was also attributable to reduced stimulus from the government sector. Federal government outlays were again well below early budget estimates and the deficit was reduced from a year earlier. Spending by state and local governments continued to be moderate, reinforced by the effects of Proposition 13 in California and by related initiatives in other states. By the fourth quarter, the large operating fiscal surpluses experienced in this sector for several years had been virtually eliminated.

The U.S. international trade deficit began to narrow during the year because of a sharp rise in merchandise exports after the first quarter. This improvement resulted largely from an increase in economic activity abroad relative to that in the United States. Nonetheless, the foreign exchange value of the dollar depreciated substantially throughout most of the year.

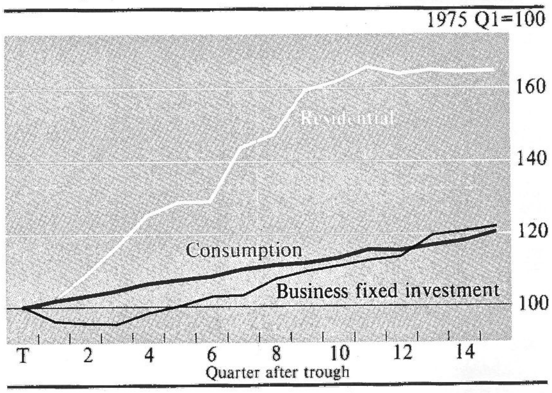
The decline in the value of the dollar was but one development linked to the acceleration of price increases in 1978. The pick-up in infla-

1. Growth in GNP



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

2. Components of final sales



Based on Department of Commerce data, seasonally adjusted at annual rates in constant (1972) dollars.

tion was widespread, with food and homeownership prices in particular accelerating rapidly. Moreover, cost pressures intensified, as there were sizable gains in wages and little increase in labor productivity over the year.

The persistence of high rates of inflation apparently led to a number of distortions in the pattern of economic demands. Although growth of personal consumption slowed, it continued to account for an unusually large proportion of total product. The relative strength of consumer spending appears to have been associated, in part, with purchases of durable goods in anticipation of further price increases—a phenomenon that could reduce future demands. Similarly, the record number of home sales in 1978 appeared to reflect the notion that homeownership remains one of the few effective hedges against inflation. This buy-ahead phenomenon has led to unprecedented household indebtedness as well as to a personal saving rate at the lower end of the postwar range. In the business investment area, accelerating inflation continued to augment uncertainties about the future course of the economy and undoubtedly lessened the willingness of firms to commit funds for major expansion programs. While thus far growth in aggregate activity has been sustained, a further worsening of inflationary trends could lead to the types of severe imbalances that have halted earlier expansions.

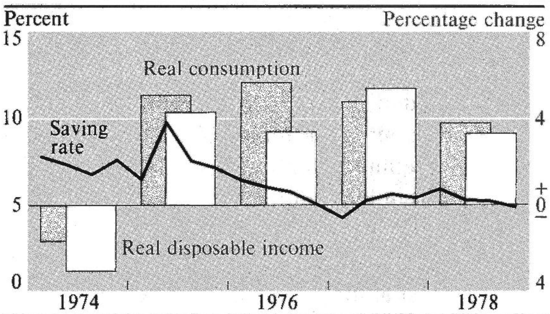
In an effort to ease inflationary pressures and to stabilize the foreign exchange value of the dollar, a comprehensive package of policy measures was implemented by the administration and the Federal Reserve in late October and early November. It included a commitment to prudent fiscal restraint and regulatory reform, wage and price standards, stepped-up intervention in exchange markets to support the dollar, and increases in the Federal Reserve discount rate and in member bank reserve requirements. These actions were aimed toward an unwinding of the wage-price spiral in an environment that continues to facilitate a moderate expansion of overall activity.

While the near-term impact of these policies could dampen the expansion of the economy, at year-end there was evidence of continued momentum, as sales and production registered sizable gains. Inventories remained lean relative to sales and the pace of housing activity continued strong; problems in these two sectors have frequently been associated with disruptions of previous upswings. Even so, there were mixed signs about the prospects for activity elsewhere. In the business sector, data on anticipations suggested a slowing of growth of capital outlays over the course of this year, while at the same time new orders implied further increases in business fixed investment activity in the next few quarters. In the household sector, sentiment weakened and debt burdens remained exceptionally heavy. Nonetheless, a spurt in retail sales during the fall and early winter suggested that consumers remained reluctant to cut back on spending. Thus, while there is some reason to expect economic growth to moderate further over 1979, there is no concrete evidence of such a slowdown yet.

Income and Consumption

Real disposable personal income grew about 3 percent over 1978—more slowly than in the previous three years of the expansion (chart 3). A large nominal gain in private wage and salary disbursements reflected the strong growth of employment together with an acceleration in the rate of hourly wage increases. However, larger tax burdens cut into the gain of real disposable income; increases in personal contributions for

3. Income, consumption, and saving



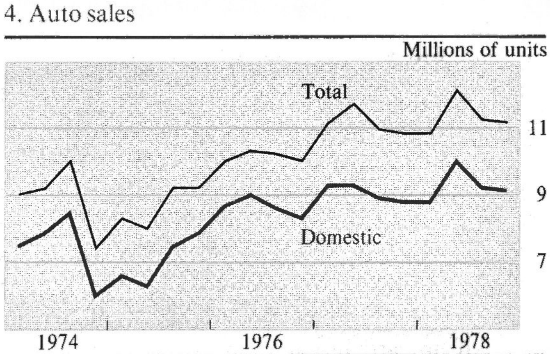
Based on Department of Commerce data in constant (1972) dollars. Percentage changes are calculated from Q4 to Q4.

social security went into effect in January and the interaction of inflation and a progressive tax system raised effective personal income tax rates.

The slower growth in incomes was reflected in a smaller gain in consumption expenditures. Over the year, real consumer outlays rose 3¾ percent compared with an average pace of 5½ percent during the previous three years of economic recovery and expansion. Early in 1978 the severe weather depressed retail sales. By the end of March near-record cold had raised real outlays for fuel, electricity, and natural gas significantly above their levels a year earlier. As often occurs when unforeseen adjustments must be made to household budgets, expenditures for furniture and household equipment fell sharply, along with spending for most nondurable goods.

In the spring consumer purchases rebounded markedly. Total automobile sales, which had

4. Auto sales



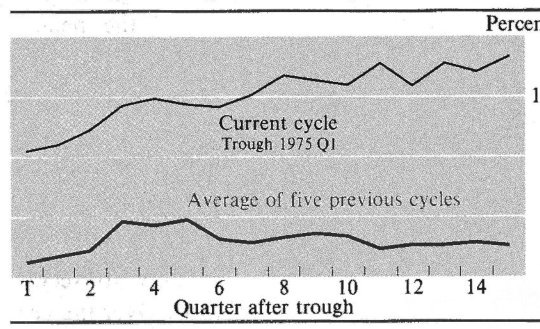
Data from Ward's "Automotive Reports."

held up fairly well in the first quarter, soared to an annual rate of 12.1 million units in the second quarter—just short of the record set in the spring of 1973 (chart 4). Sales of other durable goods were also up sharply, and large increases were recorded for expenditures on clothing and shoes.

In the second half growth in personal consumption was more brisk than the average pace in the first half. Durable goods sales continued to grow rapidly; although automobile sales edged down to a rate of 11.1 million units, demand for furniture and other durable goods, such as books, jewelry, and recreation equipment, picked up. In addition, increases in purchases of nondurable goods were quite large, particularly in the fourth quarter.

Despite somewhat smaller growth in the constant-dollar value of consumption last year, its proportion of gross national product held at the

5. Ratio of durable goods consumption to GNP



Based on Department of Commerce data in constant (1972) dollars.

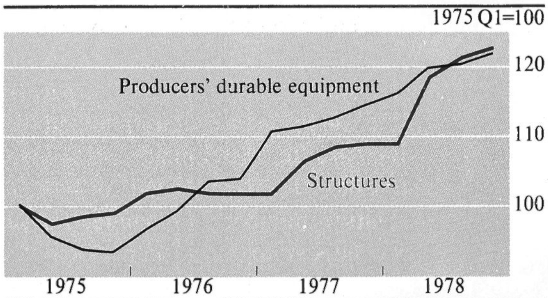
high level experienced since early 1975. At similar phases in prior expansions this share typically has fallen. In particular, household spending for durable goods has hovered at around 10 percent of GNP over the past three years, while during other economic expansions it has usually declined to about 7½ percent (chart 5). The surge in consumption and the associated increase in installment credit over this expansion have been attributed, in part, to the higher relative number of younger households but also appear to have been associated with persistently high inflation rates. Opinion surveys, for instance, suggest that a subtantial proportion of consumers have been buying durable goods in anticipation of price increases. In addition, due to federal tax reforms in the 1970s and to the large increases in the wage base for payroll taxes, a greater share of the growing volume of after-tax income has been directed to middle- and lower-income groups who have thus had the opportunity to satisfy some previously unmet demands for durable goods.

Business Fixed Investment

Real business fixed investment rose 8¼ percent over 1978. This was nearly the same pace as in the two previous years and about twice as fast as the expansion of aggregate activity. Although capital spending was hampered early in the year by severe weather and the coal strike, the rebound in the spring was sharp and real growth was at an annual rate of 12 percent over the first half. During this period the level of such expenditures first exceeded the peak in 1973, much later than the typical cyclical performance. In contrast to the rapid growth early in 1978, real business fixed investment advanced at an annual rate of only 4½ percent during the second half.

Nonresidential construction activity became a principal source of business investment growth in 1978, after having been slow to recover earlier in the expansion (chart 6). Over the year, real spending for such structures increased about 13 percent as outlays for commercial and industrial buildings showed particularly impressive gains. On the other hand, investment in producers' durable equipment grew about 6½ percent in real terms during 1978 compared with increases of more than 10 percent in each of the previous two years. With machinery outlays advancing at about the same relatively moderate pace recorded in 1977, the slowing of gains in the equipment area reflected a trailing off of business demands for motor vehicles.

6. Business fixed investment



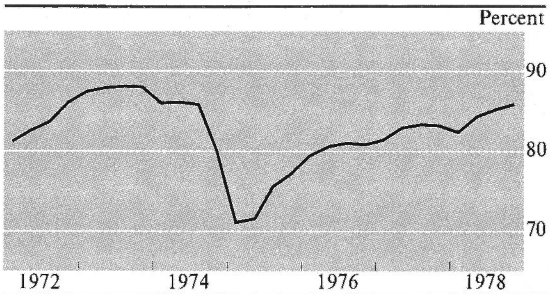
Based on Department of Commerce data, seasonally adjusted at annual rates in constant (1972) dollars.

Investment by manufacturers grew 13 percent in nominal terms, about matching the gain recorded in 1977. Within this sector, increases were largest among producers of durable goods, particularly stone, clay, and glass, electrical machinery, and aircraft. In the nondurable goods industries, producers of rubber products and food had relatively strong gains also. Materials producers, which include some manufacturers in both the durable and nondurable categories, continued to show only a small advance in capital spending. Outside the manufacturing sector, the largest rise was evident in the air transportation industry. In addition, railroads, communications, and electric utilities had above-average increases for the year, although spending by utilities slowed noticeably in the second half.

Many of the underlying determinants of capital spending moved somewhat less favorably than in the preceding year. Final sales and profits grew more slowly than in 1977. Also, financing costs were boosted by higher interest rates and increases in dividend-price ratios of equities. However, capacity utilization in the manufacturing sector moved close to 86 percent at the end of the year, well within the range that typically signals a need for capacity expansion (chart 7). Nevertheless, in the materials-producing sector, where supply constraints in the past have led to sharp price increases, there appeared to be adequate reserve capacity, with utilization rates averaging about 87 percent compared with the 93 percent rate reached in 1973.

At year-end, advance indicators of capital spending were mixed, reflecting uncertainty about the period ahead. After having been relatively flat in the summer months, contracts and orders for plant and equipment exhibited substantial upward momentum, suggesting a continuation of moderate growth in the near term. Longer-term indicators, however, were less en-

7. Capacity utilization in manufacturing



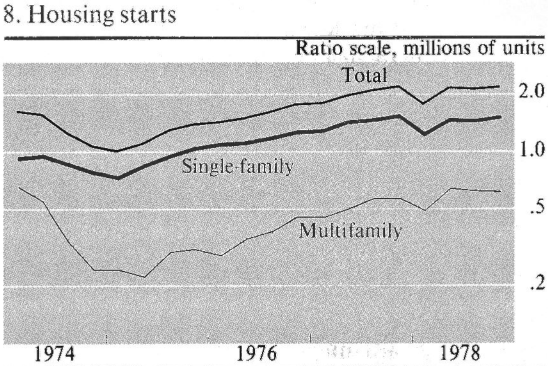
Federal Reserve data, based on seasonally adjusted production indexes.

couraging. Surveys of business revealed plans for 1979 that, if realized, would result in a marked slowing of capital spending growth in real terms. Capital appropriations in the manufacturing sector also suggested more moderate increases for 1979 than in 1978. While the recent past has been characterized by upward revisions of business plans as the year progressed, the upgrading would have to be considerable for growth in capital spending in 1979 to match that of the 1976–78 period.

Residential Construction

Private housing starts were sustained at the high annual rate of 2 million units during most of 1978 (chart 8). Nonetheless, total spending for residential construction in real terms edged down 1 percent over the year, compared with an average annual rate of increase of 15 percent during the previous three years. Inflation continued to be especially visible in housing markets; average prices of homes sold—both new and existing—rose almost 20 percent. Even after adjustment for upgraded quality, prices of new homes were up 15 percent in 1978.

8. Housing starts



Department of Commerce data, seasonally adjusted at annual rates.

Over the year interest rates on both construction loans and long-term mortgages rose appreciably until by year-end they had reached usury ceilings in a number of states and record postwar highs in many other areas. Even so, the variable-rate, six-month time accounts introduced in June buoyed deposit growth at key mortgage lenders and helped maintain the high rate of housing construction. Over all, growth in net mortgage holdings of thrift institutions is estimated to have fallen by about a tenth in 1978. Increases in net lending by commercial banks, by federally related lenders, and via passthrough securities helped to offset the decline in net acquisitions at thrift institutions. Thus, residential mortgage debt formation in 1978 is estimated to have been close to the record level of the preceding year.

Single-family starts—at 1.4 million units—were virtually unchanged from 1977 and an unusually large number for the fourth year of an expansion. New-home sales remained at an advanced level and were more than 50 percent greater in 1978 than during the recent low in 1975. Demand for homeownership was particularly strong in the West and South.

Multifamily housing starts were up nearly a tenth in 1978 from their level a year earlier; nevertheless, at about 600,000 units, they remained well below the levels of the early 1970s. Last year's strength was supported by an increase in federally subsidized rental units under the section 8 program of the Department of Housing and Urban Development. Such units, for low- and moderate-income families, accounted for about 25 percent of all multifamily starts during the year, compared with 18 percent in 1977.

The viability of private multifamily projects—especially in the rental area—remained a major concern to investors in 1978. Although vacancy rates dropped to historically low levels in many areas, the largest population growth in recent years has been in the age groups in which the desire to own single-family homes is strongest. Furthermore, prospects for the profit-ability of rental units continue to be doubtful because increases in rents have remained moderate relative to rising operating costs. On the other hand, new multifamily units built for sale have sold very rapidly in the past few years.

At year-end, housing activity was well maintained. Sales of new single-family homes, which had fallen during the summer, turned up again. Total starts remained close to an annual rate of 2 million units, despite the general tightening of financial markets. However, continuing economic expansion would likely put further pressure on the balance between the sources and uses of funds at mortgage lenders. Furthermore, high interest rates make questionable the sustainability of housing demand in the year ahead, especially in view of the already large debt burdens of households.

Business Inventory Investment

Investment in business inventories was characterized by continuing caution in 1978, and as a result, inventory-sales ratios ranged from low to normal on an historical basis (chart 9). This caution, which can be traced back to the severe inventory cycle of 1974–75, appears to have been responsible for the avoidance of the types of overhangs that have preceded several prior cyclical downturns.

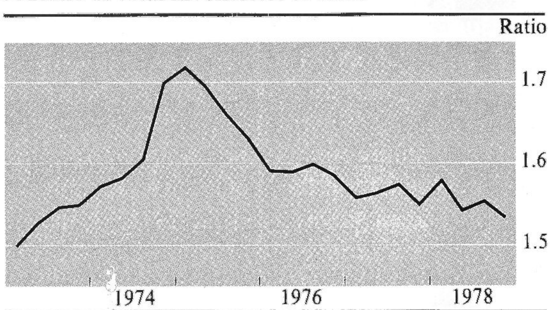
Inventory accumulation was substantial in the first quarter of 1978 following a moderate gain in the final quarter of 1977. The increase was noteworthy in view of the severe winter and the coal strike, which cut production. In the second quarter, the pace of accumulation accelerated further as production rebounded and coal stocks were built up again. In the second half of the year the rate of inventory investment as a whole leveled off, reflecting efforts by businesses to keep stocks firmly under control.

The manufacturing sector built inventories at a fast pace throughout most of the first half—especially in the second quarter—and into the summer. During the first nine months of the year, most of the inventory investment at manufacturers was in durable goods. Nonetheless, since sales gains were in this area also, the inventory-sales ratio for durable goods was fairly stable. Moreover, the inventory-sales ratio for all manufactured goods remained quite low on an historical basis.

Wholesale and retail trade accumulation was about evenly divided between durable and nondurable products during the first three quarters. In the first quarter auto stocks at dealers reached record highs. However, the extraordinary pace of sales during the spring and summer resulted in reduced inventories by fall, and auto stocks appeared normal for the remainder of the year. On balance, wholesale and retail trade accumulation continued about in line with sales for most of 1978.

In the fourth quarter, inventories appeared to remain under close control. The significant overhangs that developed at general-merchandise retail outlets in the fall were corrected at least partially by the sharp rise in sales during the holiday buying season and a slowing of production of durable home goods. Toward the close of the year, inventories were generally lean to normal, suggesting little need for the type of downward stock adjustment that can disrupt growth in employment and production.

9. Ratio of total inventories to sales

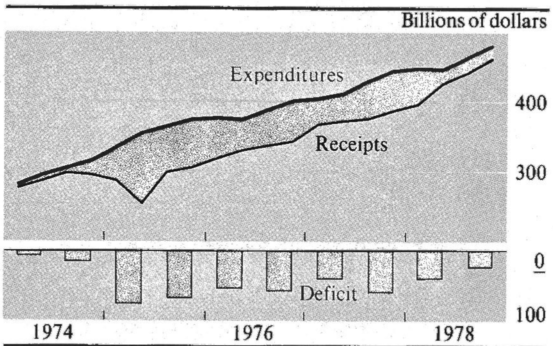


Based on Department of Commerce data in constant (1972) dollars for all manufacturing and trade establishments. Figure for 1978 Q4 estimated by Federal Reserve.

The Federal Sector

Expansion in federal government expenditures slowed markedly in 1978, and the deficit for the calendar year narrowed to about $30 billion on a national income accounts (NIA) basis—roughly $17 billion less than in 1977. Tax receipts grew almost 15 percent, more than matching the brisk rate of increase in 1976 and 1977 (chart 10). Personal tax receipts were

10. Federal receipts, expenditures, and deficit



Department of Commerce NIA data, seasonally adjusted at annual rates.

swelled by the growth in nominal incomes, which put earners into higher tax brackets. In addition, a large increase in contributions for social insurance reflected not only growing payrolls but also previously legislated hikes in the taxable wage base and in the tax rate. On an accrual basis, taxes on corporate profits rose in line with other receipts.

Real federal purchases—the component of total outlays that is directly included in GNP—declined slightly more than 1 percent over the four quarters of 1978, following a gain of 6 percent in the previous year. The reduction was most pronounced in the nondefense area, as net loan repayments by farmers under the agricultural price support program of the Commodity Credit Corporation more than offset increases elsewhere in this category. (Commodity Credit Corporation lending is treated as a federal purchase on an NIA basis since the value of farm products in inventory, which are used as collateral for the loans, is transferred from the farm to the government sector. Similarly, loan repayments are negative federal purchases in the NIA.) Real defense spending, after a 3 percent rise in 1977, declined in 1978. The federal government work force—civilian and military—rose slightly last year, the first such increase in a decade.

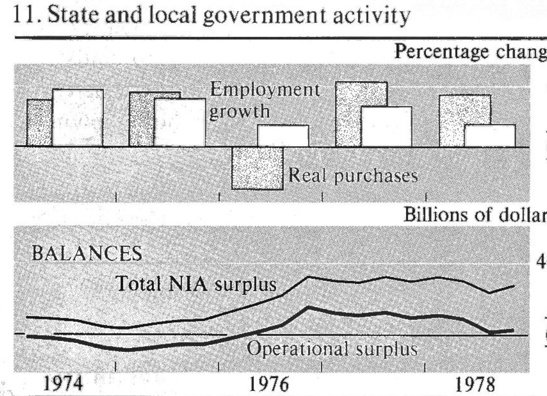
Among federal government expenditures not included in purchases, transfer payments to individuals showed only a moderate increase owing to a sizable $2½ billion decline in unemployment compensation between 1977 and 1978. On the other hand, federal grants to states and localities rose briskly over 1978 in response to expanded local public works and public employment programs. However, the pace of such federal disbursements began to moderate late in the year with the expiration of countercyclical revenue sharing and the reduction in funding for public service employment. Finally, interest payments rose sharply over the year, following a small gain in 1977.

State and Local Governments

Growth in spending by state and local government units was moderate in 1978 (chart 11). For the third consecutive year this sector's revenues exceeded expenditures, and the surplus, after deducting the share for social insurance funds, amounted to $6 billion. Nevertheless, the operational surplus was only half the amount of the previous year, and by the fourth quarter the sector's budget had moved close to balance. This partly reflected the tendency for voter-induced tax relief to outweigh spending economies.

Fiscal conservatism at both state and the local levels of government was one of the most prominent political and economic issues of 1978, sparked in part by California's Proposition 13, which was passed in the early summer. This measure put restrictions on property tax collections in the current year and limited increases for future years; it also erected formidable barriers to other increases in taxes by local

11. State and local government activity



Department of Commerce data, seasonally adjusted at annual rates. Employment growth is Department of Labor data, seasonally adjusted at annual rates. Percentage changes are calculated from Q4 to Q4.

governments or by the state legislature. The popular appeal of this initiative provided a basis for action in other areas of the country, and spending limitations or tax reduction measures appeared on the ballots of 19 other states and numerous localities in November. Although voters generally opted for less severe methods of restraining expenditures, such actions imply a protracted period of relative conservatism in spending.

Purchases of goods and services by states and localities increased 3½ percent in real terms over last year—about a percentage point below the rise in 1977. Boosted by federal local public works funding, construction outlays dramatically reversed their downward slide to increase 12 percent in real terms by year-end. The bulk of the new construction outlays went into water facility projects of all types and into housing and urban redevelopment, educational buildings, and hospitals.

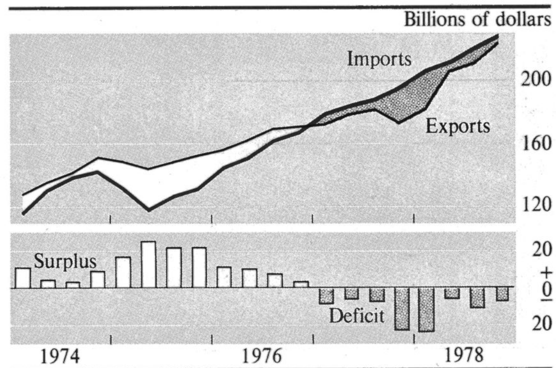
Employee compensation, which accounts for more than half of state and local purchases, increased 9 percent in current dollars over the year. The gain in employment was only about one-half of the average in other recent years—about 200,000 jobs—despite the infusion of federal funds under the Comprehensive Employment and Training Act; that program paid directly for 580,000 jobs, or about 5 percent of the total number of workers in the sector.

State and local government receipts rose to $338 billion in the fourth quarter of 1978, a 10 percent increase over the previous year. The rate of growth of own-source revenues (tax receipts and nontax accruals) continually declined during the year, reflecting, in part, the pressure on elected officials to hold down tax rates, especially on property. Federal grants-in-aid grew from $71 billion in 1977 to $79 billion in 1978.

International Trade

The deficit in net exports of goods and services on an NIA basis was $12 billion in 1978, roughly the same as in the previous year (chart 12). The deficit narrowed during the year, however, and this provided additional support for

12. U.S. foreign transactions



Department of Commerce NIA data, seasonally adjusted at annual rates.

economic growth. By year-end exports were about $7 billion less than imports, and conditions seemed favorable for further gains in 1979. Contributing to the improvement of the external position during the year was a pick-up in economic growth in the Group of Ten countries and Switzerland over the four quarters of 1978 in contrast to more moderate expansion in the United States.

The gradual improvement of the U.S. trade balance did not prevent a substantial depreciation of the dollar with growing disorder in the exchange markets. The trade-weighted average value of the dollar fell about 20 percent from September 1977 through the end of October 1978. Following the announcement of policy measures on November 1, the dollar increased in value, but at year-end it was still 17 percent below its level in September 1977. While the impact of this adjustment of exchange rates on domestic inflation and activity has yet to run its course, the effects of the depreciation in increasing import prices tended to raise the 1978 nominal trade deficit.

U.S. nonagricultural merchandise exports expanded rapidly in real terms after the first quarter of 1978. This increase followed essentially no growth in 1977 and while the expansion was widespread, gains were particularly strong for exports of machinery, industrial supplies, and aircraft. Agricultural exports, which account for about a fifth of merchandise trade shipments to other countries, grew rapidly in 1978, rising 20 percent in constant dollars. This strength coincided with unusually poor harvests of wheat and soybeans in the Southern Hemisphere and abundant harvests and stocks in this country.

Higher prices helped to restrain imports, and in real terms, the growth in nonoil imports slowed substantially in 1978 compared with the previous two years. The value of nonpetroleum imports grew rapidly for the third successive year. In contrast to the 1976–77 period, higher prices accounted for an increased share of the rise in the total import bill; by the fourth quarter of 1978 nonoil import prices were up 13 percent from a year earlier, more than half of the rise being due to the decline in the dollar's exchange value.

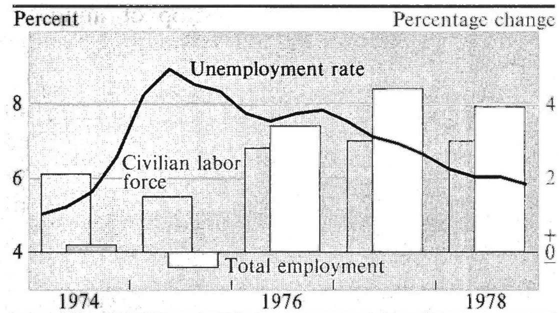
Unlike other imports, the price of imported petroleum was essentially unchanged during the year, and increased production from Alaska and stock drawdowns more than matched the growth in domestic consumption. The result was a fall in oil imports amounting to about half a million barrels per day from levels in 1977. However, the $2 billion decline in the oil import bill is not likely to be matched in 1979 because the Organization of Petroleum Exporting Countries (OPEC) has announced a price increase of 14½ percent spread over the year. Furthermore, Alaskan production has leveled off at about 1.2 million barrels per day and will not match the needs of a further expansion in domestic demand.

Net receipts of military and service transactions with nonresidents showed another strong increase last year, reaching a level of about $23 billion. The bulk of the gain came from rising income generated by U.S. direct investments abroad and from net receipts of fees and royalties from foreign affiliates.

The Labor Market

Over the year, total employment rose 4 percent, nearly matching the exceptionally strong advance in 1977 (chart 13). Despite the production disruptions of the first quarter, almost 2¼ million jobs were added to nonfarm payrolls by June. While gains slowed over the summer, rapid growth in employment resumed in the

13. Labor force, employment, and unemployment



Department of Labor data. Percentage changes are calculated from Q4 to Q4.

fourth quarter, and by the end of the year, the increase in nonfarm payroll jobs from the preceding December totaled 3.5 million.

Employment growth was particularly robust in the goods-producing sector, although there were substantial increases in other sectors as well. Manufacturing jobs rose about 740,000 with strength concentrated in the durable goods industries—especially machinery and transportation equipment. Accompanying the sharp increases in nonresidential building activity and the high level of housing starts throughout the year was a rise in construction employment to a record level of 4.4 million. Continued growth in private service industries added 2 million jobs in trade, finance, and services.

Hiring gains during the first half of 1978 were sufficient to reduce the unemployment rate to 6.0 percent by the second quarter, 3/4 of a percentage point below the level of late 1977. The jobless rate showed little further improvement thereafter, however, and at year-end was 5.8 percent. Although reductions in unemployment were shared by all demographic groups, more than half of the decrease occurred among adult women; their unemployment rate fell 0.9 percentage point to 5.8 percent over the four quarters of 1978, despite another sizable rise in the number of adult women in the labor force. The adult male labor force rose at about its long-term trend rate and the unemployment rate for this group dropped 0.7 percentage point to 4.0 percent. Teenage unemployment, however, remained very high and was above 16 percent in the fourth quarter. In addition, unemployment among blacks and other minorities remained relatively severe, despite a drop of almost 2 percentage points in their unemployment rate.

As opportunities for work increased during 1978, labor markets tightened noticeably. In particular, unemployment rates for skilled and experienced workers at year-end moved appreciably closer to their levels in 1973. In addition, long-term unemployment (27 weeks or more) fell from about 0.9 percent of the labor force at the beginning of the year to 0.5 percent at year-end.

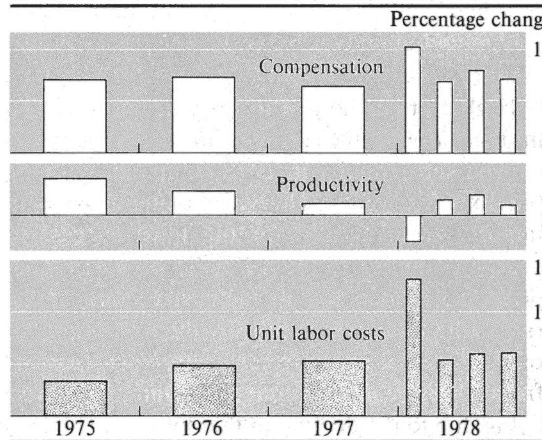
Wages, Productivity, and Labor Costs

Wages and fringe benefits grew more rapidly in 1978 than in 1976 and 1977. Measured by the hourly earnings index, wage rates in the private nonfarm sector increased 8¼ percent over the four quarters of last year compared with about 7½ percent during each of the preceding two years. The substantial boost in the minimum wage in January contributed to the 9 percent increase in the trade sector, which has the largest concentration of low-wage workers. In addition, the tightening of labor markets bolstered wage demands in construction after three years of moderate increases. Wage gains in the manufacturing industries amounted to 8¼ percent, about the same pace as in 1977.

There were relatively few new collective bargaining settlements last year. Most important were agreements negotiated in the coal and railroad industries, which provided for increases similar to those negotiated by major unions in 1977—more than 30 percent spread over the three-year life of the contracts. Deferred increases and cost-of-living adjustments, however, were more significant factors in union pay in 1978. Over all, effective wage rate changes in collective bargaining agreements averaged 8 percent—about the same as in 1977. The tightening of labor markets, however, led to a narrowing of wage differentials between the union and nonunion sectors. Nonunion wage gains increased nearly 1½ percentage points more than in the 1976–77 period and about equaled the rise in the union sector.

Hourly compensation, which includes em-

14. Productivity and costs



Department of Labor data, seasonally adjusted. 1978 Q4 estimated by Federal Reserve.

ployer contributions for social insurance and the costs of fringe benefits, rose 9½ percent during the year, about 1½ percentage points faster than the previous year (chart 14). About a third of this acceleration resulted directly from the increases in payroll taxes in the first quarter. In addition, private fringe benefits continued to increase faster than wages during 1978.

Productivity showed little improvement in 1978. Output per hour in the nonfarm business sector was up slightly over the year, after having risen only 1⅓ percent in 1977. Much of the slowdown occurred outside the manufacturing sector; output per hour in manufacturing increased at a rate of 3 percent during the year. Normally, productivity growth slows as labor markets tighten and capacity constraints are approached; but the fall-off in productivity gains after the cyclical rebound earlier in the expansion has been particularly sharp in the past two years.

There seems to be no single reason for the poor performance of U.S. productivity growth in recent years, although a number of factors appear to have played significant roles. The increase in labor force participation rates for women and youths has led to a more inexperienced work force on average. Added environmental and safety regulations have directed resources to uses traditionally not measured as output and have slowed certain types of technological advances. Furthermore, capital accumulation has been relatively deficient during this economic expansion and has failed to keep pace with the growth of the work force.

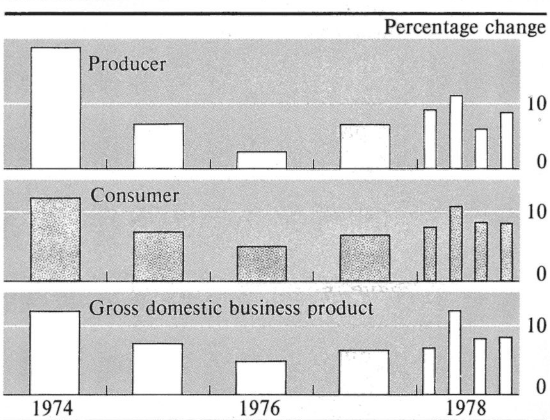
Lagging productivity performance, together with the acceleration in hourly compensation, resulted in intensified cost pressures over the year. Unit labor costs rose 9 percent during 1978, up substantially from the increase of 6⅓ percent in 1977. Pressures on labor costs are likely to remain intense in 1979 because of the tight labor market, the large number of major collective bargaining agreements to be negotiated, and the previously legislated increases in payroll taxes and the minimum wage.

Prices

In addition to the sizable increases in unit labor costs, special developments in the food, housing, and international sectors contributed to a marked acceleration in the rate of inflation in 1978. Most broad measures of price change rose about 2 percentage points more than in 1977 (chart 15). Consumer prices were up 9 percent during 1978, as was the fixed-weight price index for gross business product. Producer prices of finished goods rose 9 percent also.

Developments in the farm and food sector exerted a major influence on measures of inflation in 1978. Retail food prices rose 12 percent over the year—the largest increase since 1974—and contributed about 3/4 of a percentage point to the acceleration in consumer prices. The increases at the retail level reflected a rise of nearly 20 percent in farm prices during 1978 following little change in the previous year. Most of the rise in food prices came early in the year; meat price increases were particularly rapid as beef production continued to decline from its cyclical peak in 1976. Price increases for other food items, though smaller than those for meats, were still quite large.

15. Prices



Producer and consumer price indexes are Department of Labor data, seasonally adjusted. The gross domestic business product fixed-weight index (1972 weights) is a Department of Commerce series, seasonally adjusted. Annual percentage changes are calculated from Q4 to Q4.

Trends in energy prices were mixed in 1978 and the rise at retail amounted to about 8 percent, somewhat above the increase in 1977. Natural gas prices continued to surge upward; over the past five years the annual rate of increase has averaged about 16 percent, reflecting changes in regulatory policy and the impact of increased prices for crude oil. Electricity rates rose rapidly in the first half of 1978 due in part to the higher costs associated with the coal settlement. Gasoline prices were nearly stable until midyear, when tight supplies led to a sharp upturn. Further increases in gasoline prices are due in 1979, mainly because of higher OPEC crude oil prices.

Prices outside the food and energy areas rose faster in 1978. Service prices excluding energy accelerated to an annual rate of 9½ percent from 8 percent last year. The homeownership component of the consumer price index was up 12½ percent, more than 3 percentage points above the previous year. This jump reflected strong demand pressures on house prices and rising mortgage interest rates. With low vacancy rates and rising costs of fuel and other items, residential rents rose nearly 7½ percent in 1978, compared with about 6 percent in the two preceding years. Also, the increased minimum wage contributed to rising prices for a number of other service items.

The decline in the dollar's exchange value also aggravated inflation. Aside from the direct effects of higher prices for imported merchandise, competitive pressures eased for a number of domestic products. Most noticeable were larger price increases for automobiles and other durable goods.

At the producer level, finished goods prices of capital equipment showed considerably less acceleration than those for consumer goods. But crude materials prices, for both food and nonfood items, were up sharply, and toward the end of the year, prices for construction materials were also rising rapidly.

Because little relief is expected soon from the pressures of labor costs, inflationary forces are likely to remain intense in 1979—especially in view of the sharp increases in the price of oil and the continued rise in food prices. In light of such prospects, fiscal restraint and regulatory reform have been recognized as essential conditions for facilitating a less inflationary expansion of economic activity. In addition, the administration introduced a program of voluntary wage-price guidelines designed to initiate a gradual unwinding of inflationary pressures. The general price standard directs firms to limit their increases to 1/2 of a percentage point below their average annual rise during the 1976–77 period. Wage increases are to be generally limited to about 7 percent a year. The program also sets an alternative profit-margin standard, provides for public monitoring of certain price and wage increases, and includes a legislative proposal for real-wage insurance. □

A Proposal for Redefining the Monetary Aggregates

This BULLETIN *article presents proposals by the staff of the Board of Governors for redefining the monetary aggregates. They were formulated by a board staff group chaired by Stephen H. Axilrod, Staff Director for Monetary and Financial Policy. The proposals raise important issues regarding the payments system, the evolving role of depositary institutions, and the basis upon which the public chooses to hold various financial assets. To aid in further consideration of these proposals, comments are invited from the public. Please address comments to Office of the Staff Director for Monetary and Financial Policy, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.*

Thomas D. Simpson, Senior Economist in the Banking Section of the Division of Research and Statistics, had principal responsibility for the preparation of this article. Others making major contributions to the formulation and analysis of these proposals were Edward C. Ettin, John H. Kalchbrenner, David E. Lindsey, Richard D. Porter, Peter Tinsley, Darwin Beck, and William Barnett. Research assistance was provided by Daniel Rudolph and Juan Perea.

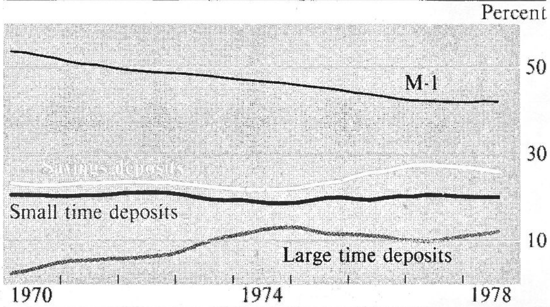
Regulatory changes and financial innovations in recent years have fundamentally altered the character of the public's monetary assets. These developments are responsible for growing similarities among certain kinds of deposits, and, at the same time, for disappearing resemblances among other kinds. Moreover, the distinctions between the deposit liabilities of commercial banks and those of thrift institutions have become blurred.

With the authorization of negotiable order of withdrawal (NOW) accounts and credit union share drafts, some savings balances at thrift institutions and commercial banks now provide the same transactions services as demand deposits. In addition, preauthorization of bill payments and telephone transfer services have significantly increased the liquidity of savings deposits at both commercial banks and thrift institutions; and the automatic transfer from savings to demand accounts (ATS), recently authorized, has added substantially to the transactions-related character of savings deposits at commercial banks.[1]

Other developments have reduced similarities among various kinds of deposits, however. While savings balances at both commercial banks and thrift institutions have become more liquid in recent years, time deposits have generally become less liquid. Penalties for early withdrawal and the steady lengthening of maturities have reduced considerably the liquidity of small-denomination time deposits. As a consequence, the components of the M-2 and M-3 aggregates representing savings and small time deposits have become more dissimilar over time. Furthermore, a growing share of those time deposits included in M-2—and in M-3—is in large time deposits with denominations of $100,000 or more. Chart 1 shows that large time deposits currently make up a much larger proportion of M-2 than they did in the early 1970s. Moreover, such deposits have behaved much like a managed liability, and their movements have tended to offset cyclical movements in savings and small time deposits, also shown

[1] Some thrift institutions—those with third-party-payment powers—are also permitted to offer automatic transfers. Moreover, the Federal Home Loan Bank Board has recently proposed that federally chartered savings and loan associations be authorized to offer a new kind of third-party-payment account—a payment order account—on which funds could be withdrawn by nonnegotiable, nontransferable orders.

1. Principal components of M-2



Quarterly averages, seasonally adjusted.

in the chart. Over the cycle, large time deposits included in M-2 have varied in much the same way as large negotiable time deposits (negotiable certificates of deposit) at large banks, which are excluded from the current M-2 and M-3 measures.

Commercial banks in recent years have also come to rely more heavily on some nondeposit liabilities, particularly security repurchase agreements (RPs).[2] From the standpoint of the customer, RPs are a relatively safe and liquid alternative to holding deposits with commercial banks and other depositary institutions.

Because of these developments, the meaning of measures of the monetary aggregates has been changing, and a revision in existing definitions appears needed. The definitions proposed by the board staff in this article reflect recent developments by grouping together similar kinds of deposits at all depositary institutions. While the proposals seek to bring the monetary aggregates up to date, no one aggregate or group of aggregates can satisfy all purposes and, at times, it is necessary to deal with their principal components, which would be published separately.[3] Moreover, in view of the pace of regulatory and financial innovation, further redefinitions might well be needed as the character of the public's monetary assets continues to change.

The most important financial developments affecting the monetary aggregates in recent years are discussed in the next section. This is followed by a presentation of the proposed measures of the monetary aggregates. The next two sections discuss the empirical relationships among the proposed aggregates and other important economic variables, and the Federal Reserve's ability to control the various monetary aggregates. Important consolidation issues arise in the construction of measures of the public's monetary assets and some of these are discussed next. The last section contains a brief discussion of the timeliness of the data and data requirements. The appendix describes in some detail the procedures used in constructing the proposed monetary aggregates and the basic data sources.

Recent Developments Affecting the Public's Monetary Assets

Since 1970 a large number of regulatory changes and other financial developments have affected the nature of the public's monetary assets. The most significant of these are listed in table 1. With the authorization of NOW accounts (line 2), credit union share drafts (line 6), and demand deposits at thrift institutions (line 9), new accounts subject to withdrawal by draft or check have appeared. NOW balances at commercial banks had grown to about $2 billion by June 1978, while NOW accounts at thrift institutions had grown to over $1 billion (table 2, last column). Balances in share draft accounts at credit unions (the third item in table 2), plus demand deposits at thrift institutions (the fourth item) equaled almost $1½ billion, or about one-half of total NOW balances at that time.

Preauthorized transfers from savings accounts at commercial banks (table 1, line 1), government and business savings accounts (line 7), telephone transfers (line 8), and, most recently, automatic transfer services (ATS, line 11) have substantially enhanced the liquidity and transactions character of commercial bank savings

[2] A security repurchase agreement is an arrangement whereby a bank "sells" a security in its portfolio—usually a treasury or federal agency security—to a customer and agrees to repurchase it at a specified price at some future date.

[3] In addition to the principal components of the proposed monetary aggregates, other pertinent deposit categories, such as U.S. Treasury deposits, interbank deposits, and deposits of foreign commercial banks and official institutions, would be published. Estimates of commercial bank repurchase agreements with the nonbank public would also be published.

1. Selected developments affecting the nature of the monetary aggregates

Development	Date	Deposit liability	Monetary aggregate containing deposit liability
1. Preauthorized transfers[a]	9/70, 4/75, 9/75	Savings balances at S&Ls and commercial banks	M-2, M-3
2. NOW accounts[b]	6/72, 9/72, 1/74, 2/76, 11/78	Savings balances at MSBs, S&Ls, and commercial banks	M-2, M-3[c]
3. 2½-year, 4-year, 6-year, and 8-year time deposits[d]	1/70, 7/73, 12/74, 6/78	Time deposits at MSBs, S&Ls, and commercial banks	M-2, M-3
4. Substantial penalty on early withdrawal of time deposits	7/73	Time deposits at commercial banks, S&Ls, and MSBs	M-2, M-3
5. Point-of-sale terminals (POS) permitting remote withdrawals of deposits from savings	1/74	Savings balances at S&Ls	M-3
6. Credit union share drafts[e]	10/74, 3/78	Regular share accounts at federal credit unions	M-3
7. Savings accounts from domestic governments and businesses[f]	11/74, 11/75	Savings balances at commercial banks	M-2, M-3
8. Telephone transfers	4/75	Savings balances at commercial banks[g]	M-2, M-3
9. Demand deposits at thrifts[h]	5/76	Deposits of MSBs and S&Ls	M-3
10. 6-month money market certificates	6/78	Time deposits at S&Ls, MSBs, and commercial banks	M-2, M-3
11. Automatic transfer services (ATS)	11/78	Savings balances at commercial banks and thrifts having transactions balances	M-2, M-3
12. Payment order account (POA)	Proposed 11/78	Savings balances at S&Ls	M-3

[a] Savings and loans were permitted to make preauthorized nonnegotiable transfers from savings accounts for household-related expenditures in September 1970 and third-party nonnegotiable transfers from savings in April 1975. Commercial banks were authorized to make preauthorized third-party nonnegotiable transfers from savings in September 1975.

[b] State-chartered mutual savings banks began offering NOWs in Massachusetts in June 1972 and in New Hampshire in September 1972. In January 1974, depositary institutions in Massachusetts and New Hampshire were authorized to offer NOWs. In March 1976, NOWs were authorized at depositary institutions in Connecticut, Maine, Rhode Island, and Vermont; in November 1978, NOWs were authorized in New York State.

[c] NOWs at commercial banks appear in M-2 (and M-3), while NOWs a thrift institutions appear in M-3.

[d] The increase in interest rate ceilings on the two-and-one-half year deposit was approved in January 1970, the increase on the four-year time deposit was approved in July 1973, the increase on the six-year deposit in December 1974, and the increase on the eight-year time deposit in June 1978.

[e] Temporary experimental share draft programs were first approved for federal credit unions in October 1974; final regulations for permanent programs became effective in March 1978.

[f] Savings accounts for domestic government units were permitted in November 1974, and for businesses (up to $150,000 per account per customer) in November 1975.

[g] Telephone transfers from savings balances at thrift institutions have been allowed since the 1960s.

[h] State-chartered mutual savings banks and savings and loans in New York State were authorized to offer demand deposits in May 1976. Prior to this time, these institutions were permitted to offer payment orders of withdrawal (POW) deposits. In addition, thrift institutions in some other states have been permitted to offer non-interest-earning transactions balances to households.

balances. Telephone transfers and ATS permit savings balances to be shifted readily into demand accounts, while preauthorized transfers permit direct payments from customers' savings. The authorization of savings accounts for businesses and domestic governments gives these depositors a highly liquid interest-earning alternative to holding funds in demand accounts. Funds in domestic government and business savings accounts (shown in table 2) grew sharply just after being introduced but more recently have leveled off (business accounts) or declined (government accounts) in response to increases in market rates of interest. In late 1978, such balances amounted to about $15 billion.

Evidence on debits to savings accounts, available since July 1977, indicates that activity in these accounts has increased recently. As shown below, turnover rates, defined as the

2. Selected deposit balances at commercial banks and thrift institutions

Millions of dollars, not seasonally adjusted

Type of deposit balance	June 1974	June 1975	June 1976	June 1977	June 1978
NOW accounts					
At commercial banks	13	211	804	1,501	2,080
At thrift institutions	178	369	611	875	1,181
Share draft balances at credit unions	...	3	61	234	576
Demand deposits at thrift institutions	...	166	314	594	864
Savings at commercial banks					
By domestic governments	...	336	3,440	6,282	4,878
By businesses	...	...	6,013	10,123	10,757
Small-denomination time deposits with maturities over four years					
At commercial banks[a]	21,027	35,956	49,890	66,151	74,396
At thrift institutions[b]	40,600	82,100	117,500	158,400	196,800

[a] Measured as of July of each year.

[b] Estimated as of March of each year for savings and loans and April of each year for mutual savings banks.

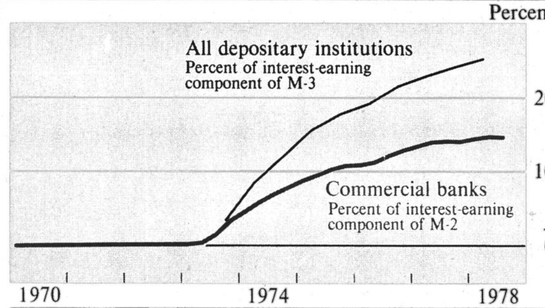
annual dollar volume of debits divided by average balances, have risen since the summer of 1977. (These data do not include NOW accounts.) Turnover rates for business savings

Month	Debits to savings deposits (billions of dollars at annual rates)		Savings deposit turnover (annual rates)	
	Business	Other	Business	Other
1977				
July	40.8	307.8	4.0	1.5
October ...	41.9	313.2	4.0	1.5
December	49.1	304.9	4.6	1.5
1978				
March	48.3	333.5	4.6	1.6
July	55.6	376.5	5.1	1.8
October ...	67.2	394.2	5.8	1.9

accounts advanced 45 percent from July 1977 to October 1978, while turnover rates for other savings accounts—mainly those of individuals and to a lesser degree domestic governments—rose about 25 percent.[4] To some extent, this increase in turnover rates might reflect higher market rates of interest, as some savings customers likely shifted their investment funds—relatively idle balances—to market instruments with higher yields. Nevertheless, savings balances of both businesses and others did expand between these dates, when turnover rates were rising, suggesting that any outflows of investment funds from savings were more than offset by inflows of more transactions-related funds.

Similarly, preauthorized and telephone transfers have enabled customers of thrift institutions to use their savings more effectively for transactions purposes. In addition, point-of-sale terminals (POS, table 1, line 5) have gone a step further by allowing these customers to make withdrawals and deposits from savings by using remote terminals placed at retailers. Most recently, the Federal Home Loan Bank Board has proposed that federally chartered savings and loan associations be permitted to offer a new "payment order account" (POA, line 12), which could be used for making third-party payments.[5]

2. Long-term, small-denomination time deposits



Original maturities of four years or longer. Commercial bank data are quarterly; observations for other depositary institutions are for March and September. Long-term time deposits at mutual savings banks and savings and loans have been estimated; those at credit unions, believed to be very small, are excluded.

In contrast to these developments, the increase in regulatory ceiling rates on four-, six-, and eight-year time deposits (line 3), which enabled depositary institutions to issue longer-term time deposits, has led to a significant reduction in the liquidity of time deposits by lengthening maturities at commercial banks, mutuals, and savings and loans. As chart 2 shows, from the early 1970s to mid-1978, commercial bank time deposits with maturities of four years or more advanced from less than 1 percent of total time and savings deposits included in M-2 to 15 percent; even more striking has been the trend in longer-term time deposits included in M-3, also shown in the chart, which jumped from modest proportions in 1973 to an estimated 25 percent of total time and savings deposits included in this aggregate by the spring of 1978. Dollar amounts of longer-term time deposits at commercial banks and at savings and loans and mutual savings banks are given in the last two rows of table 2. In mid-1978, such deposits accounted for about 45 percent of small-denomination time balances at commercial banks and about 70 percent of small time balances at savings and loans and mutual savings banks. The substantial penalty on early withdrawals of time deposits imposed in July 1973 has further reduced the liquidity of time deposits included in M-2 and M-3.[6]

[4] These turnover rates for savings deposits, however, are considerably smaller than turnover rates for demand deposits, which are about 100 per year for banks located outside New York City.

[5] The ceiling rate on POA accounts would, according to the proposal, be 5 percent, the same as that for all NOW accounts and ATS savings. The ceiling rate on share draft accounts at credit unions is 7 percent.

[6] The depositor is required to forgo interest for 90 days and earns the passbook rate for the remaining time that the funds have been placed with the institution.

The introduction in June 1978 of the six-month variable-ceiling money market certificate (table 1, line 10) has tended to offset the trend toward longer average maturities of time deposits. This new deposit has attracted a sizable volume of funds at both commercial banks and thrift institutions in just a few months. By late December, seven months after the introduction of money market certificates, such deposits at commercial banks had expanded to 4½ percent of total time and savings deposits included in M-2; at both commercial banks and thrift institutions these certificates had risen by late December to about 6¾ percent of total time and savings deposits included in M-3.

In addition to these developments, in the past decade the public began to use cash management techniques more intensively. With the application of such techniques as lock boxes, wire transfers, information-retrieval systems, and cash-concentration accounts, the public—particularly businesses—has been able to make transactions using relatively smaller amounts of demand deposits. In extensive interviews with board staff, cash managers and commercial bankers indicated that their reliance on cash management intensified around the mid-1970s. Much of the funds "released" from demand deposits was used to acquire highly liquid interest-earning investments, such as repurchase agreements, commercial paper, and treasury bills.[7]

Proposed Monetary Aggregates

The four monetary aggregates being proposed by the board staff are presented in table 3. The new measures are designed to replace the current monetary aggregates, M-1 through M-5, shown in table 4. Proposed M-1, by including new transactions accounts and by excluding selected foreign deposits, is a more comprehensive measure of transactions balances held for domestic expenditures than current M-1. The next measure, M-1+, adds to M-1 all savings balances at commercial banks, which have become more transactions-related in recent years. Next, savings balances at thrift institutions, which have also become more liquid in recent years, are added to M-1+ in deriving proposed M-2. The fourth and broadest measure of the public's monetary assets, proposed M-3, adds to proposed M-2 time deposits at all depositary institutions, and has been designed to include all the deposit liabilities to the public of depositary institutions.

3. Proposed monetary aggregates

Dollar amounts in billions of dollars, not seasonally adjusted

Proposed aggregate	Components	Amount, June 1978
1. M-1	Current M-1	351.7
	PLUS: NOW balances	3.3[a]
	Credit union share drafts	.6
	Demand deposits at thrifts	.9
	ATS savings	0[b]
	LESS: Demand deposits of foreign commercial banks and official institutions	11.3
	Total[c]	345.0
2. M-1+	Proposed M-1	345.0
	PLUS: Savings balances at commercial banks[d]	221.6
	Total	566.6
3. M-2	Proposed M-1	345.0
	PLUS: Savings balances at all depositary institutions[e]	495.3
	Total	840.3
4. M-3	Proposed M-1	345.0
	PLUS: All time and savings deposits (including large time deposits) at all depositary institutions[e]	1,154.6
	Total	1,499.7

[a] Consists of NOW balances in New England states. In November 1978, NOW accounts were authorized in New York State and by January 10, 1979, the stock of NOW balances at depositary institutions in New York is estimated to have been $0.6 billion.

[b] Would also include payment order accounts (POA) at savings and loans, if the current Federal Home Loan Bank Board proposal is adopted. ATS savings were first offered on November 1, 1978, and by January 10, 1979, estimated ATS balances were $4 billion.

[c] Total does not equal the sum of the components because of other miscellaneous adjustments to the total (see the appendix).

[d] Excludes NOW and ATS savings balances at commercial banks.

[e] Excludes all NOW, ATS, POA (if introduced), and credit union share draft balances.

Two questions were asked in designing the proposed measures. First, do the assets included serve as a transactions balance or a medium of exchange? Are they, that is, generally accepted in exchange for goods, services, and other

[7] In a recent econometric study of money demand, Tinsley, Garrett, and Friar conclude that the bulk of the shortfall in the public's demand for deposits during this period was mirrored by acquisitions of transactions-related RPs. See P. A. Tinsley, B. Garrett, with M. E. Friar, "The Measurement of Money Demand" (Board of Governors of the Federal Reserve System, Division of Research and Statistics, Special Studies Section, November 1978; processed). An alternative interpretation of this period—one emphasizing the contribution of cash management services to reducing the variance of depositors' cash flow positions—can be found in Richard D. Porter and Eileen Mauskopf, "Cash Management and the Recent Shift in the Demand for Demand Deposits" (Board of Governors of the Federal Reserve System, Division of Research and Statistics, Econometric and Computer Applications Section, October 1978; processed).

4. Current monetary aggregates

Dollar amounts in billions, not seasonally adjusted

Current aggregate	Components	Amount, June 1978
1. M-1	Currency	92.9
	PLUS: Demand deposits at commercial banks	258.8
	Total	351.7
2. M-2	M-1	351.7
	PLUS: Savings balances at commercial banks	223.8
	Time deposits at commercial banks	352.8
	LESS: Negotiable CDs at large banks	86.3
	Total	842.0
3. M-3	M-2	842.0
	PLUS: Savings balances at thrift institutions	275.8
	Time deposits at thrift institutions	317.4
	Total	1,435.2
4. M-4	M-2	842.0
	PLUS: Negotiable CDs at large banks	86.3
	Total	928.3
5. M-5	M-3	1,435.2
	PLUS: Negotiable CDs at large banks	86.3
	Total	1,521.5

assets? Traditionally, currency and demand deposits at commercial banks—which make up current M-1—have been viewed as satisfying this condition. More recently, as noted earlier, other kinds of deposits, some of which are at other kinds of institutions, have come to meet this criterion. Thus, in defining the proposed M-1 measure, transactions balances of various kinds have been aggregated across depositary institutions.

Second, is the asset readily convertible into a transactions balance? Does the public view it, that is, as a highly liquid alternative to transactions balances? Many believe that those assets that the public considers close substitutes for transactions balances should be included in broader measures of the monetary aggregates. The definition of the current M-2 embodies this criterion by including savings and small time deposits at commercial banks along with conventional transactions media. This second criterion also implies limits to aggregation. Assets that are not viewed as close substitutes for media of exchange would be excluded from the monetary aggregates. In applying this criterion to the broader measures of the monetary aggregates, similar kinds of deposits at all depositary institutions have been combined.

Other considerations have influenced the design of the proposed monetary aggregates. One is data availability. For example, it can be argued that even though time deposits have generally become more illiquid over time, there are sizable amounts of short-term time deposits and they should be included with savings deposits in a measure of the money supply.[8] The problem with including time deposits is that data on remaining maturities are generally not available, and data on the original maturities of time deposits for some institutions, principally member banks, are available only for recent years.[9] The issue of data availability is discussed below and in the appendix.

Another consideration in selecting measures of the monetary aggregates is their empirical relation to other economic variables, particularly the gross national product. Normally, a measure of money would be more desirable the closer its past relationship to GNP and other economic variables. By fundamentally altering the nature of the public's monetary assets, however, recent financial developments have diminished the usefulness of statistical relationships based on longer-term experience as guides to selecting aggregates. Indeed, in large part it is because of these developments that new measures of the monetary aggregates are being proposed. Empirical evidence on this issue is presented below. Finally, the ability of the Federal Reserve to control an aggregate is another important consideration in making a selection. This issue, too, is discussed later.

The remainder of this section examines each of the proposed monetary aggregates in some detail.

8 While short-term time deposits tend to be liquid in the sense that the date of maturity is near, with current interest penalties such deposits tend to become less liquid as they approach maturity in the sense that the effective yield declines more the closer withdrawal is to maturity.

9 Timely data on the original maturity of member bank time deposits for three maturity categories—under six months, six months to four years, and over four years—have been available weekly since late 1974. Less timely breakdowns by maturity—estimated for all commercial banks—are available as of the end of each quarter, beginning in 1968; however, maturity breakdowns have changed occasionally during this period in connection with actions affecting regulatory ceilings on different maturities of time deposits. Indirect data for savings and loans and mutual savings banks are available semi-annually, beginning in 1973.

Proposed M-1

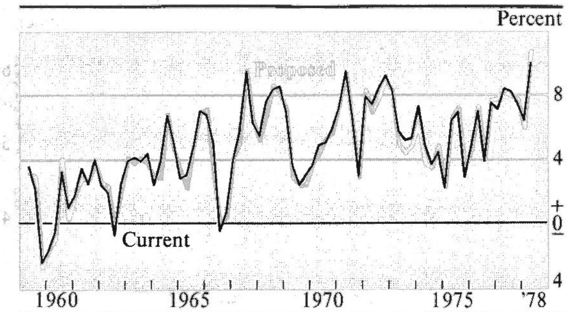
The proposed M-1 (line 1 of table 3) differs from the current M-1 in that it includes new transactions-related savings deposits at commercial banks and thrift institutions—such as NOW balances, ATS balances, share draft balances at credit unions, and demand deposits at thrift institutions—while it excludes demand deposits of foreign commercial banks and official institutions.[10] The Advisory Committee on Monetary Statistics (the Bach Committee) recommended this exclusion because such balances are held primarily as clearing balances for international transactions and international reserves.[11] Thus, compared with the present M-1, the proposed M-1 is a more comprehensive measure of balances of domestically related transactions.[12] Proposed M-1 satisfies the medium-of-exchange criterion, which calls for a narrow measure of money to represent funds available for immediate payment for goods, services, and other assets. Such a measure can be expected to be closely related to domestic transactions.

As chart 3 reveals, proposed M-1 is somewhat smaller than current M-1, since the foreign-related demand deposits removed have exceeded the new transactions balances added. However, rates of growth (shown in chart 4) are very similar for the two measures.

The public's demands for these measures of money relative to GNP move inversely with their velocities (chart 5). The velocities for current and proposed M-1 move in close parallel. While the demands for both current and proposed M-1 relative to GNP appear to have decreased around 1975—at a time when market rates of interest were generally declining—econometric evidence indicates a slightly less pronounced decline for proposed M-1.[13]

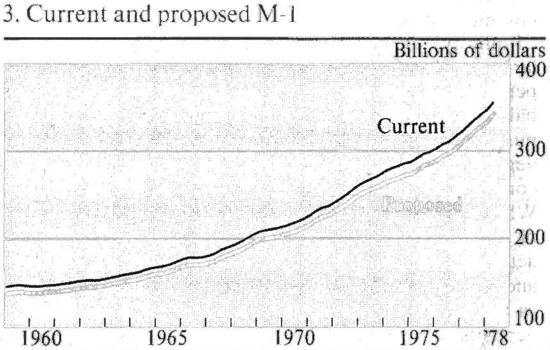
Although the more comprehensive measure of transactions balances, proposed M-1, has behaved much like present M-1, new developments are likely to cause the two to diverge. With ATS accounts growing in popularity, funds can be expected to shift from consumer demand balances to ATS savings, thereby depressing current M-1 relative to total spending.[14]

4. Rates of growth of current and proposed M-1



Seasonally adjusted at annual rates.

3. Current and proposed M-1



Quarterly averages, seasonally adjusted.

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[10] If the Federal Home Loan Bank Board proposal to create a new payment order account (POA) is adopted, these balances would be included in proposed M-1.

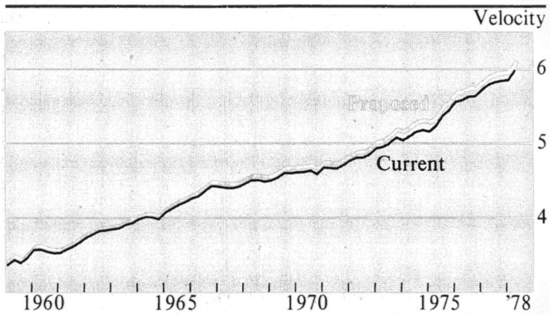
[11] See *Improving the Monetary Aggregates: Report of the Advisory Committee on Monetary Statistics* (Board of Governors of the Federal Reserve System, June 1976), p. 4. See also Helen T. Farr, Lance W. Girton, Henry S. Terrell, and Thomas H. Turner, "Foreign Demand Deposits at Commercial Banks in the United States," in *Improving the Monetary Aggregates: Staff Papers* (Board of Governors of the Federal Reserve System, November 1978), pp. 35–54.

[12] Some transactions balances—such as traveler's checks and money market mutual funds—are excluded from proposed M-1, primarily because data are unavailable.

[13] In simulations of money demand and reduced-form equations for both M-1 measures over the period from mid-1974 to mid-1978, presented below, simulation errors were marginally smaller for proposed M-1 than for current M-1.

[14] While shifts of funds from consumer demand deposits to ATS savings (and POA savings, if offered) will not affect proposed M-1, shifts of funds from other sources to ATS savings will cause this aggregate to rise relative to total spending. A break in the M-1 series can be expected regardless of whether ATS savings are included. If they are excluded, M-1 can be expected to decline relative to spending; if they are included, M-1 can be expected to increase.

5. Velocities of current and proposed M-1



Seasonally adjusted.

In addition, should the Congress and the various regulatory authorities continue to expand the opportunities of commercial banks and thrift institutions to offer new transactions accounts, further conversions from consumer demand deposits will reinforce the importance of broadening the coverage of M-1.

Since NOW accounts, ATS savings accounts, and share draft accounts at credit unions can serve as both transactions balances and more permanent interest-earning savings balances, consumers are likely to hold larger amounts of funds in these kinds of accounts than they would otherwise have held in demand deposits, and growth in proposed M-1 relative to GNP may be more rapid than historical growth of current M-1. Also, since the interest-earning savings component of these new accounts is likely to be sensitive to spreads between market rates of interest and regulatory ceilings, proposed M-1 may be more sensitive to changes in market interest rates than current M-1.[15]

M-1+

The second proposed monetary aggregate shown in table 3 (line 2) is M-1+, which consists of proposed M-1 plus savings balances at commercial banks.[16] As noted earlier, developments in recent years have significantly enhanced the liquidity of commercial bank savings accounts and have increased the similarities between such balances and demand deposits. Important among these developments have been the authorization of business and domestic government savings and preauthorized and telephone transfers, in addition to ATS and NOW accounts for individuals. The aggregation of savings at commercial banks and M-1 into a new measure of money was a possibility suggested for consideration by the Advisory Committee on Monetary Statistics.[17] Moreover, some empirical evidence, based on the period before ATS, suggests that savings balances at commercial banks have had a higher degree of liquidity, or "moneyness," than those at other institutions.[18]

Depending on the direction of developments, the proposed M-1+ aggregate may serve principally as a transitional measure. The importance of M-1+ as a narrower monetary aggregate is tied very closely to the emerging role of automatic transfers. During the transition, when conversions to ATS savings are occurring, the relationships between M-1+ on the one hand and GNP and interest rates on the other should resemble the historical pattern more than can

[15] Econometric evidence indicates that the demand for interest-earning savings balances is more responsive to changes in both income and interest rates than is the demand for demand deposits, and thus the demand for proposed M-1, by including savings-related funds, might be more income elastic and interest elastic than the demand for current M-1.

[16] The M-1+ measure described in this section differs from the one currently published basically by excluding demand deposits of foreign commercial banks and official institutions.

[17] *Improving the Monetary Aggregates: Report*, p. 11.

[18] William A. Barnett, "A Fully Nested System of Monetary Quantity and Dual User Cost Price Aggregates," Board of Governors of the Federal Reserve System, Division of Research and Statistics, Econometric and Computer Applications Section, November 1978; processed). In this paper, the author constructs an ideal index under aggregation—which might be interpreted as a measure of "moneyness"—based on recent advances in the theory of index numbers and on newly developed econometric methods. The evidence suggests that a dollar's worth of savings balances at commercial banks makes a larger contribution to the "liquidity" of consumers' monetary assets than a dollar's worth of savings balances at thrift institutions, perhaps because of the convenience of having savings balances at the same location where one conducts other business. Nevertheless, the author also finds a very high degree of substitutability between savings deposits at commercial banks and savings at thrift institutions. When similar methods are applied to the measurement of substitutability between savings deposits and transactions balances, it is discovered that savings deposits and transactions balances are not viewed by the public as being as substitutable for each other as savings deposits at commercial banks and savings deposits at thrift institutions. See also W. E. Diewert, "Exact and Superlative Index Numbers," *Journal of Econometrics*, vol. 4 (May 1976), pp. 115–45.

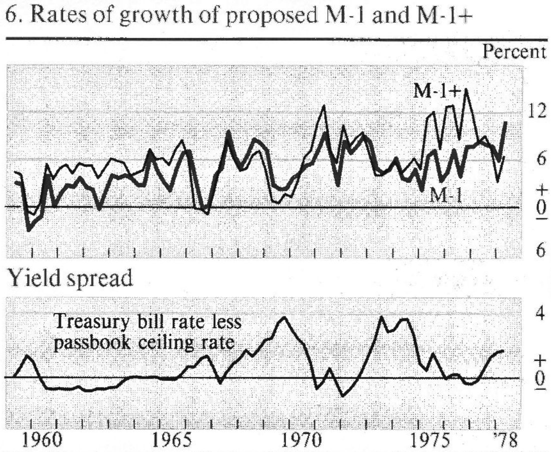
be expected for either current or proposed M-1. Although conversions from consumer demand balances to ATS savings will not disturb proposed M-1, shifts from ordinary savings balances to ATS savings will result in an expansion of proposed M-1 relative to GNP. Consequently, since shifts from ordinary savings to ATS savings would not affect the proposed M-1+ during the transition, M-1+ may serve as a useful supplement to proposed M-1 for interpreting underlying growth in the public's demands for transactions balances.[19]

Since savings balances are more sensitive than demand deposits to interest rates—particularly to the difference between the rate paid by commercial banks and short-term market rates—growth in M-1+ varies more over the course of the interest rate cycle than does growth in M-1. This difference can be seen in chart 6, which depicts the annualized rates of growth of proposed M-1 and M-1+ in the upper panel and the spread between the 90-day treasury bill rate and the ceiling rate on commercial bank passbooks in the lower panel. When market yields were low relative to the ceiling rate—as in the early 1960s, 1971–72, and 1976–77—growth in M-1+ was faster than growth in proposed M-1. Conversely, when market rates rose substantially above ceiling rates—as in 1966, 1969–70, and 1973—growth in M-1+ was slow relative to that of proposed M-1.

[19] Shifts of funds to ATS savings from sources other than demand deposits and ordinary savings deposits will tend to disturb the relationships among M-1+, GNP, and interest rates. Available evidence indicates, however, that shifts of funds to ATS savings from these other sources have been relatively small.

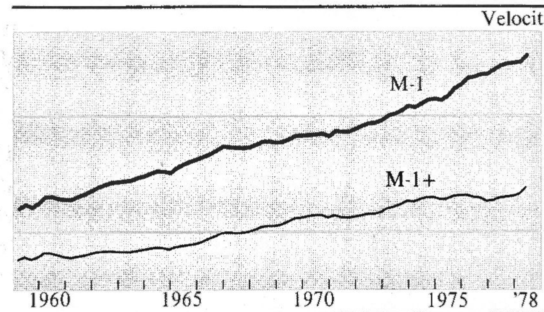
If POA accounts are authorized for savings and loan associations and if these accounts become popular, the usefulness of M-1+ as a supplemental aggregate will diminish. In this event, more attention could be given to proposed M-2.

6. Rates of growth of proposed M-1 and M-1+



Seasonally adjusted.

7. Velocities of proposed M-1 and M-1+



Seasonally adjusted.

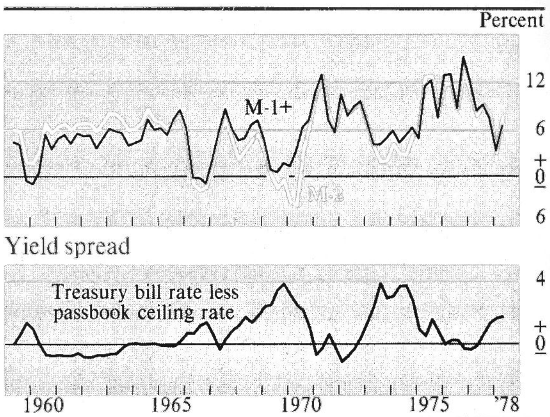
Because movements in market interest rates have a discernible influence on M-1+, the velocity of that aggregate—shown in chart 7—tends to vary directly with the interest rate cycle. The velocity of M-1+ has tended to increase over time—along with the general level of interest rates—as has the velocity of proposed M-1, also shown in the chart. In the period encompassing 1975 and 1976, however, the velocities of M-1+ and M-1 were somewhat disparate, with the M-1 velocity rising sharply—at a time when market rates were generally declining—while the M-1+ velocity was relatively steady. It appears that the expanding use of cash management techniques was largely responsible for the paring of transactions balances relative to GNP—particularly by large businesses—and for the corresponding jump in M-1 velocity;[20] by contrast, relatively low market rates of interest at this time evidently swelled savings balances at commercial banks, thereby offsetting a similar rise in M-1+ velocity.

[20] See Jared Enzler, Lewis Johnson, and John Paulus, "Some Problems of Money Demand," *Brookings Papers on Economic Activity*, 1:1976, pp. 261–80; Perry D. Quick and John Paulus, "Financial Innovations and the Transactions Demand for Money" (Board of Governors of the Federal Reserve System, Division of Research and Statistics, Banking Section, February 1977; processed); Porter and Mauskopf, "Cash Management;" and Tinsley and others, "Measurement of Money Demand."

M-2

Proposed M-2, shown in table 3, adds savings deposits at all depositary institutions to proposed M-1. In other words, similar deposits—savings balances—are combined across depositary institutions to obtain proposed M-2; to obtain current M-2 dissimilar deposits—savings and time deposits—at commercial banks are summed.[21] A comparison of tables 3 and 4 indicates that proposed M-2 and current M-2 are of comparable size.

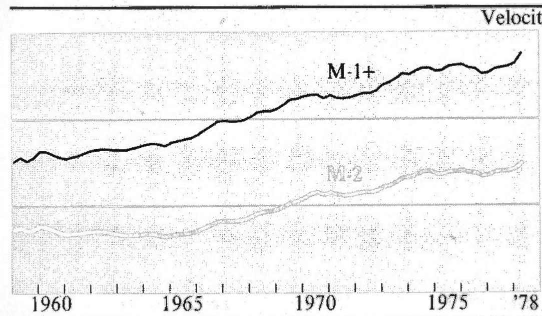
8. Rates of growth of proposed M-2 and M-1+



Seasonally adjusted.

The discussion in an earlier section noted that many developments that have increased the liquidity of savings deposits at commercial banks have also enhanced the liquidity of savings deposits at thrift institutions. Because of these developments, the interest-earning savings balances of the public can now perform many of the functions previously reserved for demand deposits. Some empirical evidence suggests that, while the public may consider savings at commercial banks to be more liquid than savings at thrift institutions, a relatively high degree of substitutability exists between the two kinds of savings, and that savings at all depositary institutions can be linearly combined in a monetary aggregate.[22] The combination of all savings balances with M-1 was also a possibility suggested for consideration by the Advisory Committee on Monetary Statistics.[23]

9. Velocities of proposed M-2 and M-1+



Quarterly, seasonally adjusted.

As might be expected, the behavior of proposed M-2 is very similar to that of M-1+. Chart 8 shows this relation in the upper panel and also contains the spread between the treasury bill rate and the ceiling rate on commercial bank passbooks in the lower panel. Growth in both measures tends to be sensitive to movements in the rate spread. The velocities of proposed M-2 and M-1+—presented in chart 9—have both trended upward over time and have had synchronous movements over the interest rate cycle.

M-3

Proposed M-3 consists of proposed M-2 along with all time deposits of all depositary institutions, regardless of denomination, maturity, or negotiability. Once again, similar deposits—in this instance, time deposits—have been aggregated across depositary institutions. Table 3

[21] Savings are distinct from time deposits on liquidity grounds. In practice, funds in savings accounts are usually available immediately while funds in time deposit accounts are available with a delay or are subject to a substantial early-withdrawal penalty.

[22] Barnett, "A Fully Nested System of Monetary Quantity," concludes that, in such an aggregate, savings deposits at commercial banks would receive a higher weight than savings at thrift institutions. Indeed, the weight attached to a dollar's worth of savings at commercial banks would be roughly twice as large as the weight on a dollar's worth of savings at thrifts. Nevertheless, such a weighted series produces growth rates that have been very similar to a series that simply adds savings at commercial banks to savings at thrift institutions.

[23] *Improving the Monetary Aggregates: Report,* p. 11.

shows that proposed M-3 is considerably larger than proposed M-2 and also larger than current M-3, shown in table 4.

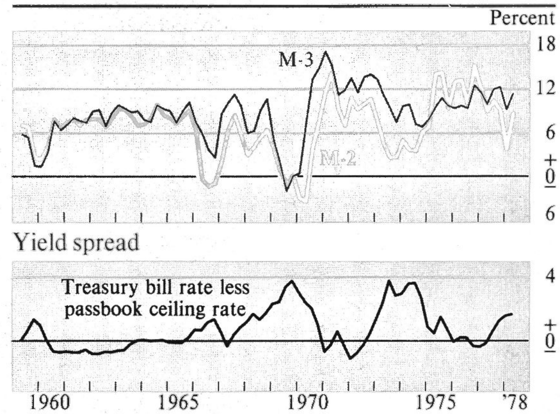
M-3 is in effect a broad monetary aggregate that includes all liabilities of depositary institutions to the public. In principle, nondeposit liabilities of these institutions would be included along with their deposit liabilities. Among the most important nondeposit liabilities are security repurchase agreements (RPs).[24] As noted earlier, RP liabilities have become more important in recent years and tend to be viewed by the public as highly liquid alternatives to deposits. In practice, however, current data limitations militate against their inclusion in proposed M-3. The board's staff has constructed an RP series using available information, and it would be published separately; but the estimates are inferior to those for other components of the monetary aggregates.[25] Once more complete data are collected, RPs could be added to M-3 or perhaps to a narrower measure of money, if that is suggested by subsequent research.[26]

[24] Depositary institutions also attract nondeposit funds from other sources. However, much of the funds from such sources comes from other depositary institutions, domestic and foreign, and hence would be removed either by consolidation or by procedures that exclude those liabilities due to foreign banking offices. For example, commercial banks attract a sizable amount of federal funds from sources other than commercial banks, but the bulk comes from other depositary institutions—savings and loans and mutual savings banks. Also, commercial banks attract nondeposit funds in the form of Eurodollars, which are obtained from banking offices abroad.

[25] RP data are collected by the Reserve Banks on a regular basis from a sample of approximately 46 large banks that are estimated currently to have roughly 60 percent of all commercial bank RP liabilities to the nonbank public. However, unlike the data on commercial bank deposits that appear in the monetary aggregates, universe call report data are not available for RPs; commercial bank RPs with the nonbank public have not appeared as a separate item on the call report and indirect methods, subject to considerable error, must be used to estimate the universe. As a result, given the size and variability of commercial bank RPs, the dollar magnitude of estimation errors in the series for all commercial banks is probably very large. See also Tinsley, Garrett, and Friar, "Measurement of Money Demand," pp. A1–A10.

[26] Another candidate for inclusion in proposed M-3 is Eurodollar deposits held by the U.S. nonbank public. Data on such holdings, however, are not available on a timely basis and are incomplete.

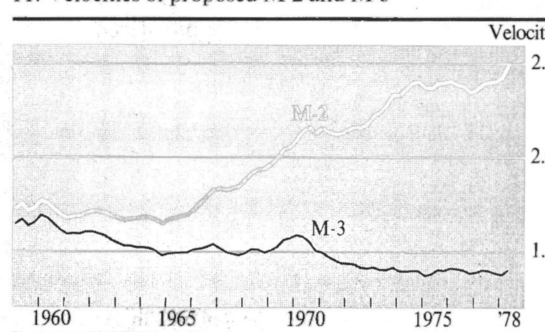
10. Rates of growth of proposed M-2 and M-3



Seasonally adjusted.

Chart 10 shows that rates of growth of proposed M-3 tend to be higher and generally steadier than those of proposed M-2. This relative stability reflects largely the actions of depositary institutions, mainly commercial banks, to offset over the course of the interest rate cycle changes in inflows of savings and small time deposits—subject to interest rate ceilings—through the issuance of large time deposits that are free of such ceilings. When inflows of small time and savings deposits weaken because market rates rise considerably above regulatory ceilings, these institutions tend to step up the issuance of large time deposits; conversely, when inflows of other deposits strengthen, reliance on these managed liabilities is reduced. As a result, growth in this broader aggregate tends to be less variable than growth in aggregates

11. Velocities of proposed M-2 and M-3



Quarterly, seasonally adjusted.

that are strongly influenced by regulatory ceilings.[27]

The tendency for the growth of proposed M-3 to be steadier than that of proposed M-2 is also displayed in their respective velocities, presented in chart 11. In contrast to the velocities of narrower measures of money, the velocity of proposed M-3 has tended to decline over time and has shown less cyclical variability than that of proposed M-2.

Empirical Evidence

A criterion that is frequently suggested for selecting among alternative measures of monetary aggregates is the degree to which each is linked to the ultimate targets, such as GNP. In a variety of theories of aggregate economic activity, the stock of money is related to GNP and to other economic variables, with changes in the stock of money causing changes in GNP and some other economic variables. Such theories, while not providing much a priori guidance to precise definitions of monetary aggregates, imply that the more stable and predictable is the public's demand for a monetary aggregate, the more predictable will be the impact of changes in the supply of this aggregate, other influences remaining the same, on GNP and these other economic variables.

Econometric techniques can be used to correlate changes in alternative measures of the money stock with changes in GNP, while removing the contribution of other influences, and to estimate demand functions for alternative measures of money. Normally, the definitions selected that use this approach would be those that had been most strongly correlated with GNP or had displayed the most stable demand relationship. The presumption would be that the aggregates selected according to these criteria would continue to have the strongest and most predictable relationship with GNP. However, since recent financial innovations have fundamentally altered the characteristics of the public's monetary assets, the usefulness of such econometric evidence is limited. In these cases, an important econometric postulate—that the public view the aggregate being demanded (in this case money) as having homogeneous properties over the sample period—may be violated. Moreover, given recent innovations and regulatory changes, a monetary aggregate selected for its desirable econometric properties based on past relationships may no longer be closely linked with the ultimate targets; while another, having weaker econometric properties in the past, may now be more tightly linked with the ultimate targets. Indeed, a reexamination of the definitions of the monetary aggregates is warranted precisely because the established relationships among the aggregates and other economic variables have been altered by recent developments.

Another empirical basis for selecting measures of the monetary aggregates is their usefulness as indicators of the underlying state of the economy. Information on the public's holdings of currency and deposit balances is generally available on a more timely basis than information about the behavior of the economy. As a consequence, incoming information on the monetary aggregates can be used to make inferences regarding developments in the economy before direct information is available.[28] For example, a slowing of monetary growth may be interpreted to mean that total spending or GNP is weakening. If the behavior of an indicator is believed to be highly reliable, monetary policymakers may wish to adjust the posture of policy in the light of this development—before direct information on the state of the economy is available—should they judge it unhealthy for

[27] In this respect, proposed M-3 is similar to the current M-2 and M-3 aggregates. As noted in the introduction, movements in those large time deposits currently included in M-2, and in M-3, tend to stabilize M-2 growth by offsetting movements in savings and small time deposits.

[28] The indicator criterion is very similar to the previous criterion relating to linkages with ultimate targets. In the case of the linkage criterion, causality running from money to the ultimate target is presumed. In the case of the indicator criterion, no causality is presumed. Changes in money may cause changes in economic activity, or changes in economic activity may cause changes in money, or both may be affected by some third factor.

the economy. Again, changes in the character of monetary assets may tend to undermine the value of some indicators selected on the basis of historical evidence.

In the remainder of this section, demand properties of the various measures of money are first examined. Next, reduced-form equations relating GNP to alternative definitions of money and selected other variables are presented. Finally, the usefulness of the various measures as indicators of economic activity is discussed.

Properties of Money Demand

Properties of the demands for the proposed monetary aggregates are shown in table 5 and those of the current aggregates are shown in table 6.[29] Each money demand equation relates the public's demand for an aggregate, on a quarterly basis, to GNP, a market rate of interest, the rate on commercial bank passbook savings, and, in the case of the broader aggregates, a rate representing the yield on commercial bank time deposits.[30] In each instance, the public is assumed to adjust its actual money balances partially to a desired level—based on GNP and interest rates—and the coefficient of the lagged dependent variable can be used for inferring the speed of adjustment.[31] For each monetary aggregate, two demand equations are reported. Both are estimated using a sample period beginning in late 1960, but the first ends in mid-1978 while the second ends in mid-1974; as noted earlier, the pace of financial developments in recent years has been particularly rapid, and many believe that historical statistical relationships have changed since 1974, particularly the public's demand for demand deposits. In all but the M-3 equations, coefficient estimates for the independent variables are short-run or impact elasticities; they indicate how the demand for money responds in the current period, in percentage terms, to a 1 percent change in GNP or interest rates.[32]

Summary statistics for each aggregate are presented in the last three columns of tables 5 and 6. The R^2 statistic indicates the proportion of the variation in the demand for the monetary aggregate that is explained by GNP, interest rates, and the lagged dependent variable; and the standard error of estimate is a measure of the amount by which money demand estimated from the equation differs from the actual money stock. For example, the standard error of estimate for proposed M-1 over the longer sample period (equation 5.1a) is 1.8 percent, expressed at an annual rate, which suggests that about two-thirds of the estimation errors for proposed M-1 are smaller than 1.8 percent. The final column provides an indication of how well the money demand equation has predicted the rate of growth of the money stock in the period from mid-1974 to mid-1978;[33] the smaller the root

[29] More extensive evidence on the properties of money demand functions for current and proposed aggregates, over a variety of sample and postsample periods, is discussed in Richard D. Porter, Eileen Mauskopf, David E. Lindsey, and Richard Berner, "Current and Proposed Monetary Aggregates: Some Empirical Issues" (Board of Governors of the Federal Reserve System, Division of Research and Statistics, Econometric and Computer Applications Section, January 1979; processed).

[30] For all of the monetary aggregates except proposed and current M-3, the money stock and GNP are divided by the implicit GNP price deflator. Also, the lagged dependent variable in each case is divided by current, and not lagged, prices, in order to permit the equation to pick up potential lagged responses in the public's demands for money to changes in the price level. All of the variables in these equations are entered in logarithmic form and thus coefficient estimates are short-run elasticities. In the case of both the proposed and the current M-3 measures, the money variable and GNP are divided by current wealth, as is the lagged dependent variable in these equations. In all cases, the Cochrane-Orcutt adjustment for serial correlation has been used.

[31] The coefficient of adjustment is equal to 1 minus the coefficient of the lagged dependent variable. For example, if the coefficient of the lagged dependent variable has a value of 0.9, the public removes 10 percent of the discrepancy between its actual and its desired money balances in any one quarter; thus, about one-half of the adjustment to desired money balances is completed in two years. Implied speeds of adjustment for the monetary aggregates are all apparently very slow.

[32] Long-run elasticities are derived by multiplying each coefficient by the reciprocal of 1 minus the coefficient of the lagged dependent variable.

[33] Root mean-square errors are for dynamic simulations expressed in rates of growth; in other words, simulated levels of the money stock are converted to rates of growth and errors are computed on the basis of implicit simulated money growth and actual growth.

5. Representative money demand equations for proposed monetary aggregates[a]

Proposed monetary aggregate[b]	Independent variable: Constant	GNP	Treasury bill rate	Commercial bank passbook saving rate	Commercial bank time deposit rate[c]	Lagged dependent variable	Summary statistic: Adjusted R^2	Standard error of estimate (annual percentage rate)	Root mean-square error of annualized growth rate[d] (annual percentage rate)
M-1[e]									
5.1 a	−.791	.042	−.010	−.009		1.020	.9902	1.80	...
	(−2.439)	(3.184)	(−2.709)	(−.696)		(34.842)			
5.1b	1.359	.144	−.011	−.024		.733	.9934	1.66	3.29
	(1.614)	(3.632)	(−2.382)	(−1.359)		(6.936)			
M-1+[e]									
5.2a	.208	.067	−.021	.027	−.009	.912	.9945	1.91	...
	(.624)	(3.378)	(−3.956)	(1.398)	(−.627)	(24.172)			
5.2b	−.138	.072	−.020	.032	−.019	.934	.9954	1.64	2.81
	(−.339)	(2.876)	(−3.715)	(1.495)	(−1.045)	(19.991)			
M-2[e]									
5.3a	−.042	.046	−.027	.034	−.012	.957	.9943	1.99	...
	(−.139)	(2.681)	(−4.514)	(1.540)	(−.824)	(41.560)			
5.3b	−.446	.055	−.025	.042	−.031	.979	.9960	1.76	3.44
	(−1.342)	(2.723)	(−4.144)	(1.776)	(−1.599)	(39.100)			
M-3[f]									
5.4a	−.0009	.0005	−.0007	.004	−.0003	.961	.9974	1.86	...
	(−.116)	(.012)	(−3.049)	(3.412)	(−.463)	(20.171)			
5.4b	.0006	−.054	−.001	.004	.0002	1.035	.9960	1.90	3.96
	(.068)	(−1.225)	(−3.989)	(2.732)	(.278)	(19.913)			

[a] The numbers in parentheses are t-statistics.

[b] The a and b equations differ in sample period. The period for equation 5.1a, 5.2a, and so on, is 1960Q4 to 1978Q2; the period for the b equations is 1960Q4 to 1974Q2.

[c] The time deposit rate used is the one for the time deposit maturity having the highest yield, after adjusting for the prevailing term structure of interest rates.

[d] The root mean-square error for dynamic simulations over 1974Q3 to 1978Q2. Simulated levels of the money stock are converted to annual rates of growth and errors are computed on the basis of implicit simulated money growth and actual growth.

[e] The dependent variable and GNP are divided by the GNP deflator. The lagged dependent variable is divided by the GNP deflator in the current period. The specification of the equation is double logarithmic.

[f] The dependent variable, lagged dependent variable, and GNP variable are divided by current nominal wealth.

mean-square error for an aggregate, the better is that aggregate's forecasting record during this volatile period.[34]

Equations 5.1a, 5.1b, 6.1a, and 6.1b suggest that the demands for current and proposed M-1 are similar. The impact of GNP and other explanatory variables is nearly the same for each narrow measure of money. Moreover, the coefficients of GNP in equations 5.1a and 6.1a show a marked decline, respectively, from 5.1b and 6.1b in the impact of GNP on each aggregate, while the coefficient of the lagged dependent variable for both M-1 measures rose substantially over the longer sample period. This contrast appears to reflect a decrease in the public's demand for demand deposits—which make up a considerable share of each M-1 aggregate—and is believed to have been an outgrowth of the more intensive use of cash management around 1974, particularly by businesses. Although the prediction performance of each measure of transactions balances has been poor in the post-1974 period, proposed M-1 has a slightly better record than current M-1.

The second monetary aggregate presented in table 5 is M-1+. As might be expected, the demand for this aggregate tends to increase with increases in the commercial bank passbook rate, while it declines in response to increases in the treasury bill rate and the yield on time deposits. In contrast to the demand for both M-1 measures, the demand for M-1+ has not demonstrated a noticeable tendency to shift in the period since mid-1974; coefficient estimates for each explanatory variable, with the possible exception of the time deposit rate, are very similar for the two sample periods. Moreover, the predictive power of the M-1+ demand equation during this period, indicated by its root mean-square error, was better than that of both M-1 measures.

The demand properties of the proposed M-2 aggregate are similar to those of M-1+. Coefficient estimates indicate that the sensitivity of proposed M-2 to interest rates and GNP is nearly

[34] The prediction performance of all the monetary aggregates is relatively weak. However, the 1974–78 period is believed to have seen substantial changes in the characteristics of many of the deposit liabilities appearing in these monetary aggregates.

6. Representative money demand equations for current monetary aggregates[a]

Current monetary aggregate[b]	Independent variable: Constant	GNP	Treasury bill rate	Commercial bank passbook saving rate	Commercial bank time deposit rate[c]	Lagged dependent variable	Summary statistic: Adjusted R^2	Standard error of estimate (annual percentage rate)	Root mean-square error of annualized growth rate[d] (annual percentage rate)
M-1[e]									
6.1a	−.832	.044	−.009	−.015		1.022	.9916	1.74	...
	(−2.381)	(3.151)	(−2.347)	(−1.089)		(29.795)			
6.1b	1.530	.163	−.010	−.031		.699	.9946	1.58	3.39
	(1.848)	(3.987)	(−2.215)	(−1.865)		(6.549)			
M-2[e]									
6.2a	−.405	.166	−.025	−.004	.023	.856	.9994	1.68	...
	(−1.991)	(2.629)	(−4.944)	(−.187)	(1.605)	(13.625)			
6.2b	−.699	.190	−.028	.009	.014	.853	.9993	1.65	2.35
	(−2.759)	(2.335)	(−5.145)	(.395)	(.790)	(11.126)			
M-3[f]									
6.3a	.004	−.010	−.0009	.003	.0004	.964	.9972	1.54	...
	(.643)	(−.307)	(−5.184)	(3.612)	(.861)	(21.270)			
6.3b	.002	−.044	−.001	.003	.0009	1.033	.9966	1.47	2.01
	(.340)	(−1.171)	(−5.521)	(2.232)	(1.349)	(19.829)			

[a] The numbers in parentheses are *t*-statistics.

[b] The a and b equations differ in sample periods. The period for the a equations is 1960Q4 to 1978Q2; the period for the b equations is 1960Q4 to 1974Q2.

[c] The time deposit rate used is the one for the time deposit maturity having the highest yield, after adjusting for the prevailing market term structure of interest rates.

[d]. The root mean-square error for dynamic simulations over 1974Q3 to 1978Q2. Simulated levels of the money stock are converted to annual rates of growth and errors are computed on the basis of implicit simulated money growth and actual growth.

[e] The dependent variable and GNP are divided by the GNP deflator. The lagged dependent variable is divided by the GNP deflator in the current period. The specification of the equation is double logarithmic.

[f] The dependent variable, lagged dependent variable, and GNP variable are divided by current nominal wealth.

the same as that of M-1+. While the coefficients of the two equations for proposed M-2 shown in table 5 are very similar, other results for the 1960s, on the one hand, and the 1970s, on the other, suggest that proposed M-2 has become more transactions-related in the 1970s; in particular, the demand for proposed M-2 appears to have become more responsive to GNP in the 1970s, and the speed of adjustment of actual to desired proposed M-2 balances appears to have increased.[35] The prediction performance of proposed M-2 in the post-1974 period is not so good as that of M-1+, and proposed M-2 has a larger forecast error than current M-2 (table 6).

The demand for proposed M-3 is shown in the last two equations of table 5. As might be expected of any broad measure of money, the demand for this aggregate is not so strongly influenced by GNP as are the more narrow, transactions-related measures. In relative terms, the rate of interest and the wealth variables are more important determinants of the public's demand for this aggregate. The properties of the public's demand for current M-3 and proposed M-3 are in many respects similar, as shown in tables 5 and 6.

Reduced-Form Equations

Reduced-form equations that relate the annualized percentage change in GNP, measured in current dollars, to current and lagged annualized percentage changes in monetary growth, current and lagged values of a fiscal variable, and a strike variable are presented in tables 7 through 10.[36] Tables 7 and 8 contain reduced-form equations and corresponding lag coefficients using the proposed monetary aggregates, and tables 9 and 10 contain results for the current measures. Reduced-form results are used by some to infer the impact of money growth on

[35] See Porter and others, "Current and Proposed Monetary Aggregates," pp. 8, 17–18. The evidence presented in this paper also suggests that the demand for M-1—both the current and the proposed measure—has become more sensitive to the passbook savings rate, implying that savings balances may have become more substitutable for transactions balances in the 1970s.

[36] More detailed evidence on the reduced-form equations for current and proposed aggregates over a variety of sample and postsample periods is discussed in Porter and others "Current and Proposed Monetary Aggregates."

7. Reduced-form equations relating percentage change in nominal GNP to percentage changes in proposed monetary aggregates, a fiscal variable, and a strike variable[a]

Proposed monetary aggregate[b]	Independent variable				Summary statistic		
	Constant	Sum of money coefficients	Sum of fiscal coefficients[c]	Strike variable[d]	Adjusted R^2	Standard error of estimate (annual percentage rate)	Root mean-square error[e] (annual percentage rate)
M-1							
7.1a	2.197	1.175	1.138	−4.667	.492	2.67	...
	(2.198)	(6.133)	(3.031)	(−4.069)			
7.1b	2.508	1.067	.983	−3.666	.432	2.50	3.77
	(2.586)	(5.459)	(2.363)	(−2.611)			
M-1+							
7.2a	3.317	.801	.900	−4.807	.454	2.77	...
	(3.412)	(5.244)	(2.223)	(−4.159)			
7.2b	2.455	.997	.503	−2.743	.407	2.55	4.16
	(2.126)	(4.637)	(1.138)	(−1.899)			
M-2							
7.3a	4.945	.521	.838	−4.997	.352	3.02	...
	(4.541)	(3.149)	(1.718)	(−4.116)			
7.3b	5.400	.417	.473	−3.857	.256	2.86	3.94
	(4.339)	(1.937)	(.813)	(−2.646)			
M-3							
7.4a	3.228	.540	.934	−5.076	.357	3.01	...
	(2.020)	(3.098)	(1.945)	(−4.182)			
7.4b	3.290	.494	.501	−3.731	.314	2.74	4.30
	(2.205)	(2.956)	(.935)	(−2.545)			

a The equations were estimated using a third-order polynomial distributed lag with money and fiscal variables lagged five quarters and the coefficients of the final lagged variables constrained to be zero. The numbers in parentheses are *t*-statistics.

b The a and b equations differ in sample periods. The period for the a equations is 1960Q4 to 1978Q2; the period for the b equations is 1960Q4 to 1974Q2.

c The fiscal variable is the change in the high-employment federal deficit as a percent of nominal potential GNP.

d The strike variable is the change in manhours lost due to strikes as a percentage of manhours worked.

e Root mean-square error for dynamic simulations over the period 1974Q3 to 1978Q2 are based on coefficient estimates for the sample period ending 1974Q2.

GNP, although considerable care must be used in interpreting such results.[37]

The reduced-form results for proposed M-1 are given in equations 7.1a and 7.1b. As in the case of the money demand estimates, two equations are presented for each aggregate. Both sample periods begin in late 1960, but the first ends in mid-1978 while the second ends in mid-1974. In addition, the last column contains the root mean-square error for postsample forecasts over the period from mid-1974 to mid-1978, and indicates the recent forecasting record of the monetary aggregate.

The sum of the coefficients of proposed M-1—shown in the second column—is near unity, the value suggested by some economic theories. Also, the results for proposed M-1 are very similar to those for current M-1, shown in table 9.[38] For both proposed and current M-1, about 40 percent of the estimated impact of the monetary aggregate on GNP is felt in the current quarter, but much of this may also reflect reverse causality running from GNP to money. A comparison of the root mean-square errors shows that predictions based on proposed M-1 have been marginally better than those based on current M-1.

The sum of the money supply coefficients for the broader proposed monetary aggregates is smaller than the sum for proposed M-1. However, the contemporaneous relationship between money and GNP is less strong for these broader aggregates than for M-1, and a relatively large share of the overall measured contribution of money growth to GNP growth is attributed to prior changes in money. The predictive power of M-1+ is somewhat weaker than that of proposed M-1. Proposed M-2 appears to pre-

37 Reduced-form estimates of the contribution of changes in money to changes in GNP can be artificially strengthened by reverse causality, running from GNP to money. This is a problem primarily of interpreting the coefficient of the money variable for the current quarter, but also the R^2 and standard error of estimate. In addition, should changes in a particular measure of money tend to smooth growth in GNP, the estimated impact of this variable on GNP in a reduced-form equation would be understated.

38 In both instances, the sum of money coefficients does not differ much for the two sample periods. This result contrasts with those for the M-1 demand equations, which suggest a shift in the relationship between money and GNP in the post-1974 period. This matter is discussed in more detail in Porter and others, "Current and Proposed Monetary Aggregates."

8. Individual lag coefficients for proposed monetary aggregates and a fiscal variable from reduced-form equations[a]

Lag length	Proposed M-1				Proposed M-1+				Proposed M-2				Proposed M-3			
	Equation 7.1a		Equation 7.1b		Equation 7.2a		Equation 7.2b		Equation 7.3a		Equation 7.3b		Equation 7.4a		Equation 7.4b	
	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable
0	.444	.180	.373	.370	.259	.057	.326	.186	.156	.050	.120	.105	.011	.088	.060	.169
	(2.936)	(1.481)	(2.362)	(2.131)	(1.826)	(.457)	(1.953)	(1.085)	(1.024)	(.367)	(.659)	(.553)	(.064)	(.653)	(.365)	(.922)
1	.231	.245	.225	.076	.043	.203	.099	−.029	.049	.176	.041	−.077	.129	.235	.082	−.006
	(2.201)	(2.135)	(2.126)	(.528)	(.455)	(1.678)	(.922)	(−.199)	(.501)	(1.228)	(.382)	(−.424)	(1.263)	(1.659)	(.844)	(−.034)
2	.173	.278	.177	.087	.078	.259	.119	.012	.066	.236	.056	.014	.168	.269	.116	.030
	(1.807)	(2.626)	(1.782)	(.672)	(.897)	(2.287)	(1.252)	(.088)	(.729)	(1.728)	(.547)	(.085)	(1.737)	(1.986)	(1.238)	(.188)
3	.177	.260	.165	.208	.195	.236	.219	.141	.121	.227	.098	.186	.147	.221	.132	.136
	(2.434)	(2.614)	(2.385)	(1.800)	(3.285)	(2.194)	(3.327)	(1.133)	(1.932)	(1.777)	(1.393)	(1.164)	(2.442)	(1.716)	(2.417)	(.890)
4	.150	.174	.127	.243	.225	.146	.234	.193	.128	.149	.102	.245	.085	.121	.103	.173
	(1.561)	(1.748)	(1.360)	(1.910)	(2.514)	(1.397)	(2.383)	(1.459)	(1.322)	(1.257)	(.917)	(1.560)	(.875)	(1.003)	(1.122)	(1.122)

a The numbers in parentheses are t-statistics. See table 7 for regression results. The a and b equations differ in sample period. The sample period for the a equations is 1960Q4 to 1978Q2; the period for the b equations is 1960Q4 to 1974Q2.

9. Reduced-form equations relating percentage change in nominal GNP to percentage changes in current monetary aggregates, a fiscal variable, and a strike variable[a]

Current monetary aggregate[b]	Independent variable				Summary statistic		
	Constant	Sum of money coefficients	Sum of fiscal coefficients[c]	Strike variable[d]	Adjusted R^2	Standard error of estimate (annual percentage rate)	Root mean-square error[e] (annual percentage rate)
M-1							
8.1a	2.382	1.129	1.184	−4.987	.473	2.72	...
	(2.346)	(5.833)	(3.093)	(−4.328)			
8.1b	2.656	1.016	1.047	−4.075	.424	2.51	3.90
	(2.842)	(5.492)	(2.553)	(−2.897)			
M-2							
8.2a	.681	.955	.997	−5.142	.452	2.78	...
	(.496)	(5.504)	(2.583)	(−4.413)			
8.2b	1.090	.877	.614	−3.454	.413	2.54	4.03
	(.820)	(4.996)	(1.466)	(−2.405)			
M-3							
8.3a	1.418	.769	.971	−5.239	.431	2.83	...
	(1.015)	(4.841)	(2.368)	(−4.451)			
8.3b	1.863	.699	.610	−3.633	.361	2.65	3.88
	(1.203)	(3.755)	(1.288)	(−2.479)			

a The equations were estimated using a third-order polynomial distributed lag with money and fiscal variables lagged five quarters and the coefficients of the final lagged variables constrained to be zero. The numbers in parentheses are t-statistics.

b The a and b equations differ in sample period. The period for the a equations is 1960Q4 to 1978Q2; the period for the b equations is 1960Q4 to 1974Q2.

c The fiscal variable is the change in the high-employment federal deficit as a percentage of nominal potential GNP.

d The strike variable is the change in manhours lost due to strikes as a percentage of manhours worked.

e Root mean-square errors for dynamic simulations over the period 1974Q3 to 1978Q2 are based on coefficient estimates for the sample period ending 1974Q2.

10. Individual lag coefficients for current monetary aggregates and fiscal variable from reduced-form equations[a]

Lag length	Current M-1				Current M-2				Current M-3			
	Equation 8.1a		Equation 8.1b		Equation 8.2a		Equation 8.2b		Equation 8.3a		Equation 8.3b	
	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable	Money	Fiscal variable
0	.405	.178	.292	.375	.191	.107	.205	.253	.030	.114	.078	.184
	(2.626)	(1.431)	(1.869)	(2.148)	(1.309)	(.863)	(1.395)	(1.477)	(.184)	(.875)	(.437)	(1.035)
1	.257	.263	.264	.109	.163	.267	.131	.058	.162	.260	.097	.022
	(2.400)	(2.262)	(2.494)	(.773)	(1.782)	(2.330)	(1.488)	(.422)	(1.575)	(2.120)	(.903)	(.144)
2	.192	.297	.218	.114	.196	.290	.159	.051	.223	.279	.157	.059
	(1.962)	(2.768)	(2.214)	(.903)	(2.289)	(2.701)	(1.921)	(.395)	(2.294)	(2.434)	(1.525)	(.419)
3	.161	.271	.157	.215	.224	.222	.204	.116	.215	.213	.200	.160
	(2.199)	(2.672)	(2.342)	(1.890)	(3.977)	(2.129)	(3.863)	(.943)	(3.599)	(1.958)	(3.256)	(1.187)
4	.113	.175	.084	.235	.181	.110	.179	.137	.140	.105	.168	.186
	(1.143)	(1.732)	(.892)	(1.856)	(2.168)	(1.059)	(2.262)	(1.040)	(1.455)	(.991)	(1.672)	(1.327)

a The numbers in parentheses are t-statistics. See table 8 for the regression results. The a and b equations differ in sample period. The sample period for the a equations is 1960Q4 to 1978Q2; the period for the b equations is 1960Q4 to 1974Q2.

dict GNP growth slightly better than does current M-2, while the recent prediction record for proposed M-3 is poorer than that of current M-3.

Indicator Properties

Since measures of the monetary aggregates are available with a relatively short lag, they may serve as valuable indicators of the current state of the economy, before direct information is available, and thus permit more timely adjustments of policy.[39] Table 11 contains estimates of the various current and proposed measures of money as indicators of GNP growth for three periods—the period of the 1960s, the period of the 1970s, and the entire sample period.[40] In essence, the numbers show the extent to which deviations in the rate of growth of GNP from trend can be detected using deviations in the rates of growth of alternative measures of money from trend. A higher indicator value for a monetary aggregate means that more can be inferred from it about current growth in GNP. In the limit, with an indicator value of 100, variations in monetary growth would serve as perfect indicators of both the direction and the magnitude of variations in GNP growth.

In general, the narrower measures of money contain more useful information about underlying GNP growth than do the broader aggregates. For the proposed aggregates, indicator values generally decline with each successive level of aggregation. In addition, proposed M-1 tends to be a better indicator of GNP growth than is current M-1, particularly during the 1970s. While the indicator value of proposed M-2 was very low for the 1960s, it increased considerably in the 1970s; indeed, for the period of the 1970s, proposed M-2 had a higher indicator value than current M-2. As an indicator of GNP growth, current M-3 tends to outperform proposed M-3.[41]

[39] Some nonfinancial variables, such as retail sales, are also available with a relatively short lag and can be used as indicators of movements in economic activity.

[40] See P. A. Tinsley, P. A. Spindt, with M. E. Friar, "Indicator and Filter Attributes of Monetary Aggregates: A Nit-Picking Case for Disaggregation" (Board of Governors of the Federal Reserve System, Division of Research and Statistics, Special Studies Section, October 1978; processed). The authors conclude that more useful information about the state of the economy can be obtained by using the components of monetary aggregates jointly than by using the aggregates themselves.

11. Monetary Aggregates as Indicators of GNP Growth

Percent

Monetary aggregate	Indicator value[a]		
	1960Q4–1978Q2	1960Q4–1969Q4	1970Q1–1978Q2
Proposed			
M-1	33	18	36
M-1+	22	6	17
M-2	13	*	18
M-3	11	*	7
Current			
M-1	29	15	30
M-2	17	5	13
M-3	14	*	11

SOURCE: Based on P. A. Tinsley, P. A. Spindt, with M. E. Friar, "Indicator and Filter Attributes of Monetary Aggregates: A Nit-Picking Case for Disaggregation" (Board of Governors of the Federal Reserve System, Division of Research and Statistics, Special Studies Section, October 1978; processed), pp. 31–32.

[a] The percentage by which the variance of the forecast error of the growth rate of nominal GNP can be reduced using current observations on the growth rate of the corresponding monetary aggregate. These values were obtained by regressing the percentage change in nominal GNP on the percentage change in the corresponding monetary aggregate. The R^2 statistic, adjusted for degrees of freedom, is then a measure of the percentage by which the variance of forecasted GNP can be reduced by observing the change in the monetary aggregate.

* Negligible.

Controllability

Another important consideration in selecting monetary aggregates is how well the Federal Reserve can control their size and rate of growth. Some aggregates, while closely linked to ultimate targets, may be difficult to control with the available instruments of monetary policy. To a considerable extent, the Federal Reserve's control over a monetary aggregate will depend on the system's operating procedures—whether its operating target is reserves or short-term interest rates.

[41] Note that the indicator results are for a highly simplified situation, one for which no specific model of the economy is utilized. Alternatively, econometric models of the economy, such as the board's quarterly model, can be used to relate forecast errors in money growth to forecast errors in GNP growth; in this way, the accuracy of GNP forecasts can be improved as information on money growth becomes available. Estimations of the indicator value of alternative measures of money using more sophisticated procedures yield results that are qualitatively similar to the ones discussed here.

Under a reserves operating target, a key factor in monetary control is the nature of the reserve requirements applied to the components of the monetary aggregate. Deposits that are subject to reserve requirements established by the Federal Reserve and for which required reserves must be held as vault cash or deposits with the Federal Reserve are generally those that can be controlled best through use of a reserves aggregate.[42] Although other deposits—those of nonmember institutions—may be backed indirectly by reserves at the Federal Reserve through deposit balances held with member bank correspondents, the slippage between the provision of reserves by the Federal Reserve and the volume of such deposits is typically more pronounced than the slippage for deposits directly subject to the system's reserve requirements.

Table 12 shows the proportions of each of the proposed (and current) measures of money that are subject to reserve requirements established by the Federal Reserve. Larger proportions of the proposed M-1 and M-1+ measures than of the proposed broader aggregates are subject to Federal Reserve reserve requirements. A comparison of the proposed aggregates with their current counterparts reveals that by and large smaller percentages of the proposed aggregates are subject to system reserve requirements. Thus, with a reserves operating target, control might be weaker over the proposed aggregates than over the current aggregates, unless legislation were approved extending reserve requirements to the monetary liabilities of nonmember institutions.

With an interest rate operating target, control over a monetary aggregate depends on whether the demand for that aggregate is sensitive to

12. Proportion of monetary aggregates subject to reserve requirements set by the Federal Reserve, June 1978

Percent

Aggregate	Total aggregate[a]	Deposits
Proposed		
M-1	75.8	66.9
M-1+	73.2	67.9
M-2	49.3	43.0
M-3	44.7	41.0
Current		
M-1	76.4	67.9
M-2	70.2	66.5
M-3	41.8	37.1

[a] Currency is treated as subject to a 100 percent Federal Reserve reserve requirement.

changes in short-term interest rates.[43] A desired change in the quantity of a monetary aggregate is achieved by varying the attractiveness of holding the monetary aggregate through changes in short-term interest rates.

Although a change in interest rates will have a greater effect on those aggregates that are most interest sensitive, what is important from the standpoint of controlling money using interest rates is whether the particular aggregate under consideration is in fact sensitive to interest rates. Indeed, economic theory establishes that in achieving some desired monetary stimulus the quantities of monetary aggregates that are highly sensitive to changes in interest rates must be changed by more—in relative terms—than aggregates that are less sensitive to interest rates; hence, while a given change in interest rates will have a greater impact on the quantities of highly interest-sensitive monetary aggregates, a larger change in their quantities is needed to obtain an economic objective.

All of the proposed monetary aggregates move inversely to changes in the treasury bill rate and thus can be controlled using an interest rate operating traget (see table 5, column 3). Proposed M-1 is less sensitive to current changes in interest rates than are M-1+ and

42 Required reserve ratios are also important to monetary control. In general, with higher ratios the control over monetary aggregates is strengthened with a reserves operating target. Also, monetary control under a reserves operating target is enhanced when similar ratios are required for the various deposits included in the aggregate. See Kenneth J. Kopecky, "The Relationship between Reserve Ratios and the Monetary Aggregates under Reserves and Federal Funds Rate Operating Targets," Staff Economic Studies 100 (Board of Governors of the Federal Reserve System, December 1978).

43 In addition, control over a monetary aggregate under an interest rate operating target is importantly influenced by the ability to forecast the impact of other factors, particularly GNP, on the public's demand for this aggregate. In other words, the stability of the relationship between the public's demand for an aggregate and the explanatory variables, such as GNP and interest rates, together with the accuracy of projections of explanatory variables other than interest rates, determines the potential controllability of this aggregate.

proposed M-2. In addition, a comparison of tables 5 and 6 suggests that the impact of changes in interest rates on the proposed monetary aggregates is about the same as that on their current counterparts. Thus, with an interest rate operating target, controlling the proposed monetary aggregates would likely be no more difficult than controlling the current measures.[44]

Consolidation

The monetary aggregates being proposed by the board staff have been constructed using principles of account consolidation to exclude those deposits held by depositary institutions with other depositary institutions that would otherwise lead to double counting. In particular, at each level of aggregation an attempt has been made to net out deposits maintained by depositary institutions for purposes of servicing other deposits included in the measure.[45] This procedure yields a more accurate estimate of the public's monetary assets.

Consolidation involves primarily the appropriate netting out of some or all demand deposits at commercial banks owned by commercial banks and, for the broader measures, by other depositary institutions. A depositary institution can increase the liquidity, and thus the attractiveness, of its deposit liabilities by maintaining demand balances that can be used to meet the withdrawal requests of its customers; such demand balances may also serve as clearing balances. For example, commercial banks hold demand balances with other commercial banks, a large portion of which is used for conducting their own demand deposit business. Simply combining all demand deposits at all commercial banks would overstate the public's holdings of demand balances by the amount of such interbank demand balances, because demand balances held by commercial banks for use in their own demand deposit business would be counted once when they were deposited by the public and again when they were redeposited at other banks. Similarly, demand deposits maintained by commercial banks and thrift institutions for conducting their savings business would be netted out from proposed M-2, and demand balances maintained by depositary institutions for conducting their time deposit business would be netted from proposed M-3.

Consolidation similarly involves the netting out of some savings and time deposits in constructing the broader monetary aggregates. This matter is described in more detail in the appendix.

While in principle this kind of consolidation is straightforward, in practice data limitations necessitate some compromises. For example, although demand deposits between commercial banks can be estimated with some precision, the proportions held for conducting demand, savings, and time deposit business are unknown. As a consequence, the conventional practice of deducting all interbank demand deposits from gross demand deposits has been followed here, although it tends to understate somewhat the appropriate measure of the public's demand deposits. In addition, shortcomings in the data render it difficult to measure and to allocate by function all demand deposits owned by thrift institutions, although an effort was made to allocate by function demand deposits owned by mutual savings banks. These and other issues regarding the mechanics of consolidation are discussed in the appendix.

Data Availability and Data Needs

All proposed monetary aggregates are available on a monthly basis from existing sources.[46] Data

[44] Another consideration in controlling a monetary aggregate with an interest rate target is the influence of unpredictable factors on the demand for that aggregate. The greater the influence of unpredictable factors on money demand, the less precise is monetary control. Standard errors of estimate presented in tables 5 and 6, which reflect the impact of factors other than explanatory variables on money demand, suggest that the effects of unpredictable influences have been roughly similar on the proposed monetary aggregates and on their current counterparts, particularly in the cases of the narrower aggregates.

[45] This is in line with the recommendation of the Advisory Committee on Monetary Statistics. This recommendation served as a guide in consolidating accounts in the proposed monetary aggregates. See *Improving the Monetary Aggregates: Report*, pp. 12–17.

[46] Preliminary historical data on the proposed monetary aggregates and related series are available from the Board of Governors of the Federal Reserve System, Division of Research and Statistics, Banking Section.

on total deposits for thrift institutions—the sum of savings and time deposits—are available as of the end of each month with a lag of about one week.[47] At that time, savings deposits at thrift institutions can be crudely estimated for inclusion in M-2, until actual figures on savings are available about one month later. Breakdowns of total savings deposits at thrift institutions into transactions balances—for inclusion in proposed M-1—and ordinary savings balances must be estimated until figures are available on NOW accounts and share draft balances at credit unions, which involves an additional two-month lag. The lack of timely data on the breakdown of savings and transactions balances at thrift institutions does not affect the estimation of proposed M-3, since total deposits at these institutions are included in this aggregate.

In addition to monthly availability, commercial bank demand deposits, savings deposits, and time deposits are estimated weekly with a lag of one week. However, with existing data, any weekly estimations of thrift institution deposits would likely be subject to unusually large estimation errors.

Should the proposed monetary aggregates be adopted and current data flows used, the quality of initially published estimates of M-1 and M-2 is likely to deteriorate and such estimates are likely to be subject to greater revisions than is currently the case.[48] In order to reduce the size and frequency of such revisions, publication of the monetary aggregates could be delayed from the current schedule or, alternatively, new data could be collected; in particular, timely data on ATS balances, NOW account and other transactions balances, and savings and time balances at thrift institutions would be needed.[49] The collection of such data from nonmember institutions would require the cooperation of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the National Credit Union Administration. Moreover, an accurate and comprehensive series on commercial bank repurchase agreements with the nonbank public would require the collection of new data.

[47] However, sample data on total deposits at thrift institutions are available more promptly and can be used to prepare early estimates of the monetary aggregates.

[48] See the appendix section on timeliness of data.

[49] Also, data on the deposit holdings of savings and loans and credit unions would be needed in order more accurately to consolidate accounts and improve measures of the public's money holdings. As noted in the previous section, only an incomplete consolidation can be done using existing data on the deposit holdings of thrift institutions.

Appendix: Data Sources and Construction of the Proposed Monetary Aggregates

This appendix describes in detail the data sources and the construction of the components of the monetary aggregates being proposed by the board staff. Some of these components were called for by the exclusion from the proposed aggregates of deposits of foreign banks and official institutions, others by the grouping of similar deposits across depositary institutions in the proposed aggregates. Still others were developed to meet the concept of consolidation used in this redefinition of the monetary aggregates.

While the new series have been carefully constructed, they should be regarded as preliminary until the staff has received comments on them and has made a final review of the data. The first section of this appendix lists the components of each of the proposed aggregates; it is followed by a discussion of the timeliness of the data on the components and by a description of current data sources. The next section discusses consolidation of interinstitution deposits, and the final section briefly describes the seasonal adjustment of the new series.

NOTE. This appendix was prepared by Neva Van Peski, Economist, Banking Section, Division of Research and Statistics. Norman Mauskopf and Nancy Hill assisted in constructing the proposed monetary aggregates and related series.

A1. Components of the Monetary Aggregates

Component	June 1978 average (millions of dollars)[a]	Treatment in monetary aggregate[b]		Frequency and timing of current data[c]	First inclusion in proposed aggregate
		Proposed	Current		
				M-1	
Currency					
Currency outside Treasury, Federal Reserve, and vaults of commercial banks	92,923	I	I	Daily (1-week lag)	1/59
Demand deposits					
Commercial banks					
Demand deposits adjusted, excluding all bank and foreign official deposits[d]	241,584	I	I	Daily, member banks (1-week lag) Quarterly, nonmember banks (4-month lag)	1/59
Due to mutual savings banks	1,408	I	I	Weekly, large banks (1-week lag) Quarterly, other banks (4-month lag)	1/59
Due to foreign banks	7,303	E	I	Weekly, large banks (1-week lag) Quarterly, other banks (4-month lag)	1/59
Due to banks in territories and possessions	235	E	I	Quarterly (4-month lag)	1/59
Due to foreign official institutions	1,285	E	I	Weekly, large banks (1-week lag) Quarterly, other banks (4-month lag)	1/59
Federal Reserve float	-5,149	I	I	Daily (1-week lag)	1/59
Cash-items-bias adjustment	8,152	I	I	Daily (1-week lag)	1/59
Foreign-related institutions[e]					
Demand deposits adjusted, excluding banks and foreign official deposits	1,409[f]	I	I[g]	Daily (1-week lag)	1/59
Due to foreign banks and official institutions	2,055	E	I	Monthly (6-week lag)	1/71
Other deposits subject to transfer by draft					
Demand deposits at mutual savings banks	864	I	E[h]	Quarterly (3-month lag)	1/63
NOW accounts					
At commercial banks	2,080	I	E[h]	Daily, member banks (1-week lag) Monthly, other banks (3-month lag)	1/74
At savings and loans	311	I	E[h]	Monthly (3-month lag)	1/74
At mutual savings banks	870	I	E[h]	Monthly (3-month lag)	1/73
Credit union share draft accounts	576	I	E[h]	Quarterly (3-month lag)	1/76
Federal Reserve					
Foreign and international deposits at Federal Reserve Banks	448	E	I	Daily (1-week lag)	1/59
				M-1+	
Savings deposits					
Commercial banks					
Total excluding all bank, foreign official, and U.S. government deposits, and NOW accounts	221,282	I	I	Daily, member banks (1-week lag) Quarterly, nonmember banks (4-month lag)	1/59
Due to banks and foreign official institutions	29	E	I[i]	Weekly, large banks only (1-week lag)	11/75
Due to U.S. government	62	E	I[i]	Quarterly (4-month lag)	1/76
Foreign-related institutions	278	I	E	Monthly (6-week lag)	1/73
				M-2	
Savings deposits					
Commercial banks					
Total excluding all bank, foreign official, U.S. government deposits, and NOW accounts	221,282	I	I	Daily, member bank (1-week lag) Quarterly, nonmembers (4-month lag)	1/59
Due to banks and foreign official institutions	29	E	I[j]	Weekly, large banks only (1-week lag)	11/75
Due to U.S. government	62	E	E	Quarterly (4-month lag)	1/76
Foreign-related institutions	278	I	E	Monthly (6-week lag)	1/73
Thrift institutions[k]					
Mutual savings banks, excluding NOW accounts	76,901	I	E	Monthly (6-week lag)	1/59
Savings and loans, excluding NOW accounts	147,949	I	E	Monthly (4-week lag)	1/59
Credit union shares, excluding share draft accounts	50,857	I	E	Monthly (4-week lag)	1/59
Savings of credit unions at credit unions	-1,168	I	E	Annually (6-month lag)	1/64
Consolidation component: demand deposits due to mutual savings banks held at commercial banks to back savings deposits	-802	I	E	Weekly, large banks (1-week lag) Quarterly, other banks (4-month lag)	1/59

Components of the New Aggregates

Table A1 lists the components of the proposed monetary aggregates. The table gives the June 1978 average for each component and indicates whether it was used in the construction of the proposed aggregate and the comparable current aggregate; a negative sign attached to the June average indicates that the item enters the calculation as a subtraction from the total. Also shown are the frequency and timeliness of the basic data and the date when the component was first included in the aggregates. With few exceptions, new components were included in the

A1. Continued.

Component	June 1978 average (millions of dollars)[a]	Treatment in monetary aggregate[b]		First inclusion in new aggregate	First inclusion in new aggregate
		Proposed	Current		
	M-3				
Time deposits					
Commercial banks					
Total excluding all bank, foreign official, and U.S. government deposits	335,699	I	([l, m])	Daily, member banks (1-week lag) Quarterly, other banks (4-month lag)	1/59
Due to domestic commercial banks	6,862	E	E	Weekly, large banks (1-week lag) Quarterly, other banks (4-month lag)	1/59
Due to foreign and mutual savings banks, and foreign official institutions	9,232	E	I	Weekly, large banks (1-week lag) Quarterly, other banks (4-month lag)	1/59
Due to U.S. government	942	E	E	Weekly, large banks (1-week lag) Quarterly, other banks (4-month lag)	1/59
Foreign-related institutions[e]					
Total, excluding all bank and foreign official deposits	8,184	I	I[n]	Monthly (6-week lag)	1/59
Due to foreign banks and official institutions	2,236	E	I[n]	Monthly (6-week lag)	1/59
Due to domestic commercial banks	792	E	E[n]	Monthly (6-week lag)	1/73
Thrift institutions					
Mutual savings banks	59,057	I	I	Monthly (6-week lag)	1/59
Savings and loans	257,015	I	I	Monthly (4-week lag)	1/59
Consolidation component: demand deposits due to mutual savings banks held at commercial banks to back time deposits	-605	I	I	Weekly, large banks (1-week lag) Quarterly, other banks (4-month lag)	1/61
MEMO: Over $100,000 included in total	165,320[m]	I	([l, m])	Weekly, large banks (1-week lag)[o] Monthly, foreign-related institutions (6-week lag) Quarterly, other banks (4-month lag)	1/59

NOTES TO TABLE A1

[a] A minus sign indicates that the component was subtracted in calculating the total; all other components were added.

[b] "I" indicates the component was used in the construction of the aggregate; "E" means the component was not used.

[c] "Frequency" refers to the frequency with which basic data are reported; "timing" refers to the lag between the date for which data are reported and availability of final data. For many components, preliminary estimates are made based on sample data or related series and revised when final data become available.

[d] "Demand deposits adjusted" is elsewhere defined as gross demand deposits less deposits of domestic commercial banks, U.S. government deposits, and cash items in the process of collection. The item shown here also excludes deposits of foreign banks and official institutions and mutual savings banks.

[e] Includes agencies and branches of foreign banks, Edge Act corporations engaged in banking, and New York State foreign investment companies. A portion of demand deposits at Edge corporations is included in the cash-items-bias adjustment.

[f] This item is slightly larger in the proposed M-1 than in the current M-1 because of a technical adjustment, so that the components shown do not add exactly to the current M-1.

[g] A small amount of demand deposits adjusted held by Edge Act corporations outside New York is not included in the current aggregates, but is included in the proposed aggregates.

[h] These components are excluded from the current M-1 but included in M-1+. NOW accounts at commercial banks are included in the current M-2 and NOW accounts at savings and loans and mutuals are included in the current M-3.

[i] Time and savings deposits due to domestic commercial banks and the U.S. government are excluded from the current M-2. Because most of such deposits are time deposits, no adjustment was made to the current M-1+ for the savings portion of the amount excluded; this adjustment is made in the proposed M-1+.

[j] A small portion of this item, savings due to domestic commercial banks, is excluded from the current M-2.

[k] Includes mutual savings banks, savings and loan associations, and credit unions. Savings component excludes NOW accounts, which appear in the proposed M-1.

[l] Partly excluded.

[m] Large (over $100,000) negotiable CDs issued by large banks are excluded from the current M-3 but included in the current M-4 and M-5; other large time deposits are included in current M-2 and M-3.

[n] In the current M-2 and M-3, time deposits at branches of foreign banks (the bulk of the figures shown) are included along with those of other noninsured banks; such deposits include deposits of foreign banks and official institutions, but exclude deposits of domestic banks. Time deposits at the other foreign-related institutions are not included in the current aggregates.

[o] Total time deposits are available daily with a one-week lag from member banks; the division between large and small time deposits is based on weekly data from large banks and quarterly data from other banks.

measures of the aggregates in January of the year in which they first exceeded $50 million.

For components based on monthly, quarterly, or semi-annual observations, monthly and weekly averages were derived by interpolating between observations or by applying ratios interpolated between benchmark observations to related series. For series with single-day observations each week (Wednesday), the single-day figures were used for the weekly series, and monthly averages were derived by a proration of the weeks; that is, the levels for the previous six days were assumed to equal the Wednesday observation, and the daily values thus assumed were averaged over the month.

Table A1 shows that the proposed M-1, like the current M-1, includes currency and demand deposits adjusted at commercial banks and foreign-related institutions, plus adjustments for Federal Reserve float and cash items bias. The proposed M-1 differs from the current M-1 by (1) excluding demand deposits due to foreign banks and official institutions, (2) excluding deposits held at the Federal Reserve by foreign official and international institutions, (3) including transactions-related savings balances—

NOW accounts at both commercial banks and thrift institutions and share draft accounts at credit unions, and (4) including demand deposits at mutual savings banks.[50]

The proposed M-1+ adds savings at commercial banks to the proposed M-1 series. It differs from the current M-1+ in that it includes savings at all foreign-related institutions engaged in banking in the United States; that is, savings at agencies of foreign banks and New York State foreign investment corporations have been added to the proposed M-1+ while only savings at branches of foreign banks were in the current M-1+. In addition, the proposed M-1+ excludes demand and savings deposits due to foreign banks and foreign official institutions. Also, a technical correction is made to exclude small amounts of savings due to domestic commercial banks and the U.S. government that are now included in M-1+.

The proposed M-2 adds to proposed M-1 savings deposits (net of transactions-related savings already in proposed M-1) at commercial banks, foreign-related banking institutions in the United States, and thrift institutions. The major difference from the current M-2 is that savings deposits at thrift institutions (mutual savings banks, savings and loan associations, and credit unions) are included, while time deposits at commercial banks are excluded. Other differences are the inclusion of savings deposits at agencies of foreign banks and New York investment companies, the subtraction of a consolidation component (discussed below), and the exclusion of savings deposits due to foreign banks and official institutions.

The proposed M-3 comprises proposed M-2 plus time deposits at all commercial banks, foreign-related institutions in the United States, and thrift institutions. The major differences from the current M-3 are the inclusion of negotiable certificates of deposit (CDs) at large commercial banks, the inclusion of time deposits at foreign-related institutions, and the exclusion of deposits due to foreign banks and official institutions. Also, a consolidation component has been removed; it is discussed below.

Timeliness of Data

Table A1 also shows the lag in availability of data for the components of the proposed monetary aggregates. For commercial banks, data for member banks and large weekly reporting banks are available with a one-week lag following the close of the statement week on Wednesday. Preliminary estimates of deposits at nonmember banks are made weekly from data on small member banks, using the latest quarterly call report as a benchmark. Final data on nonmember banks are available with about a four-month lag.[51]

For savings and loan associations and mutual savings banks, preliminary estimates of total deposits are made from early data on deposit flows available from a sample of these institutions: data for deposit flows at mutual savings banks in New York State (accounting for a substantial part of the total) during the first 23 days of the month are available before month-end, and deposit flows (for the sum of time and savings deposits) from a sample of savings and loan associations for the entire month are available within a week of month-end. Final month-end data for thrift institutions, including a savings and time deposit breakdown, are available within four to six weeks.

The schedule of the availability of data—expressed as a percentage of the total of each aggregate—is summarized in table A2 for both the proposed and the current monetary aggregates. The major timing difference between the two sets of aggregates occurs in M-2: because of the inclusion of thrift savings deposits in the proposed M-2, a smaller percentage of final data is available on a timely basis than was available for the current M-2, which includes only com-

[50] The proposed M-1 also includes ATS savings deposits and similar transactions-related savings at thrift institutions.

[51] Currently, the reliability and timeliness of a sample of nonmember banks reporting weekly are being tested. The incorporation of these sample data for nonmember bank deposits is expected to improve the early estimation of this component.

A2. Timing of final data availability, proposed and current monetary aggregates

Based on data for June 1978

Aggregate and component	Per cent of actual data available, by lag		
	One week[a]	Four to six weeks[a]	Four months[b]
Proposed			
M-1 = currency and checkable deposits	**75.4**	**0.6**	**24.0**
Savings deposits component of M-1+	69.3	0.1	30.6
M-1+ = M-1 plus bank savings	**72.9**	**0.4**	**26.6**
Savings deposits component of M-2[c]	30.5	55.5	13.7
M-2 = M-1 plus all savings deposits[c]	**49.1**	**32.7**	**18.0**
Time deposits component of M-3	36.1	48.7	15.2
M-3 = M-2 plus all time deposits[c]	**43.4**	**39.7**	**16.8**
Current			
M-1 = Currency and bank demand deposits	**76.9**	**0.0**	**23.1**
Savings and checkable deposits in M-1+	68.4	0.0	31.6
M-1+ = M-1 plus checkable deposits at thrift institutions and commercial bank savings	**73.6**	**0.0**	**26.4**
Time and savings deposits component of M-2	63.8	0.0	36.2
M-2 = M-1 plus commercial bank savings and time deposits excluding large negotiable CDs	**69.3**	**0.0**	**30.7**
Thrift institution component of M-3	0.0	100.0[d]	0.0
M-3 = M-2 plus thrift institution deposits	**40.8**	**41.2**	**18.1**
Large negotiable CDs at large commercial banks	100.0	0.0	0.0
M-5 = M-2 plus large negotiable CDs at large commercial banks	**44.1**	**38.9**	**17.0**

[a] Estimates of all monetary aggregates are made one week after the Wednesday close of the week based on past patterns of behavior and, in some cases, early estimates from a sample of institutions. Most of the data available in four to six weeks are from thrift institutions and foreign-related banking institutions.

[b] Most of the data available with a four-month lag are from quarterly condition statements submitted by nonmember banks. Earlier estimates of these data are made from member bank data and benchmark ratios from the latest condition report.

[c] In the proposed M-2 and M-3 aggregates, percentages sum to slightly less than 100 because one part of the savings deposit component is available with a six-month lag.

[d] Very good estimates of total deposits at savings and loan associations and mutual savings banks are available one week after the end of the month. Final data become available four weeks after month-end for savings and loans, and six weeks after month-end for mutual savings banks.

mercial bank deposits. Currently, the timing of data availability for the proposed M-1 and M-1+ is very close to that for the current M-1 and M-1+, although as NOW account balances and other transactions-related savings deposits grow in importance, either more timely data will be required or the proportion of the aggregate requiring estimation will increase. Data for the proposed M-3 are available on approximately the same schedule as data for the current M-3 and M-5 aggregates.

Current Data Sources for New Components

Most of the data for the proposed aggregates are generated from a few basic sources. For several components of these aggregates, current data come from sources that have been in existence only a few years, and back data were estimated using a variety of sources and statistical procedures.[52]

Banking Institutions

The primary data sources for commercial banks are the report of deposits filed weekly by member banks, the weekly report of condition, and the quarterly report of condition (call report).

Report of Deposits. The daily report of deposits is submitted weekly to the Federal Reserve by all member banks to provide the information necessary for the computation of reserve requirements. It provides daily figures from which weekly averages are derived of the major categories of bank deposits—demand, savings, and time—plus certain cash assets that are also used in the construction of the money stock measures.

Weekly Report of Condition. The weekly report of condition is a detailed balance sheet submitted by a group of large commercial banks as of the close of business each Wednesday. The number of weekly reporting banks varied over the 1959-78 period but always included more than 300 banks; at the end of 1978, 312 banks were in the sample, and these banks had 50 percent of the total deposits of all commercial banks.[53]

[52] A description of the calculation of the back data is available from the Board of Governors of the Federal Reserve System, Division of Research and Statistics, Banking Section.

[53] Beginning in January 1979, the weekly reporting panel was revised to include only those banks having more than $750 million in domestic office assets as of December 31, 1977. The new panel has approximately 50 percent of the assets of all commercial banks.

Quarterly Report of Condition. The condition report (or call report) is a detailed balance sheet submitted by all insured commercial banks four times each year and by noninsured commercial banks and mutual savings banks twice each year.[54]

Member bank demand deposits adjusted, savings deposits, and time deposits come from the daily report of deposits. For nonmembers, deposits are estimated using reported deposits of small member banks, and are benchmarked to the quarterly call report. Most other items are taken from the weekly condition reports of large banks and are estimated for other commercial banks using quarterly call report relationships. The items estimated in this fashion in constructing proposed M-1 are demand deposits due to foreign official institutions and due to mutual savings banks; in constructing proposed M-2, savings deposits due to banks and foreign official institutions; in constructing proposed M-3, time deposits due to the U.S. government, mutual savings banks, foreign banks, and domestic commercial banks; in constructing both proposed M-2 and M-3, the demand, savings, and time deposits due to mutual savings banks used in consolidation. Savings deposits due to the U.S. government are estimated from the call reports for all commercial banks.

NOW Accounts. NOW accounts are reported at month-end to the Federal Reserve Bank of Boston by all institutions in New England that offer them. Data for NOWs at commercial and mutual savings banks in New York State are estimated from a sample of institutions that report weekly to the Federal Reserve Bank of New York. In addition, daily data on NOWs of member banks in the First Federal Reserve District are available on the daily report of deposits. As noted in the text, NOW accounts have been permitted only fairly recently; mutual savings banks in some New England states first offered them in June 1972, and commercial banks and savings and loan associations in New England began offering them in 1974.

Condition Reports of Foreign-Related Banking Institutions. Foreign-related institutions—agencies, branches, and domestic banking subsidiaries of foreign banks—have submitted monthly reports of condition as of the last Wednesday, or last day of the month, since November 1972.[55] Edge Act corporations also submitted the reports monthly from November 1972 until March 1977, after which they submitted them quarterly.

Currently, these reports are the source of all of the new components derived from foreign-related institutions that enter into the calculation of the proposed monetary aggregates.[56] The following items are collected from condition reports: in proposed M-1, demand deposits of foreign official institutions and foreign banks (subtracted from total demand deposits) and M-1-type deposits of Edge Act corporations outside New York; in proposed M-2, savings; in proposed M-3, time deposits.

Many of the deposit liabilities of foreign-related institutions were not large enough (that is, they were less than $50 million) to be included in the monetary aggregates before 1972.[57]

Mutual Savings Banks

The basic data for deposits at mutual savings banks come from the monthly *Research Analysis* report published by the National Association of Mutual Savings Banks for deposits as

[54] The June and December call reports are generally filed as of the last days of those months. Until recently, the spring and fall call dates varied, but generally occurred in March or April for the spring call and September or October for the fall call. Since September 1975, spring and fall call dates have been set on the last day of March and September, respectively.

[55] June and December reports have always been as of the last day of the month. Since March 1976, the March and September reports have also been as of the last day of the month. All other reports are as of the last Wednesday of the month. Daily M-1-type deposits at these institutions have been available for several years and are included in both the current and the proposed aggregates.

[56] Edge Act corporations engaged in banking submit a daily deposit report to the Federal Reserve weekly. Other foreign-related institutions report M-1-type deposits daily by telephone.

[57] Until 1972, deposits of branches of foreign banks in New York, which formed the major portion of deposit liabilities of foreign-related institutions, were included in the monetary aggregates on the same basis as those of other nonmember banks; after 1972, they were estimated separately. Other deposit liabilities for which pre-1972 data were estimated are discussed in the description of back data cited in note 52 above.

of month-end, based on a sample of about 340 mutual savings banks accounting for 85 percent of total time and savings deposits of these institutions. In June and December, data are collected by the NAMSB from all institutions and are used to benchmark the series. Currently, "savings," "time," and "other" deposits are reported separately on the monthly report.[58] Savings deposits included in the proposed M-2 are derived from this report. Deposits included in the time deposit components of the proposed M-3 are the sum of time deposits from the monthly report, and school and club accounts; the latter are currently available from a quarterly survey of deposit ownership at all mutual savings banks, conducted by the FDIC.[59] That quarterly survey is also the current source of data on demand deposits at all mutual savings banks. Before June 1975, when the survey began, demand deposits were estimated from semi-annual call reports.

NOW accounts of mutual savings banks in New England are reported as of month-end, as mentioned above, to the Federal Reserve Bank of Boston, and weekly to the Federal Reserve Bank of New York by a sample of mutual savings banks in New York State.

Savings and Loan Associations

Deposits at savings and loan associations are estimated from two monthly reports published by the Federal Home Loan Bank Board. The monthly *News* contains balance sheet data based on month-end reports submitted by all insured savings and loans associations, accounting for 98 percent of all savings and loan deposits. Since July 1968, it has separated total deposits into those paying the regular rate or less and those paying more than the regular rate; the former are assumed to be savings deposits, the latter, time deposits. The second report, the monthly *Selected Balance Sheet Data, All Operating Savings and Loan Associations,* gives estimated total deposit data as of month-end for all operating savings knd loan associations, based on the monthly reports of the insured associations and annual reports of all associations. For the purpose of allocating total deposits between proposed M-2 and M-3, deposits at all associations have been allocated between savings and time deposits using the appropriate proportions for insured associations.

The estimation of deposits at savings and loan associations before July 1968 is discussed in the description of back data cited in note 52 above.

NOW accounts of savings and loan associations in New England, as mentioned above, are reported as of month-end to the Federal Reserve Bank of Boston.

Credit Unions

Credit union share deposits as of month-end are available in the *Monthly Statistical Release* issued by the National Credit Union Administration (NCUA) showing major asset and liability items of credit unions. This release is based on monthly reports from 1,200 relatively large credit unions (60 percent of which are federal, and the remainder of which are state credit unions) accounting for 30 percent of total credit union assets, plus annual data submitted by all credit unions. The NCUA also publishes two annual reports—one for federal credit unions, the other for state-chartered credit unions. Summaries of the annual year-end balance sheets published in these reports include, for most credit unions, balances held with other credit unions. These balances are deducted from total savings of credit unions to avoid double counting.[60]

Data on share draft accounts at credit unions are available from the NCUA for federally chartered credit unions only. Share draft accounts were first authorized for federally chartered institutions in November 1974. End-of-month data were reported by credit unions offering share draft accounts from May 1975 to September 1976. After September 1976 only end-of-quarter data are available.

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[58] "Other" deposits include demand deposits, school and club accounts, non-interest-bearing NOWs, and other accounts.

[59] The estimation of savings and time deposits before 1971, and of club and school accounts before 1975, is discussed in the description of data cited in note 52 above.

[60] The estimation of balances of credit unions with other credit unions in earlier years is discussed in the description of back data cited in note 52.

Repurchase Agreements

Security repurchase agreements (RPs) with the nonbank public—a major nondeposit liability of commercial banks—have not been included in the proposed M-3 measure on the grounds that available data are incomplete and any RP estimates are likely to contain significantly more estimation error than the deposit components do. Nevertheless, it is believed that RPs have come to play an important role in the monetary system and an historical RP series has been constructed using available information. To create a monthly series for security repurchase agreements of all commercial banks with the nonbank public extending back to November 1969, monthly RP borrowings of 46 large banks, based on daily averages and net of interbank borrowing, were benchmarked to adjusted call report data. Monthly RP data for the 46 banks go back to November 1969.

Since the call report combines federal funds and RP borrowings from both bank and nonbank sources, the procedure for benchmarking first involved the removal of interbank federal funds and RP borrowings. Beginning in 1976, interbank federal funds and RP borrowings have been available directly from the call report. However, to obtain interbank federal funds and RP borrowings for earlier periods, it was necessary to construct estimates.[61] The next step in benchmarking involved the removal of federal funds borrowed from sources other than commercial banks; this was done using federal funds lent by the principal institutions placing federal funds with banks.[62] The resulting series, estimated RP borrowings by all banks net of interbank borrowings, was then divided by RP borrowings of the 46 banks as of the call dates to obtain blowup factors that were applied to the monthly RP borrowings of the 46 RP reporters. These factors are semi-annual until 1972 and quarterly thereafter.

Consolidation of Interinstitution Deposits

Insofar as was possible, components of the proposed monetary aggregates were consolidated rather than combined, in line with the recommendations of the Advisory Committee on Monetary Statistics.[63]

The committee recommended that in constructing the monetary aggregates, accounts of financial institutions should be consolidated rather than combined. Furthermore, the committee recommended that in each monetary aggregate only those interinstitution deposits should be removed by consolidation that are held for servicing other deposits included in that aggregate. For example, mutual savings banks hold demand deposits with commercial banks; the committee recommended that the portion of these deposits that is held for servicing the demand deposit liabilities of mutual savings banks be excluded from M-1 because the demand deposit liabilities of mutual savings banks are included in the proposed M-1, and to include that portion would be to double count. However, demand deposits that mutual savings banks hold at commercial banks on account of their savings deposit liabilities should not be excluded from M-1, but should be removed from proposed M-2. Similarly, demand deposits held on account of time deposit liabilities should be removed from proposed M-3. Since it is not possible to determine what portion of these

[61] Interbank borrowing is estimated to have been 110 percent of interbank lending, which is available from the call report before 1976; this ratio is based on the average relation between these two series for the ten call reports ending with June 1978. (Interbank borrowing and interbank lending are not identical because the call report instructions define banks for the purposes of the borrowing item to include several financial institutions other than commercial banks.)

[62] Federal funds lending by mutual savings banks, savings and loans, and the Federal Home Loan Bank System are available over much of the period for which the benchmarks are needed. These data, however, include all federal funds lending, whereas the federal funds borrowing listed by banks on the call report includes only one-day and continuing-contract federal funds. The remaining "term" federal funds borrowing constituted about 25 percent of all federal funds borrowing as of April 1974 and December 1977. Accordingly, the data on federal funds lending are multiplied by three-fourths before being subtracted from the call data on federal funds and repurchase agreements. The data for federal funds lending by mutual savings banks begins in December 1971; for savings and loans, in March 1974; and for the Federal Home Loan Bank System, in June 1974.

[63] *Improving the Monetary Aggregates: Report*, pp. 12–14.

A3. Series not consolidated in the construction of the proposed monetary aggregates

Aggregate, type of deposit, and holder	Estimated size: Millions of dollars	Estimated size: Date of estimate	Reason for not consolidating
M-2			
Savings held at commercial banks			
Credit unions	97	December 1976	Infrequency
Mutual savings banks	1	June 1978	Smallness
Savings and loan associations	n.a.	...	Unavailability
Savings held at thrift institutions			
Mutual savings banks	n.a.	...	Unavailability
Savings and loan associations	89	March 1977	Unavailability[a]
M-3			
Time deposits held at commercial banks			
Credit unions	707	December 1976	Infrequency
Savings and loan associations	6,019	March 1978	Infrequency
Time deposits at thrift institutions			
Credit unions	1,383	December 1976	Infrequency
Mutual savings banks	n.a.	...	Unavailability
Savings and loan associations	465	March 1978	Infrequency
M-2 and M-3 consolidation component			
Demand deposits held at commercial banks			
Savings and loan associations	700	March 1978	Infrequency
Credit unions	700	December 1976	Infrequency

[a] These data were available until March 1977.

n.a. Not available.

demand deposits are held to back each type of deposit liability at mutual savings banks, as an approximation the proportion of each type of deposit liability—demand, savings, or time—to total deposit liabilities was used.[64] For example, in June 1978, the ratio of savings deposits to total deposits at mutual savings banks was approximately 57 percent; it was estimated that this proportion of mutual savings banks' demand deposits at commercial banks was held to back savings deposits, and they were removed from proposed M-2; the balance was removed from proposed M-3.

The only thrift institution deposit holdings for which data are adequate for consolidation purposes are deposits of mutual savings banks at commercial banks (both demand and time), and savings of credit unions at other credit unions. Because of the lack of adequate data, other components that these principles suggest should be removed by consolidation were not removed. Table A3 shows the estimated size of interinstitution-consolidation components. In most cases, data are available only semi-annually or annually. Most components are too large and variable to be included on the basis of such infrequent observations. For other components, data are not available at all.

[64] Because demand deposits are such a small proportion of the total deposit liabilities of mutual savings banks, no adjustment was made for demand deposits held by mutual savings banks to service their demand deposit liabilities.

The effect of combining rather than consolidating certain accounts is to raise the measured levels of proposed M-2 and M-3 from their true levels. The effect on M-1 is negligible. Table A3 suggests that the size of the components that should be removed by consolidation from proposed M-2 and M-3, but are not removed because the data are lacking, is not negligible. Because data are not available for many components, the only reliable conclusion from table A3 is that the size of the components that should be consolidated out of proposed M-2 and M-3 is not negligible.

Seasonal Adjustment

Components of the proposed aggregates were seasonally adjusted using standard options in the Census X-11 program. The seasonal adjustment routine was applied to the proposed aggregates as follows:

The currency and the demand deposit components (covering commercial and mutual savings banks, and foreign-related institutions) of the proposed M-1 were each seasonally adjusted separately. Newly introduced checkable deposits—NOW accounts and share draft accounts at credit unions—were not seasonally adjusted. These latter series are of such recent origin that there are not yet enough observations to establish a seasonal pattern. The commercial bank savings deposit component was adjusted separately and added to the seasonally adjusted

M-1 to construct M-1+. The savings of all depositary institutions, taken as a whole, were seasonally adjusted and added to M-1 to construct M-2. Similarly, time deposits for all institutions, taken as a whole, were seasonally adjusted and added to M-2 to construct M-3.

The seasonal adjustments presented here should be regarded as preliminary. For the current monetary aggregates, seasonal adjustment involves examination of alternative adjustments made by selecting different options available in the X-11 program, as well as judgmental adjustment of the output of X-11, in order to take account of the effects of policy changes and other factors in seasonal patterns that are not fully captured by X-11. Thus far no such examination has been made for the proposed aggregates, nor has the X-11 output undergone judgmental review. In addition, seasonal adjustment of some disaggregated components, such as savings deposits at savings and loan associations and at mutual savings banks, should be reviewed before a final seasonally adjusted series is available. □

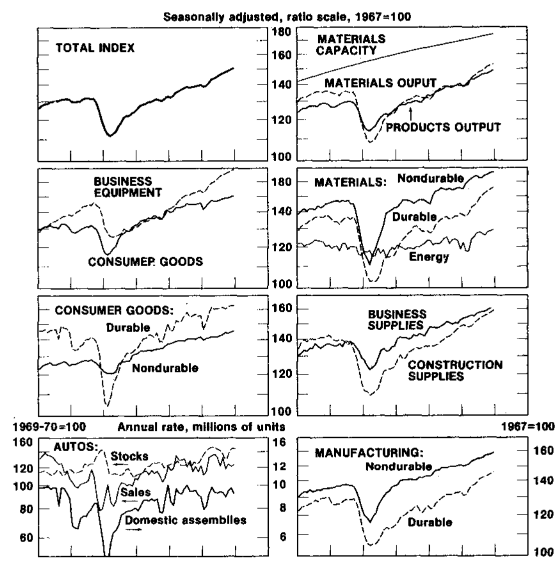
Industrial Production

Released for publication January 17

Industrial production in December increased an estimated 0.6 percent, the same as the revised change for November. Production gains in December were widespread among most major product and material groupings, with output of automotive products the major exception. Large increases occurred in production of home goods, business and defense equipment, construction and business supplies, and durable goods materials. Industrial production in the fourth quarter increased from the third quarter at an annual rate of 7.0 percent. The index for December was 150.4 percent of the 1967 average, 7.7 percent above a year earlier. The preliminary average of the index for 1978 is 5.8 percent above the average for 1977.

Output of consumer goods increased 0.5 percent in December. The production of home goods, particularly appliances, advanced sharply following two consecutive months of decline but still remained below the level in September. Auto assemblies declined more than 4 percent to an annual rate of 9.3 million units from a rate of 9.7 million units in November. Production of consumer nondurable goods increased moderately in December. Output of business equipment increased 0.8 percent in December, reflecting continued large gains in commercial and transit equipment, and was nearly 10 percent above that of a year earlier.

Production of durable goods materials increased sharply again in December, reflecting continued strength in basic metals and in parts for equipment and consumer durable goods; output of these materials was more than 12 percent above a year earlier. Output of nondurable goods materials increased slightly. Production of energy materials rose moderately as coal production continued to increase sharply.



F.R. indexes, seasonally adjusted. Latest figures: December. Auto sales and stocks include imports.

Industrial production	1967 = 100		Percentage change from preceding month to—						Percentage change 12/77 to 12/78
	1978		1978						
	Nov.[p]	Dec.[e]	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Total	**149.5**	**150.4**	**.8**	**.7**	**.5**	**.5**	**.6**	**.6**	**7.7**
Products, total	147.8	148.8	.7	.8	.2	.2	.7	.7	6.1
Final products	144.8	145.6	.8	.8	.3	.1	.6	.6	5.8
Consumer goods	149.8	150.5	.5	.5	.4	.1	.5	.5	3.2
Durable	162.6	162.8	.2	.4	−.7	1.1	.4	.1	4.5
Nondurable	144.8	145.5	.6	.5	.9	−.3	.6	.5	2.6
Business equipment	167.9	169.3	1.2	1.0	.2	.7	.6	.8	9.9
Intermediate products	159.2	160.5	.6	.5	.4	.7	.7	.8	6.7
Construction supplies	157.7	159.1	.9	.8	.6	6	.7	.9	7.3
Materials	152.2	152.9	1.0	.5	.7	1.1	.6	.5	10.2

[p]Preliminary. [e]Estimated. NOTE.—Indexes are seasonally adjusted.

Announcements

Earnings of Federal Reserve Banks

Preliminary figures indicate that gross current earnings of the Federal Reserve Banks amounted to $8,455 million during 1978, a 22.7 percent increase from a year earlier. Current expenses for the 12 Reserve Banks and their branches totaled $653 million—4.6 percent above a year earlier—leaving current net earnings of $7,803 million.

Net earnings before payments to the Treasury totaled $7,116 million. Payments to the Treasury as interest on Federal Reserve notes amounted to $7,006 million; statutory dividends to member banks, $63 million; and additions to Reserve Bank surplus, $47 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 1977, gross earnings were up $1,564 million due to an increase of $1,546 million on U.S. government securities.

Assessment for expenditures of the Board of Governors amounted to $53 million. There was a $633 million net deduction in the profit and loss account, primarily because of a net loss of $130 million on sales of U.S. government securities and $506 million on foreign exchange operations.

The $506 million loss on foreign exchange operations includes realized losses of $297 million and unrealized losses of $209 million resulting from the revaluation of foreign exchange holdings and outstanding commitments at current exchange rates. Of these amounts, $268 million and $150 million, respectively, reflect losses associated with Swiss franc commitments entered into before August 15, 1971. The total unrealized net loss was calculated by using market exchange rates of December 29, 1978, to value the System's foreign currency holdings and foreign currency commitments; liquidation or payment may actually take place at exchange rates that differ from these rates.

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.

Default on Municipal General Obligation Securities

In light of the default on payment of municipal securities by the city of Cleveland, Ohio, the following statement was issued on December 18, 1978, by the three federal bank regulatory agencies.[1]

> It is not possible to anticipate the extent to which a default on a municipal general obligation may affect the ultimate payment of such an obligation, due to the fact that such obligations are backed by the full faith and credit of an issuing state, city, or other political subdivision that has general taxing authority. In view of these uncertainties, the bank regulators recently reviewed the bank examination procedures that apply to defaulted securities and decided to allow for a market stabilization period in order that a more accurate estimate of the value of the securities may be made.
>
> Under the new procedures applying to defaulted municipal general obligation securities, a period of time will be provided to permit the market for these defaulted

[1] The Comptroller of the Currency (supervisor of national banks); the Federal Deposit Insurance Corporation (supervisor of state-chartered banks that are not members of the Federal Reserve System); and the Board of Governors (supervisor of state-chartered member banks).

securities to stabilize or for the issuer to put in place budgetary, tax, or other actions that may eliminate the default, or otherwise improve the post-default market value of the securities.

The Federal Reserve Board, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have agreed on the following treatment by bank examiners of defaulted state or local general obligations held by banks:

1. After a default has occurred, holdings of the defaulted issue will be listed in examination reports for appropriate treatment.
2. Depreciation in the defaulted municipal general obligation will not be classified as a loss for the purposes of a bank examination while a market is in the process of being reestablished for the defaulted security or other steps are being taken that will improve the quality of the security.
3. Adjustments to a bank's capital position will be required when reasonable estimates of value can be determined.
4. The default of a general obligation of a municipal issuer will not be viewed by the supervisory authorities as an overriding factor in the appraisal of other obligations of the same issuer, nor will it preclude the purchase by banks of other obligations of the same issuer.

The above procedures represent interim adjustments by federal banking agencies in a Uniform Agreement (written in 1938) on the treatment of investment securities held by banks. That agreement, currently being studied for appropriate revision, provides that examiners would classify immediately as a loss the net market depreciation of securities in default.

Regulation Y: Amendment

The Board of Governors has adopted amendments to its Regulation Y (Bank Holding Companies) concerning publication by bank holding companies of their intention to engage in nonbank activities and procedures in commencing nonbank activities abroad.

One of the two amendments, which do not apply to banking activities, permits notice of intention by bank holding companies to engage in nonbank activities, in the United States or abroad, to be published in the *Federal Register.*

When such a proposal concerns *de novo* nonbank activities the bank holding company must file with the appropriate Reserve Bank a statement of the geographic scope of the proposed activity. This geographic area may not be enlarged without a further application.

In proposing this regulatory amendment in July the board said that several years' experience with the existing requirement for publication in local newspapers indicated such notices imposed a burden on bank holding companies without accomplishing their intended purpose of allowing parties an opportunity to comment.

In a further action the board added language to Regulation Y that would permit bank holding companies and their subsidiaries to conduct abroad previously approved nonbanking activities 45 days after informing the appropriate Reserve Bank. This applies only to domestic bank holding companies and domestic nonbank subsidiaries and clarifies and formalizes procedures already in use. The board proposed this action in April.

The board's action concerning publication is effective with applications filed after the end of 1978. Applications filed before that time will be processed under previous rules.

Regulation Z: Guidelines

Uniform guidelines for the enforcement of the Truth in Lending law and its implementing regulations have been adopted by the five federal agencies that regulate federally insured commercial banks, mutual savings banks, savings and loan associations, and credit unions.[2]

The agencies adopted the enforcement guidelines after consideration of some 300 comments received following publication of proposed

[2] The Comptroller of the Currency (supervisor of national banks); the Federal Deposit Insurance Corporation (supervisor of federally insured, state-chartered nonmember banks and mutual savings banks); the Board of Governors (supervisor of federally insured, state-chartered member banks); the Federal Home Loan Bank Board (supervisor of federally insured savings and loan associations); and the National Credit Union Administration (supervisor of federally insured credit unions).

guidelines last year. The guidelines call for reimbursement to individuals for overcharges of $1 or more, or for smaller overcharges that are part of a consistent pattern of violation or result from gross negligence or willful violations of the act.

In adopting the guidelines for the enforcement of the requirements of the Truth in Lending Act for disclosure of the true costs of using credit, the five agencies said:

> Coordination among the agencies is desirable in order to bring about uniformity in the administrative actions that will be taken when violations of the Act are detected. To that end, the agencies have developed a set of policy guidelines for measuring and correcting the conditions resulting from certain violations of the Truth in Lending Act.
>
> The guidelines . . . are intended to address those violations which result in overcharges to customers.
>
> It should be emphasized that it will continue to be the policy of the enforcing agencies that, whenever *any* violation of the Act is detected, prospective correction of the violation will be required—that is, creditors will be required to take whatever action is necessary to ensure that violations do not recur.
>
> These guidelines are not intended to substitute for any other administrative authority that any of the agencies has to enforce the Act, nor do they foreclose the customer's right to bring a civil action where authorized by the Act. Further, where apparently willful and knowing violations are found, the agencies will notify the Department of Justice.
>
> As new examination data concerning the extent and type of violations are received, the guidelines will be reviewed and revised as appropriate. They may be modified at the discretion of the agencies so as to be more responsive to specific or unique circumstances that may exist.

The Truth in Lending Act was written in 1968. At the direction of the Congress the Federal Reserve Board wrote implementing rules—Regulation Z—for the use of creditors, consumers, and federal regulators of creditors.

The rules of application for the guidelines state the following:

The guidelines, viewed by the agencies as minimum standards for enforcement, apply specifically to violations in other than open-end transactions. Violations of disclosure requirements in open-end transactions (such as use of a credit card) will be treated on a case by case basis, but subject to the same general treatment as provided by the guidelines. Where violations are discovered in loans purchased by one institution from another, the enforcing agency for the holder of the loan must notify the supervisor of the institution that originated the credit.

Each enforcing agency retains authority to take appropriate alternative action consistent with the guidelines. The five-agency statement of policy does not preclude enforcement of provisions of the act not covered by the guidelines.

The full text of the Joint Notice of Statement of Enforcement Policy for Regulation Z, including the guidelines, may be obtained upon request to the five regulatory agencies.

Consumer Advisory Council

The Federal Reserve has named a new chairman and vice chairman and appointed eight new members to its Consumer Advisory Council.

William D. Warren, Dean of the School of Law of the University of California at Los Angeles, who had previously served as vice chairman, was named chairman of the council. He replaces Mrs. Leonor K. Sullivan, St. Louis, Missouri, a former member of the Congress, whose term on the council expired. Mrs. Sullivan, who has served as chairman since the council was created two years ago, was named to the honorary post of chairman emeritus for a two-year period.

Marcia A. Hakala, Assistant to the Dean of the School of Fine Arts of the University of Nebraska at Omaha, was appointed vice chairman. Mrs. Hakala has served as a member of the council since 1977.

The Board also named the following persons to replace members whose terms have expired:

> James L. Brown, Milwaukee, Wisconsin, is director of the University of Wisconsin Extension Center for Consumer Affairs. He was a staff attorney with the Milwaukee

Legal Services before joining the Center and has served as Chairman of the Legislative Committee of the Wisconsin Consumers League since 1976. He has served as a consultant on electronic fund transfer systems for various organizations, including the House and Senate Banking Committees, and has helped draft revisions and amendments to the Wisconsin Consumer Act.

Mark E. Budnitz, Newton, Massachusetts, is the executive director of the National Consumer Law Center, in Boston, Massachusetts. He formerly was a supervising attorney for the Civil Clinical Program of Boston University Law School and a staff attorney for Greater Boston Legal Services. He has specialized in consumer law and electronic fund transfer systems.

Harvey M. Kuhnley, Edina, Minnesota, is the chief executive officer of Twin City Federal Savings and Loan Association, the largest S&L in the Upper Midwest. He was formerly executive vice president and secretary and chairman of the association's loan committee. Before becoming president and chief executive officer, Mr. Kuhnley spent 28 years at Twin City Federal gaining experience in all phases of the savings and loan business. He has been active in Minneapolis civic affairs and in state and national trade associations for the savings and loan industry.

Florence M. Rice, New York, New York, is co-founder and president of the Harlem Consumer Education Council and the National Black Consumers. She is one of the early leaders of the consumer movement and has been active, as a volunteer, in a range of consumer advocacy issues, including most recently, electronic fund transfer systems. She has held a number of state, national, and international positions, including that of official member to the U.S. Delegation to the World Congress of the International Women's Year at Berlin in 1975; and representative to the U.N. Congress of Non-Governmental Organizations in 1976. She teaches consumer education at Malcolm King College in New York City and hosts a weekly public affairs radio program.

Ralph J. Rohner, Washington, D.C., is a Professor at the Catholic University Law School in Washington, D.C. He has written numerous articles on federal consumer credit legislation and has served as Counsel to the Senate Banking Committee's Consumer Affairs Subcommittee. He has also acted as a consultant to several federal bank regulatory agencies, including the Federal Reserve Board, where he helped develop legislative proposals for simplifying the Truth in Lending Act. Mr. Rohner is also co-author of a consumer law casebook and a member of the American Bar Committee on the Regulation of Consumer Credit.

Henry S. Schechter, Washington, D.C., is Director of the Department of Urban Affairs of the AFL-CIO and has extensive experience in housing, urban development, mortgage finance, and other financial matters affecting consumers. Before joining the AFL-CIO, he was the Senior Specialist in Housing with the Congressional Research Service of the Library of Congress and, before that, Director of the Office of Economic and Market Analysis of the Department of Housing and Urban Development. He also held positions with the Housing and Home Finance Agency, the Veterans Administration, Department of Commerce, War Production Board, and the U.S. Housing Authority.

Richard A. Van Winkle, Salt Lake City, Utah, is President and a Director of Lockhart Finance Company, a financial holding company, and has been active in consumer finance and banking for many years. He was President of the former American Industrial Bankers Association. This association merged with the National Consumer Finance Association, and Mr. Van Winkle later served as President of NCFA for two years. He is also the Executive Vice President and Director of Zions Utah Bancorporation, a bank holding company. He has directed a number of civic and charitable organizations in Salt Lake City.

Mary W. Walker, Monroe, Georgia, is the President of the National Bank of Walton County, in Monroe, Georgia. She has been with the bank since 1951 and has worked in every department. She has participated in consumer conferences through the local

> Chamber of Commerce. She also served as Chairman of the Advisory Board for the Walton County Retardation Center. Mrs. Walker has been a member of the Government Relations Council of the American Bankers Association and a member of the executive committee of several committees of divisions of the ABA.

The council advises on the board's responsibilities in the field of consumer credit protection laws. Beginning with the Truth in Lending Act of 1968, the Congress has directed the board to write regulations to give effect to many of the consumer credit laws. The Consumer Advisory Council was established by the Congress, at the suggestion of the board, in 1976. Its members come from all parts of the nation and include a broad representation of consumer and creditor interests. It meets quarterly with the board.

Divestiture Plans of Bank Holding Companies

The Board of Governors has informed bank holding companies that they should file by September 30, 1979, divestiture plans required by the Bank Holding Company Act to be effective by the end of 1980, in order to avoid facing significant prospects of forced sales to meet the statutory deadline.

The Bank Holding Company Act amendments of 1970 provided that companies that became bank holding companies by virtue of the 1970 amendments (that is, one-bank holding companies) and that had acquired nonbank activities between June 30, 1968, and December 30, 1970, had until December 31, 1980, to (1) divest such nonbank activities or (2) get board approval to keep them. Alternatively, they could cease to be a bank holding company by divesting their bank holdings by the end of 1980.

There is no provision in the act for extending the December 31, 1980, deadline. The board has consequently established September 30, 1979, as the date by which divestiture or retention plans should be filed to comply with the act's deadline.

A suggested draft letter to the Reserve Banks to be sent to heads of the affected bank holding companies said, in part:

> In view of the large number of divestiture plans and retention applications yet to be filed (some 314 companies with over 400 subsidiaries), the board, in order to assure that compliance with the Act will be carried out in an orderly manner, has established September 30, 1979, as the date by which divestiture plans or retention applications should be filed with this Reserve Bank. Failure to comply will significantly increase the prospects that these activities will become candidates for forced sales because of the lack of sufficient time prior to the non-extendible statutory deadline of December 31, 1980, in which to process tardy filings.

In October 1977 the board had suggested a voluntary filing date of June 30, 1978. In February 1977 the board had issued a general policy statement on divestitures that urged early action on the divestitures required by the end of 1980.

The board's letter pointed out that although the holding companies are legally entitled to continue their affected nonbank activities until the 1980 deadline, many uncertainties may cause delay and prevent timely processing of late-filed plans or applications, even though the Federal Reserve will make every effort to process them expeditiously.

The divestiture deadline does not apply to nonbanking activities permanently grandfathered under the 1970 amendments. These are subsidiaries that were held by bank holding companies on June 30, 1968, and have been held continuously since.

Proposed Actions

The Board of Governors has requested comment by January 29, 1979, on an initial set of proposed regulations for consumer protection under the Electronic Fund Transfer Act. The act, which became law in November 1978, directs the board to issue implementing regulations and model disclosure clauses. The rules proposed by the board would carry out sections of the act that become effective February 8, 1979. Proposed regulations for other sections of the act that go into effect in May 1980 will be issued later.

The board on January 2, 1979, invited public comment on a wide range of questions bearing on disclosure to borrowers of the annual percentage rate (APR) required by the truth in lending law and its implementing Regulation Z. The APR expresses the cost to the consumer of borrowing money and paying for purchases on credit. The board requested comment by March 5, 1979.

The board on December 28, 1978, proposed regulatory rules to implement new legislation to tighten restraints on lending by member banks to insiders. At the same time, the board proposed simplification of Regulation O (Loans to Executive Officers of Member Banks), which would be amended by the proposals. The board requested comment on the proposals by January 29, 1979.

The Federal Reserve Board has made public a summary of the issues involved in a proposal by the New York Clearing House Association to establish an international banking facility (IBF) in New York City. The proposal seeks an exemption from reserve requirements and interest rate ceilings for funds maintained with the IBF. The board invited comment by March 15, 1979.

New Consumer Publication

A "Consumer Handbook to Credit Protection Laws," the latest in a series of consumer education publications, is now available for distribution.

The handbook explains consumer rights under the major credit protection laws and how borrowers can use them to shop for credit, apply for it, keep up credit standings, and complain about possible abuses. It also points out the laws' solutions to credit practices that have been used in the past to discriminate against women and minorities.

Copies of the "Consumer Handbook to Credit Protection Laws" may be obtained singly or in bulk free of charge from the Board of Governors in Washington or from any of the 12 Federal Reserve Banks.

System Membership: Admission of State Bank

The following bank was admitted to membership in the Federal Reserve System during the period December 16, 1978, through January 15, 1979:

Colorado
Westcliffe .... Custer County Bank

New Board Publication

The *1977 Consumer Credit Survey* is now available for distribution. This study presents the first comprehensive analysis of information obtained in a nationwide survey of nearly 2,600 households conducted under contract by the Survey Research Center, Institute for Social Research, University of Michigan, in August and September 1977. The Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency joined the Federal Reserve Board of Governors in sponsoring the fieldwork.

The *Survey*, by Professor Thomas A. Durkin of Pennsylvania State University with the assistance of Gregory E. Elliehausen, tabulates consumers' knowledge of credit laws and use of credit. It first examines survey questions and findings about consumer awareness, understanding, attitudes, and behavior regarding credit and its regulation, with particular attention to the Truth in Lending Act, unfair practices and complaints, the Equal Credit Opportunity Act, the Fair Credit Billing Act, credit insurance, and consumer attitudes toward credit and creditors. The publication also provides information about credit use and credit users; reviews patterns of consumers' debts, income, and assets; and updates many tables from earlier *Surveys of Consumer Finances* undertaken by the Survey Research Center.

Copies of the *Survey* may be obtained from Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is $2.00 per copy.

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON NOVEMBER 21, 1978

1. Domestic Policy Directive

The information reviewed at this meeting suggested that output of goods and services was continuing to grow at a moderate pace in the current quarter, following expansion at an annual rate of 3.4 per cent in the third quarter and a somewhat faster rate on the average over the first two quarters of the year. Average prices, as measured by the fixed-weight price index for gross domestic business product, appeared to be continuing their rapid rise, about in line with the annual rate of 7½ per cent estimated for the third quarter.

Staff projections of growth in output over the year ending in the third quarter of 1979 had been reduced from those of a month earlier. They now suggested a further slowing of expansion, in large part because of a reduction next year in the rise of business fixed investment and a decline in residential construction activity. The projections continued to suggest a rapid rise in average prices. The unemployment rate was expected to increase slightly from its October level.

In October the index of industrial production rose an estimated 0.5 per cent, the same as in September but somewhat below the average advance since last winter. Nonfarm payroll employment rose considerably in October following relatively small advances during the third quarter. In manufacturing, employment gains were the largest of the year and the average workweek edged up. The unemployment rate declined from 6.0 to 5.8 per cent.

Total private housing starts remained above an annual rate of 2 million units in September. However, sales of new units declined for the fourth consecutive month, and merchant-builder inventories of unsold single-family homes rose further. Sales of existing dwellings remained at an advanced level.

The dollar value of total retail sales declined somewhat in

October following a sizable gain in August and a further advance in September. On balance, retail sales were modestly above their April level and slightly above their average in the third quarter. Unit sales of new automobiles increased in October but were still lower than in most other months since early spring.

The index of average hourly earnings of private nonfarm production workers increased at an annual rate of about 9 per cent in October; for the first 10 months of 1978 the advance was at a rate of 8.4 per cent, about 1 percentage point above the rise over 1977 as a whole. Total hourly compensation of nonfarm workers was estimated to have increased at an annual rate of nearly 10 per cent over the first three quarters of the year, about 1¾ percentage points faster than in 1977.

Average producer prices of finished goods rose substantially in October for the second consecutive month, reflecting in part a further large increase in producer prices of food products. In September the consumer price index rose at an annual rate of nearly 10 per cent following 2 months of somewhat smaller increases.

On October 24 the Government announced a new program aimed at moderating increases in prices and wages. The program included explicit numerical standards for price and wage increases, with voluntary compliance encouraged by a number of Government measures; procedures to minimize the inflationary impact of Government regulations; and a restrictive budget policy.

On November 1 a broad Government program was put in place to strengthen the dollar in foreign exchange markets and thereby to counter continuing domestic inflationary pressures. As part of this program the Federal Reserve announced the following actions: an increase in the discount rate from 8½ to 9½ per cent; establishment of a supplementary reserve requirement of 2 per cent against member bank time deposits in denominations of $100,000 or more; and increases in its reciprocal currency arrangements with the central banks of Germany, Japan, and Switzerland, and activation of the swap arrangement with the Bank of Japan. The U.S. Treasury announced related measures to mobilize key foreign currencies, including drawings on the U.S. reserve tranche in the International Monetary Fund; sales of special drawing rights; and issuance of foreign-currency-denominated securities. The Treasury also announced an increase in its monthly gold sales. The expanded availability of foreign currencies was to be used in a program of forceful intervention in exchange markets, coordinated with foreign central banks, to correct recent excessive exchange-rate movements.

In foreign exchange markets the trade-weighted value of the dollar against major foreign currencies declined substantially further during the last week of October, following large cumulative losses over recent months. After the announcement and initial implementation of the new support program on November 1, however, the dollar rose sharply—to a level somewhat above that in early October. The U.S. trade deficit in the third quarter was about unchanged from the second quarter.

In October the expansion of total credit at U.S. commercial banks slowed slightly from the pace in the third quarter. Bank loans other than security loans continued to grow rapidly, but bank investments were reduced somewhat. Outstanding commercial paper of nonfinancial businesses rose considerably in October, after having changed little on balance during the previous 2 months.

The narrowly defined money supply (*M*-1) grew at an annual rate of about 3¼ per cent in October, after having expanded at rates of about 8½ and 14 per cent in August and September, respectively; growth in *M*-2 and *M*-3 also moderated. Inflows of the interest-bearing deposits included in the broader aggregates slowed somewhat, although sales of 6-month money market certificates at both commercial banks and nonbank thrift institutions expanded sharply.

At its meeting on October 17, the Committee had agreed that early in the coming inter-meeting period operations should be directed toward a Federal funds rate of around 9 per cent, slightly above the rate of 8¾ per cent then prevailing. Subsequently, the objective for the Federal funds rate was to be raised or lowered in an orderly fashion within a range of 8¾ to 9¼ per cent. In setting a specific objective for the funds rate within that range, the Manager of the System Open Market Account was to be guided mainly by a range of tolerance of 5½ to 9½ per cent for the annual rate of growth in *M*-2 over the October–November period, provided that the rate of growth in *M*-1 over that period did not exceed 6½ per cent.

Immediately following the October 17 meeting the Manager began to seek reserve conditions consistent with a weekly average

Federal funds rate of around 9 per cent. However, because a sizable short-term need for reserves coincided with temporary market scarcities of Treasury obligations for collateral behind System repurchase agreements, Federal funds traded at around 9¼ per cent. As October progressed, the Manager did not take aggressive action to exert downward pressure on the funds rate, in light of conditions in foreign exchange markets and of the Committee's related instruction to give due regard to such developments. Accordingly, Federal funds continued to trade at around 9¼ per cent in the days prior to November 1.

As part of the Government program announced on November 1, the Committee had voted on October 31 to delegate authority to Chairman Miller to modify the domestic policy directive by raising the range for the Federal funds rate to 9½ to 9¾ per cent and by instructing the Manager, in deciding on the specific objective for the rate within that range, to be guided by developing conditions in domestic and international financial markets; the Chairman approved the modification on November 1. During the first half of November, the Federal funds rate averaged in the upper half of that range. For several days immediately following the November 1 announcement, however, the rate was somewhat above the desired range as the Manager avoided aggressive action to reduce it during the initial stages of implementation of the new program.

The rise in the Federal funds rate during the inter-meeting period was accompanied by substantial increases in yields on most short-term market instruments. Advances in rates on Treasury bills were moderated, however, by large investments by foreign central banks of dollars obtained in currency support operations. Commercial banks increased the rate on loans to prime business borrowers from 10 per cent to 11 per cent during the period. Yields in bond markets advanced considerably during the second half of October, but a large portion of the increase was offset by sizable declines in early November. In mortgage markets, interest rates moved steadily higher over the inter-meeting period as demands for real estate credit remained strong. Residential mortgage lending apparently increased in October.

In the Committee's discussion of the economic situation and outlook, most members indicated that over the past month they had scaled down their expected rates of growth in real output of goods and services for the year ending in the third quarter of 1979. One or two members still anticipated moderate expansion over the period, but many projected slow growth, and some thought that a downturn in activity was likely or that the risks of an actual recession or a growth recession had increased. It was emphasized, however, that the uncertainties associated with any forecast of real output had increased significantly.

Most members expected that, over the year ending in the third quarter of 1979, the unemployment rate either would change little or would increase from the average level in the third quarter of 1978. All members continued to anticipate a rapid rise in average prices of goods and services.

The recent rise in short-term interest rates—specifically, its impact on the cost and possibly on the availability of mortgage credit—in addition to recent indications of a slowing next year in the rise of business fixed investment, was cited as one reason for reducing anticipated rates of growth in real output over the period ahead. On the other hand, the view was also expressed that the new program to strengthen the dollar and to counter inflationary pressures could have favorable effects on expectations, especially on those for inflation, and thereby could encourage spending. In this connection, it was noted that long-term bond yields had declined immediately after the announcement on November 1.

A difference in emphasis also existed with respect to Federal tax policy. Thus, it was suggested that prospects for sustaining the expansion in output had been improved by the recent enactment of reductions in income taxes. But it was also observed that the reductions would be largely offset by substantial increases in social security taxes in 1979.

Some skepticism was expressed, as it had been at the October meeting, that growth in output could be tapered down to a relatively slow rate without bringing on a recession, especially in view of the rapid inflation. It was stressed, on the other hand, that economic conditions in this period differed from those in other business expansions in ways that made it reasonable to expect a reduction in the rate of growth and a concomitant decrease in the rate of inflation without a slide into recession.

At its meeting in October the Committee had agreed that from the third quarter of 1978 to the third quarter of 1979 growth of *M*-2 and *M*-3 within ranges of 6½ to 9 per cent and 7½ to 10 per cent, respectively, appeared to be consistent with broad economic aims. *M*-1 was expected to grow over that period within a range of 2 to 6 per cent, depending in part on the speed and extent of transfers from demand to savings deposits resulting from the introduction of the automatic transfer service (ATS). The associated range for the rate of growth in commercial bank credit was 8½ to 11½ per cent. The Committee had also decided that growth of *M*-1+ within a range of 5 to 7½ per cent appeared to be generally consistent with the ranges of growth for the other monetary aggregates. It had been 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, the members of the Committee agreed that, in seeking to achieve bank reserve and money market conditions broadly consistent with the longer-run ranges for monetary growth cited above, due regard should be given to the program for supporting the foreign exchange value of the dollar as well as to developing conditions in domestic financial markets and to uncertainties associated with the November 1 introduction of ATS. Against that background, the members differed somewhat in their views as to whether, and to what degree, additional firming in money market conditions should be sought during the next few weeks; no sentiment was expressed for easing money market conditions. As they had at the October meeting, moreover, most members favored giving greater weight than usual to money market conditions in the conduct of operations in the period before the next meeting, although some sentiment was expressed for a return to basing decisions for open market operations primarily on the behavior of the monetary aggregates.

The members favored directing open market operations early in the period before the next regular meeting toward maintaining the weekly-average Federal funds rate at 9¾ per cent, the upper end of the 9½ to 9¾ per cent range specified as of November 1, or slightly higher. With respect to the range in which the funds rate might be varied if growth in the aggregates appeared to approach or move beyond their specified limits, most members favored an upper limit of 10 per cent for the range; 10⅛ and 10¼ per cent were also proposed. Lower limits from 9½ to 9¾ per cent were suggested.

With respect to the monetary aggregates, almost all members proposed that the Committee take account of the unusual uncertainties associated with the introduction of ATS in the same way that it had at the October meeting—namely, by giving primary emphasis to growth of *M*-2 and by specifying only an upper limit, rather than a range, for growth of *M*-1. For the annual rate of growth in *M*-2 over the November–December period, most members favored a range with a lower limit of 6 per cent and an upper limit of 9 to 10 per cent. Almost all members proposed 5 or 5½ per cent for the ceiling on growth of *M*-1 over the 2-month period.

At the conclusion of the discussion the Committee agreed to instruct the Manager to seek a Federal funds rate of around 9⅞ per cent early in the period before the next regular meeting and subsequently to maintain the rate within a narrow band of 9¾ to 10 per cent. With regard to the specific objective for the rate within that range, the Committee instructed the Manager to be guided mainly by a range of tolerance for the annual rate of growth in *M*-2 over the November–December period of 6 to 9½ per cent, provided that the rate of growth in *M*-1 over that period did not exceed 5 per cent. 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 objectives.

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

> The information reviewed at this meeting suggests that in the current quarter real output of goods and services is continuing to grow moderately. In October industrial production expanded further, nonfarm payroll employment rose considerably, and the unemployment rate declined from 6.0 to 5.8 per cent. Following 2 months of gains, the dollar value of total retail sales declined somewhat to a level slightly above the average in the third quarter. Average producer prices of finished goods rose substantially in October, as in September, in part because of further large increases in prices of foods. The advance in the index of average hourly earnings has

been somewhat faster so far in 1978 than it was on the average during 1977. In late October the Government announced a new program aimed at moderating increases in prices and wages.

On November 1 a broad program to strengthen the dollar in foreign exchange markets and thereby to counter continuing domestic inflationary pressures was announced. The program included an increase in Federal Reserve discount rates from 8½ to 9½ per cent, establishment of a supplementary reserve requirement of 2 per cent against member bank time deposits in denominations of $100,000 or more, increases in Federal Reserve reciprocal currency arrangements with certain central banks, and other measures to mobilize key foreign currencies.

The trade-weighted value of the dollar against major foreign currencies declined rapidly during the last week of October, but following the actions taken to strengthen the dollar, it rose sharply to a level somewhat above that in early October. The U.S. trade deficit was about the same in the third quarter as in the second quarter.

Growth in *M*-1, which had been rapid in August and September, slowed markedly in October, and growth in *M*-2 and *M*-3 also moderated. Inflows of the interest-bearing deposits included in the broader aggregates slowed somewhat, although sales of 6-month money market certificates at both commercial banks and nonbank thrift institutions expanded to record levels. Short-term market interest rates have risen substantially further since mid-October. Bond rates also have increased on balance, although they have declined appreciably since November 1; mortgage interest rates have continued to rise.

In light of the foregoing developments, it is the policy of the Federal Open Market Committee to foster monetary and financial conditions that will resist inflationary pressures while encouraging continued moderate economic expansion and contributing to a sustainable pattern of international transactions. At its meeting on October 17, 1978, in setting ranges for the monetary aggregates, the Committee recognized the uncertainties concerning the effects that the November 1 introduction of the automatic transfer service (ATS) would have on measures of the money supply, especially *M*-1. Against that background, the Committee agreed that appropriate monetary and financial conditions would be furthered by growth of *M*-2 and *M*-3 from the third quarter of 1978 to the third quarter of 1979 within ranges of 6½ to 9 per cent and 7½ to 10 per cent, respectively. The narrowly defined money supply (*M*-1) was expected to grow within a range of 2 to 6 per cent over the period, depending in part on the speed and extent of transfers from demand to savings deposits resulting from the introduction of ATS. The associated range for bank credit is 8½ to 11½ per cent. Growth of *M*-1+ (*M*-1 plus savings deposits at commercial banks and NOW accounts) in a range of 5 to 7½ per cent was thought to be generally consistent with the ranges of growth for the foregoing aggregates. These ranges are subject to reconsideration at any time as conditions warrant.

In the short run, the Committee seeks to achieve bank reserve and money market conditions that are broadly consistent with the longer-run ranges for monetary aggregates cited above, while giving due regard to the program for supporting the foreign exchange value of the dollar, to developing conditions in domestic financial markets, and to uncertainties associated with the introduction of ATS. Early in the period before the next regular meeting, System open market operations are to be directed at attaining a weekly average Federal funds rate slightly above the current level. Subsequently, operations shall be directed at maintaining the weekly average Federal funds rate within the range of 9¾ to 10 per cent. In deciding on the specific objective for the Federal funds rate, the Manager is to be guided mainly by a range of tolerance for the annual rate of growth over the November–December period of 6 to 9½ per cent in *M*-2, provided that the rate of growth in *M*-1 does not appear to exceed 5 per cent.

The objective for the funds rate is to be raised or lowered within its range if the rate of growth of *M*-2 appears to be close to or beyond the upper or lower limit of its range. Weight is to be given to *M*-1 if it appears to be growing at a rate close to or above its limit.

If the rates of growth in the aggregates appear to be falling outside the limits of the indicated ranges at a time when the objective for the funds rate has already been moved to the corresponding limit of its range, the Manager will promptly notify the Chairman, who will then decide whether the situation calls for supplementary instructions from the Committee.

> Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. Votes against this action: None.

Subsequent to the meeting, on December 8, nearly final estimates indicated that in November *M*-1 had declined and *M*-2 had expanded at a slow pace. For the November–December period, staff projections suggested that the annual rates of growth in M-1 and M-2 would be about ¼ per cent and 6¼ per cent, respectively; for M-2, the projected rate was close to the lower limit of the 6 to 9½ per cent range specified by the Committee. During recent weeks the Federal funds rate had averaged about 9⅞ per cent. In light of the behavior of the aggregates, the Manager might, under normal circumstances, have sought to reduce the funds rate to about the 9¾ per cent lower limit of its specified range. Given current circumstances, however, Chairman Miller recommended that the Manager be instructed to continue to aim for a Federal funds rate of about 9⅞ per cent during the period before the next regular meeting of the Committee, unless growth of the aggregates appeared to weaken significantly further.

On December 8, 1978, the Committee modified the domestic policy directive adopted at its meeting of November 21, 1978, to call for open market operations directed at maintaining the Federal funds rate at about the prevailing level of 9⅞ per cent during the period before the next meeting unless growth of the aggregates appeared to weaken significantly further.

Votes for this action: Messrs. Miller, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, Winn, and Timlen. Votes against this action: None. Absent and not voting: Mr. Volcker. (Mr. Timlen voted as alternate for Mr. Volcker.)

2. Authorization for Foreign Currency Operations

At its meeting of March 21, 1978, the Committee had reaffirmed an agreement with the Treasury under which the Federal Reserve would undertake to "warehouse" foreign currencies held by the Exchange Stabilization Fund (ESF)—that is, to make spot purchases of foreign currencies from the ESF and simultaneously to make forward sales of the same currencies at the same exchange rate to the ESF—if that should prove necessary to enable the ESF to deal with potential liquidity strains. Specifically, the Committee had agreed that the Federal Reserve would be prepared, if requested by the Treasury, to warehouse up to $1½ billion of eligible foreign currencies, of which half would be for periods of up to 12 months and half for periods of up to 6 months.

On December 14, 1978, the Committee amended paragraph 1A of the authorization for foreign currency operations to provide for transactions in foreign currencies directly with the U.S. Treasury as well as with the ESF. Concurrently, the Committee agreed to raise the amount of eligible foreign currencies that the Federal Reserve would be prepared to warehouse to $1¾ billion at this time. These actions were taken in view of the first issuance of Treasury securities denominated in foreign currencies as one of the measures announced on November 1 in implementation of the broad program to strengthen the dollar and thereby to counter continuing domestic inflationary pressures. The Treasury was scheduled to receive payment of somewhat more than $1½ billion equivalent of German marks on December 15, 1978.

As amended, paragraph 1A read as follows:

1. The Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, for System Open Market Account, to the extent necessary to carry out the Committee's foreign currency directive and express authorizations by the Committee pursuant thereto, and in conformity with such procedural instructions as the Committee may issue from time to time:

A. To purchase and sell the following foreign currencies in the form of cable transfers through spot or forward transactions on the open market at home and abroad, including transactions with the U.S. Treasury, with the U.S. Exchange Stabilization Fund established by Section 10 of the Gold Reserve Act of 1934, with foreign monetary authorities, with the Bank for International Settlements, and with other international financial institutions:

Austrian schillings	Italian lire
Belgian francs	Japanese yen
Canadian dollars	Mexican pesos
Danish kroner	Netherlands guilders
Pounds sterling	Norwegian kroner
French francs	Swedish kronor
German marks	Swiss francs

Votes for this action: Messrs. Miller, Volcker, Baughman, Coldwell, Eastburn, Partee, Mrs. Teeters, Messrs. Wallich, Willes, and Winn. 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

INTEREST ON DEPOSITS

The Board of Governors has amended its provision of Regulation Q concerning penalty for early withdrawals.

Effective December 6, 1978, Regulation Q is amended by adding the following two sentences as a new paragraph at the end of § 217.4(d)(3) as follows:

SECTION 217.4—PAYMENT OF TIME DEPOSITS BEFORE MATURITY.

* * * * *

(d) *Penalty for early withdrawals.* * * *

(3) * * *

Under a time deposit agreement where subsequent deposits reset the maturity of the entire account, each deposit maintained in the account for at least a period equal to the original maturity of the deposit may be regarded as having matured individually and been redeposited at intervals equal to such period. When a time deposit is payable only after notice, for funds on deposit for at least the notice period, the penalty for early withdrawal shall be imposed for at least the notice period.

* * * * *

Interpretation of Regulation Q

The Board of Governors has issued an interpretation regarding the treatment of interest earned on time deposit funds for purposes of the Board's Regulation Q.

Effective December 6, 1978, Section 217.154 is added to read as follows:

SECTION 217.154—
WITHDRAWAL OF INTEREST

(a) The Board has been asked to review the question of when interest earned on a time deposit becomes part of the principal deposit for purposes of the early withdrawal penalty requirements contained in section 217.4(d) of Regulation Q. As noted in the requests, the Board's staff has previously advised that interest becomes part of the underlying principal when it is credited or posted to the depositor's account. Under this position, where a depositor is permitted to make an early withdrawal of time deposit funds, the depositor will incur an early withdrawal penalty pursuant to section 217.4(d) on all of the funds withdrawn to the extent that the amount withdrawn reflects the original principal and any earned interest that has been credited or posted to the account.

(b) The Board does not believe that the frequency of compounding or the method of crediting or posting interest to the account is necessarily determinative of when interest should be viewed as part of the underlying principal for purposes of application of the Regulation Q early withdrawal restrictions. Adoption of such a position is unnecessary to effectuate the purposes of interest rate control, including the prohibition against payment of interest on demand deposits. In addition, the Board notes that the outstanding position that interest becomes part of the underlying principal when credited or posted to the account and, thus, is subject to Regulation Q early withdrawal restrictions, places member banks at a competitive disadvantage with respect to nonmember insured commercial banks that are permitted to pay accrued interest on a time deposit at anytime during the initial term of the deposit contract.

(c) In view of the above considerations, the Board has concluded that a member bank may permit a depositor to withdraw the interest earned on a time deposit at any time before maturity, irrespective of the method that the bank uses to compound or credit (post) interest to the depositor's account. The Board has concluded, however, that if a time deposit is renewed upon its original maturity or if a depositor takes action to extend the maturity of the time deposit during the original maturity period, interest earned to the date of renewal or extension, unless withdrawn, must be viewed as part of principal subject to Regulation Q withdrawal restrictions.

(d) This interpretation does not affect the treatment of interest as principal for purposes of assessing required reserves under Regulation D (12

CFR § 204). For purposes of determining required reserves, interest that has been credited or posted to a time deposit account will continue to be viewed as a deposit on which reserves must be maintained at the appropriate time deposit level.

* * * * *

Bank Holding Companies Rules Regarding Delegation of Authority

The Board of Governors has adopted two related amendments to its Regulation Y and its Rules Regarding Delegation of Authority.

1. Effective January 1, 1979, as to applications accepted by any Federal Reserve Bank on or after that date, section 225.4 of the Board's Regulation Y is amended by revising subparagraphs (b)(1) and (b)(2) to read as follows:

(b)(1) *De novo entry.* A bank holding company may engage *de novo* (or continue to engage in an activity earlier commenced *de novo*), directly or indirectly, solely in activities described in paragraph (a) of this section, 45 days after the company has furnished its Reserve Bank a notice of the proposal (in substantially the same form as F.R. Y-4A), unless the company is notified to the contrary within that time or unless it is permitted to consummate the transaction at an earlier date on the basis of exigent circumstances of a particular case. The Board will publish in the *Federal Register* notice of any such proposal and will give interested persons an opportunity to express their views on the proposal to the Reserve Bank. If adverse comments of a substantive nature are received within the time specified in the notice,[12] or if it otherwise appears appropriate in a particular case, the Reserve Bank may inform the company that (i) the proposal shall not be consummated until specifically authorized by the Reserve Bank or by the Board or (ii) the proposal should be processed in accordance with the procedures of subparagraph (2) of this paragraph. With respect to activities to be engaged in outside the United States, the procedures of this subparagraph apply solely to activities to be engaged in directly by a domestic bank holding company or by domestic nonbank subsidiaries of any bank holding company. Paragraphs (f) and (g) of this section govern other international operations of bank holding companies.

(2) *Acquisition of going concern.* A bank holding company may apply to the Board to acquire or retain the assets of or shares in a company engaged solely in activities described in paragraph (a) of this section by filing an application with its Reserve Bank (Form F.R. Y-4). The Board will publish in the *Federal Register* a notice of any such application and will give interested persons an opportunity to express their views (including, where appropriate, by means of a hearing) on the question whether performance of the activity proposed by the holding company can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices.

2. Effective January 1, 1979, as to applications accepted by any Federal Reserve Bank on or after that date, section 265.2 of the Board's Rules Regarding Delegation of Authority is amended by revising paragraph (f)(20) of that section to read as follows:

(f) *Each Federal Reserve Bank* is authorized, as to member banks or other indicated organizations headquartered in its district:

* * * * *

(20) Under § 225.4(b)(1) of this chapter (Regulation Y), and subject to § 265.3 if a person submitting adverse comments that the Reserve Bank has decided are not substantive files a petition for review by the Board of that decision,

(i) to permit a bank holding company to engage *de novo* in activities specified in § 225.4(a) (or retain shares in a company established *de novo* and engaging in such activities) if its evaluation of the considerations specified in section 4(c)(8) of the Bank Holding Company Act leads it to conclude that the proposal can reasonably be expected to produce benefits to the public.

(ii) to notify a bank holding company that the proposal should not be consummated until specifically authorized by the Reserve Bank or by the Board or that the proposal should be processed in accordance with the procedures of § 225.4(b)(2).

(iii) to permit a bank holding company to consummate the proposal before the expiration of

[12] If a Reserve Bank decides that adverse comments are not of a substantive nature, the person submitting the comments may request review by the Board of that decision in accordance with the provisions of § 265.3 of the Board's Rules Regarding Delegation of Authority (12 CFR 265.3) by filing a petition for review with the Secretary of the Board.

the 45-day period referred to in §225.4(b)(1), because exigent circumstances justify consummation at an earlier time.

Rules Regarding Delegation of Authority

The Secretary of the Board of Governors has approved a technical and conforming amendment to the Board's Rules Regarding Delegation of Authority to reflect recent organizational changes.

Effective October 17, 1978, section 265.2(j) is deleted and section 265.2(d) is amended as follows:

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

* * * * *

(d) The Staff Director for Federal Reserve Bank Activities or the Staff Director's designee is authorized:

* * * * *

(3) Under the provisions of the third paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 413), to apportion credit among the Reserve Banks for unfit notes that are destroyed, giving consideration to the net number of notes of each denomination that were issued by each Reserve Bank during the preceding calendar year.

(4) Under the provision of §§ 216.5(b), 216.5(d), and 216.6 of this chapter (Regulation P), with respect to Federal Reserve Banks and branches

(i) to require reports on security devices;

(ii) to require special reports; and

(iii) to determine in view of the provisions of §§ 216.3 and 216.4 whether security devices and procedures are deficient in meeting the requirements of Part 216, to determine whether such requirements should be varied in the circumstances of a particular banking office, and to require corrective action.

(5) To approve or disapprove supplementary budget requests and special incentive programs to improve operations or reduce costs, provided that the Board has previously approved the budget of the requesting Reserve Bank and provided that the supplemental request adheres to the Board's general expense guidelines and such guidelines as the Board may have imposed in approving the Reserve Bank's budget and provided that the amount approved may not exceed in any budgetary year one hundred thousand dollars ($100,000) for each Reserve Bank and seven hundred fifty thousand dollars ($750,000) for all Reserve Banks in the System.

RULES OF ORGANIZATION

The Secretary of the Board of Governors has approved an amendment to the Board's Rules of Organization to reflect recent organizational changes.

Effective November 1, 1978, section 3 of the Rules of Organization is amended as follows:

SECTION 3—CENTRAL ORGANIZATION.

The Board's central organization consists of the following Offices, Divisions and officials:

* * * * *

(b) *Office of Staff Director for Monetary and Financial Policy* is responsible for Federal Open Market Committee staff activities; preparation of proposals on monetary policy instruments including discount rates and reserve requirements; coordination of staff work on regulatory and supervisory issues closely related to domestic and international monetary and financial policies and the functioning of domestic and international money and capital markets; coordination with the System Account Manager on domestic open market activities and with the System Account Manager and the Treasury on foreign exchange market activities; coordination of analysis and development of options for Board consideration with regard to foreign exchange policies and the international payments mechanism; Euro-dollar and international banking policy issues; coordination of System statistical programs related to monetary and financial policy operations; and appropriate staff coordination with other government agencies and with private groups in these areas.

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

Orders Under Section 3 of Bank Holding Company Act

Commerce Southwest Inc.,
Dallas, Texas

Order Approving Formation of Bank Holding Company

Commerce Southwest Inc., Dallas, Texas, has applied for the Board's approval under section

3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 100 percent (less directors' qualifying shares) of the voting shares of the successor by merger to National Bank of Commerce of Dallas, Dallas, Texas ("Bank").[1] The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of the voting shares of Bank. Accordingly, the proposed acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

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

Applicant, a nonoperating corporation with no subsidiaries, was formed for the purpose of becoming a bank holding company through the acquisition of Bank. Bank, with total deposits of $248.6 million is the 24th largest bank in Texas, holding 0.41 percent of total deposits in commercial banks in the state.[2] Upon acquisition of Bank, Applicant would control the sixth largest bank in the relevant banking market and 2.2 percent of total deposits therein.[3] The proposal represents a restructuring of the ownership of Bank, and since Applicant has no other banking subsidiaries[4] and Applicant's principals do not control any other banking organizations, consummation of the proposal would have no adverse effects on existing or potential competition, nor would it increase the concentration of banking resources in the relevant banking market. Accordingly, the Board concludes that competitive considerations are consistent with approval of the application.

The managerial resources of Applicant and Bank are regarded as satisfactory, and consummation of the proposal would strengthen the financial resources of Bank. Furthermore, the Board notes that the overall position and operations of Bank have improved since its present management assumed responsibility for the operation of Bank in 1974. Therefore, considerations relating to banking factors are consistent with approval of the application.

Although Applicant does not propose any immediate changes in Bank's services, convenience and needs considerations are consistent with approval of the application. Accordingly, it is the Board's judgment that the proposed acquisition is consistent with public interest and that the application should be approved.

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

By order of the Board of Governors, effective December 22, 1978.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller.

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

[1] Upon consummation of the proposal, Applicant will also acquire control of certain companies that engage in nonbanking activities that are impermissible for a bank holding company. Under section 4(a)(2) of the Act these activities may not be retained beyond two years from the date Applicant becomes a bank holding company. Applicant has committed to the Board that it will divest these impermissible activities within the two-year period.

[2] All banking data are as of December 31, 1977, and reflect bank holding company formations and acquisitions approved as of August 31, 1978.

[3] The relevant banking market is approximated by the Dallas RMA.

[4] The Board notes that upon acquisition of Bank, Applicant will be deemed to control the shares of three banks, including Dallas/Fort Worth Airport National Bank ("Airport Bank"), which were acquired by Bank in 1975 in satisfaction of debts previously contracted. In 1977 Bank transferred the shares of each such bank to various transferees who were indebted to Bank, and under section 2(g)(3) of the Act, Bank is deemed to control the shares of the banks transferred. Inasmuch as section 3(a)(A)(i) of the Act requires Bank to divest control of such shares on December 29, 1978, with respect to Airport Bank and on March 9, 1979, with respect to the other two banks, Applicant has not filed applications for the acquisition of any of these banks. Furthermore, Applicant has committed that it will cause Bank to file with the Board a request for a determination under section 2(g)(3) of the Act that Bank is not capable of controlling Airport Bank.

Arkansas Best Corporation,
Fort Smith, Arkansas

Order Approving
Acquisition of Shares of Bank Holding Company

Arkansas Best Corporation, Fort Smith, Arkansas, a bank holding company within the meaning of the Bank Holding Company Act, with respect to National Bank of Commerce of Dallas ("Bank"), Dallas, Texas, has applied for the

Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire an indirect interest in Bank by exchanging the shares of Bank it now holds for 11.7 percent of the voting shares of Commerce Southwest Inc., Dallas, Texas ("Commerce").[1]

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

Commerce has been formed to effectuate a corporate reorganization of Bank, in which Applicant holds an 11.7 percent interest. In connection with this corporate reorganization, Applicant proposes to change its direct ownership of shares of Bank to indirect ownership of shares of Bank through ownership of shares of Commerce. Inasmuch as Applicant's proposed acquisition of voting shares of Commerce is merely a restructuring of Applicant's interest in Bank, the acquisition would have no adverse effects on competition. Furthermore, since Applicant's proportionate interest in Bank would not be altered, considerations relating to the financial and managerial resources of Applicant and Bank, as well as considerations relating to the convenience and needs of the community to be served, are regarded as consistent with approval of the application. Accordingly, 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 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 Dallas pursuant to delegated authority.

By order of the Board of Governors, effective December 22, 1978.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller.

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

[1] Applicant became a bank holding company as a result of the 1970 Amendments to the Act by virtue of its ownership of approximately 65 percent of the shares of Bank. On August 3, 1971, pursuant to § 4(c)(12) of the Act and § 225.4(d) of the Board's Regulation Y, Applicant filed an irrevocable declaration that it will cease to be a bank holding company on or before December 31, 1980. Applicant has reduced its ownership of Bank to approximately 11.7 percent and no longer participates in the active management of Bank. While the Board has stated that applications to expand banking activities under § 3 of the Act are not generally appropriate for companies that have filed § 4(c)(12) declarations, Applicant will not increase its proportionate interest in Bank, and the shares of Bank held by Applicant are the subject of a binding contract that will effectuate divestiture of all of Applicant's interest in Bank by December 31, 1980 (The Jacobus Company, 58 FEDERAL RESERVE BULLETIN 306 (1972) and Archer-Daniels-Midland Company, 61 FEDERAL RESERVE BULLETIN (1975)).

First Michigan Bank Corporation,
Zeeland, Michigan

Order Approving Acquisition of Bank

First Michigan Bank Corporation, Zeeland, Michigan, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire all of the voting shares (less directors' qualifying shares) of the successor by merger to National Lumberman's Bank and Trust Company, Muskegon, Michigan ("Bank"). The bank into which Bank is to be merged has no significance except as a means to facilitate the acquisition of shares of the successor organization is treated herein as the proposed acquisition of the shares of Bank.

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

Applicant, the 27th largest banking organization in Michigan, controls three banking subsidiaries with aggregate deposits of approximately $188.8 million, representing 0.5 percent of total commercial bank deposits in the state.[1] Acquisition of Bank ($137.1 million in deposits) would increase Applicant's share of statewide commercial bank deposits by approximately 0.4 percent and would not have an appreciable effect upon the concentration of banking resources in Michigan.

Bank is the second largest of seven banking organizations in the Muskegon/Grand Haven

[1] All banking data are as of December 31, 1977, and reflect bank holding company formations and acquisitions approved as of November 30, 1978.

banking market (the relevant market),[2] and controls approximately 22.5 percent of the total deposits in commercial banks in the market. Since acquisition of Bank would represent Applicant's initial entry into the Muskegon/Grand Haven banking market, upon consummation of the proposal no significant existing competition would be eliminated between Bank and any of Applicant's subsidiary banks. Applicant could enter the market by establishing a *de novo* subsidiary bank. However, demographic data indicate that the market is not attractive for such entry by Applicant.[3] Accordingly, based upon the above and other facts of record, the Board has determined that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant, its subsidiaries and Bank are regarded as generally satisfactory, particularly in view of Applicant's commitment to provide Bank with additional equity capital. Accordingly, considerations relating to banking factors are consistent with approval of the application. Considerations relating to the convenience and needs of the community to be served are regarded as consistent with approval. It is the Board's judgment that consummation of the transaction would be in the public interest and that the application should be approved.

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

By order of the Board of Governors, effective December 28, 1978.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller.

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

[2] The Muskegon/Grand Haven banking market is approximated by Muskegon County, Michigan, except for Casnovia Township, plus the northwestern portions of Ottawa County, which includes the city of Grand Haven and adjacent townships.

[3] In approving the application by Detroit Bank Corporation, Detroit, Michigan to acquire Lake Shore Financial Corporation, Muskegon, Michigan (63 FEDERAL RESERVE BULLETIN 926 (1977)), the Board determined that the Muskegon/Grand Haven banking market was generally unattractive for *de novo* entry. Recent data indicate that the Muskegon/Grand Haven banking market continues to be unattractive for *de novo* entry.

M.S.B. Agency, Inc.,
St. Paul, Minnesota

Order Denying
Formation of Bank Holding Company

M.S.B. Agency, Inc., St. Paul, Minnesota, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through acquisition of 85.1 percent of the voting shares of Minnesota State Bank of St. Paul, St. Paul, Minnesota ("Bank").

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

Applicant, a nonoperating corporation with no subsidiaries, was organized for the purpose of becoming a bank holding company through acquisition of Bank, the 67th largest banking organization in Minnesota, which holds deposits of approximately $25.3 million.[1] Upon acquisition of Bank, Applicant would control about 0.1 percent of total deposits in commercial banks in the state.

Bank is the 33rd largest of 113 banking organizations in the relevant banking market,[2] and controls 0.3 percent of total market deposits. While Applicant's principal is also a principal in several other banking organizations, none of these banking organizations compete in the relevant banking market. Therefore, it appears that no competition would be eliminated as a result of consummation of this proposal. Moreover, inasmuch as the proposed transaction involves the transfer of ownership of Bank from an individual and several corporations controlled by that individual to a single corporation owned by the individual, it appears that consummation of this proposal would have no adverse effects upon existing or potential competition, nor would it increase the concentration of banking resources in the relevant market. Accordingly, the Board concludes that competitive considerations of the proposal are consistent with approval of the application.

[1] All banking data are as of March 31, 1978, unless otherwise stated.

[2] The relevant banking market is approximated by the Minneapolis-St. Paul RMA, adjusted to include all of Carver County.

The Board has indicated on previous occasions that a holding company should serve as a source of financial and managerial strength to its subsidiary bank and that the Board will closely examine the condition of an applicant in each case with this consideration in mind.[3] Having examined such factors in light of the record in this application, the Board concludes that the record presents adverse considerations that warrant denial of the proposal to place the ownership of Bank into corporate form.

As part of the subject proposal, Applicant would assume a substantial portion of the debt incurred by Applicant's principal in acquiring his shares of Bank. Applicant proposes to service this debt over a 12-year period through dividends to be declared by Bank and tax benefits to be derived from filing consolidated tax returns. In the Board's view, Applicant's financial projections over the debt retirement period appear to be unduly optimistic and it does not appear that Applicant will possess the financial flexibility necessary to meet its annual debt service requirements while maintaining adequate capital at Bank. Even under Applicant's projections for deposit growth, Bank's gross capital to total assets ratio at the end of the 12-year debt-servicing period will be below the level deemed acceptable. These projections are based on the average deposit growth of nine percent for the years 1973-77. However, under present ownership and management, deposit growth has averaged 15 percent annually. Projections based on this information indicate that capital would decline still further by the end of the debt-servicing period. Based on these factors, Bank has not demonstrated the ability to pay dividends to provide a source of debt-servicing funds to Applicant without placing a potential strain on Bank's capital position. The Board also notes that the other holding companies with which Applicant's principal is associated are likewise highly leveraged. The Board is of the view that it would not be in the public interest to approve the formation of a bank holding company with an initial debt structure that could result in the weakening of Bank's overall financial condition. Accordingly, in view of these and other facts of record, the Board concludes that the considerations relating to banking factors weigh against approval of the application.

No significant changes in Bank's operations or in the services offered to its customers are anticipated to follow from consummation of the proposed acquisition. Consequently, convenience and needs factors lend no weight toward approval of this application.

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

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

By order of the Board of Governors, effective December 22, 1978.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller.

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

The Wyoming National Corporation,
Casper, Wyoming

Order Approving Acquisition of Bank

The Wyoming National Corporation, Casper, Wyoming, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval under section 3(a)(3) of the Act (12 U.S.C. § 1842(a)(3)) to acquire 85.8 percent or more of the voting shares of Wyoming National Bank of East Casper, Casper, Wyoming ("Bank"), a proposed new bank.

Notice of the application, affording opportunity for interested persons to submit comments and

[3] The Bank Holding Company Act requires that the Board, in acting on an application to acquire a bank, inquire into the financial and managerial resources of an applicant. While this proposal involves the transfer of the ownership of Bank from individuals to a corporation owned by the same individuals, the Act requires that before an organization is permitted to become a bank holding company and thus obtain the benefits associated with the holding company structure, it must secure the Board's approval. Section 3(c) of the Act provides that the Board must, in every case, consider, among other things, the financial and managerial resources of both the applicant company and the bank to be acquired. The Board's action in this case is based on a consideration of such factors. See *Board of Governors of the Federal Reserve System* v. *First Lincolnwood Corporation*, 47 U.S.L.W. 4048 (December 11, 1978).

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 the Comptroller of the Currency, in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant, the third largest bank holding company in Wyoming, controls three bank subsidiaries with aggregate deposits of $210 million, representing 9.7 percent of total deposits in commercial banks in Wyoming.[1] Since the application involves the acquisition of a proposed new bank, consummation of the proposal would not immediately increase Applicant's share of deposits in commercial banks in Wyoming.

Bank, a new bank that has received preliminary charter approval from the Comptroller of the Currency, is to be located in the eastern section of the Casper banking market,[2] the same market in which Applicant's lead bank is located. Applicant, the largest banking organization in the Casper banking market, controls deposits of $192.2 million, representing 43.2 percent of total deposits in commercial banks in the market. While Applicant is the largest banking organization in the market, the Board finds that consummation of the proposal would not have significant anti-competitive effects. The Board notes that the market has experienced significant growth in the past decade and this growth, which has enabled four banks to enter the market and a fifth bank to be chartered since 1960, is expected to continue; that the market has become less concentrated over the past decade; and that there is no evidence in the record that Applicant is attempting to pre-empt a desirable bank site from future market entrants.[3] Accordingly, on the basis of the above and other facts of record, the Board concludes that competitive considerations are consistent with approval of the application.

The financial and managerial resources and future prospects of Applicant and its three subsidiary banks are regarded as sastisfactory. Bank, as a proposed new bank, has no financial or operating history; however, its prospects as a subsidiary of Applicant appear favorable. Accordingly, considerations relating to banking factors are consistent with approval. Considerations relating to the convenience and needs of the community to be served lend some weight toward approval since entry of Bank into the eastern portion of the market will give residents of that community a more convenient source of banking services. Therefore, it is the Board's judgment that the proposed acquisition would be in the public interest and that the application should be approved.

On the basis of the record, the application is approved for the reasons summarized above. The transaction shall not be made (a) before the thirtieth calendar day following the effective date of this Order or (b) later than three months after that date, and (c) Wyoming National Bank of East Casper, Casper, Wyoming, 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 28, 1978.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller.

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

Orders Under Section 4 of Bank Holding Company Act

BankAmerica Corporation,
San Francisco, California

Order Denying Continuation of Commercial Finance Activities and Commencement of Loan Servicing, Leasing, and Credit-related Insurance Agency Activities

BankAmerica Corporation, San Francisco, California, 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

[1] All banking data are as of June 30, 1978.

[2] The Casper banking market is approximated by the Casper Ranally Metropolitan Area, which includes the City of Casper and the towns of Mills, Evansville, and Paradise Valley, all in Natrona County, Wyoming.

[3] While the Board has in this case delineated the Casper market as being approximated by the Ranally Metropolitan Area, it notes that the Board's staff is currently reexamining the market in connection with another application, and its preliminary finding is that the market boundaries should either remain the same or be expanded. The Board does not find it necessary to await the conclusion of this market study before acting on this application since a Board finding that the market should be expanded would not alter the Board's competitive analysis of this proposal.

the Act (12 U.S.C. § 1843(c)(8)) and §225.4(b)(1) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(1)), to continue [1] to engage in commercial finance activities through FinanceAmerica Commercial Corporation ("FACC"), Allentown, Pennsylvania, a direct subsidiary of FinanceAmerica Corporation, Allentown, Pennsylvania, which is a direct subsidiary of Applicant. Such activities include inventory and accounts receivable financing, lease financing, equipment financing, insurance premium financing, making loans to non-affiliated finance and leasing companies secured by pledges of accounts receivable of such companies, making loans secured by real and personal property, and purchasing retail instalment sales contracts. FACC also proposes to engage in the additional activities of servicing extensions of credit for itself and others, leasing real and personal property, and offering credit-related life, accident and disability, and property insurance in connection with extensions of credit made or acquired by FACC. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. §§ 225.4(a)(1), (3), (6), and (9)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Federal Register* 24912 (1978)). 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 is the largest banking organization in the United States and controls Bank of America, N. T. & S. A., San Francisco, California, which holds deposits of approximately $66.66 billion.[2] In addition, Applicant directly controls twelve nonbanking subsidiaries.

FACC (total assets of $23 million as of December 31, 1977) has for four years, without prior Board approval, engaged in a range of commercial lending activities. These activities have been conducted from an office in Allentown, Pennsylvania, and were commenced in violation of the Board's Regulation Y. FACC has terminated the solicitation of new business during the pendency of the instant application. Upon approval of the application, Applicant proposes to have FACC recommence the activities terminated and to expand its activities to include servicing extensions of credit for itself and others, leasing real and personal property, and offering credit-related life, accident and disability, and property insurance in connection with extensions of credit made or acquired by FACC.

Consummation of this proposal would not eliminate existing or potential competition. The markets for the services offered by FACC do not appear highly concentrated. FACC proposes to solicit business in 36 states and the District of Columbia and expects to compete principally with large commercial banks and finance companies. On the basis of the facts of record, the Board concludes that consummation of the subject proposal would not have any significant adverse competitive effects.

As indicated above, the application presents an after-the-fact request for the Board's approval to conduct operations commenced in violation of the Board's Regulation Y. Last year the Board considered and approved a somewhat similar domestic case in which Applicant had engaged in nonbank activities in violation of Regulation Y.[3] In the international area, the Board has considered several applications by Applicant that have involved violations of the Board's regulations. Due in part to the Board's concern about such violations, Applicant instituted an extensive compliance program to ensure that all of its activities were conducted in conformity with the substantive and procedural requirements of law and the Board's regulations. After evaluating the merits of each of the cases where a violation had occurred, the Board concluded that approval was appropriate. With respect to the subject proposal, however, the Board does not believe that approval of Applicant's conduct, which was in violation of the Board's Regulation Y, would be appropriate. Of particular concern to the Board in this matter is that when Applicant initially advised the Board of the violation, Applicant attributed the violation to a lack of knowledge on the part of personnel of FinanceAmerica Corporation in Allentown, the parent of FACC. In response to questions posed by the Board's staff, however, and upon further investigation of the facts, the direct involvement

[1] On January 1, 1974, Applicant acquired shares of FinanceAmerica Corporation, formerly GAC Finance, Inc., with the prior approval of the Board. At all times relevant hereto prior to September 3, 1974, FACC was an inactive corporation. On that date, Applicant and FinanceAmerica caused FACC to commence general commercial finance activities in violation of the Act and Regulation Y. During the pendency of this application, FACC has terminated the active solicitation of business.

[2] All banking data are as of March 31, 1978.

[3] *BankAmerica Corporation* (Data processing activities of FinanceAmerica) 63 FEDERAL RESERVE BULLETIN 687 (1977).

of Applicant's management in San Francisco was established.

While the subject proposal does not represent a significant activity to an organization of the size and complexity of Applicant, the Board does not regard such factors as relieving an organization from legal duties and obligations to which it and competing organizations of lesser size and complexity are subject. The effectiveness of an organization's management in ensuring compliance with the legal duties to which it is subject are matters of paramount concern to the Board in acting on applications. It is the Board's judgment, based upon all the facts of record in this matter, that approval of the application would be inappropriate, and in order to ensure that Applicant does not benefit from actions that were commenced as a result of a violation, Applicant should be required to divest itself promptly of the illegally acquired assets of FACC.

Accordingly, based upon the foregoing and other considerations reflected in the record, the Board has determined that the subject application should be denied.[4] Applicant is hereby directed to divest itself of the assets of FACC that were acquired in violation of the Board's Regulation Y no later than ninety days from the effective date of this Order.

By order of the Board of Governors, effective December 26, 1978.

Voting for this action: Governors Wallich, Partee, and Teeters. Present and not voting: Governor Coldwell. Absent and not voting: Chairman Miller.

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

Financial General Bankshares, Inc.,
Washington, D.C.

Order Approving
Retention of National Mortgage Corporation

Financial General Bankshares, Inc., Washington, D.C., a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and section 225.4(b)(2) of the Board's Regulation Y (12 C.F.R. § 225.4(b)(2)), to retain ownership of National Mortgage Corporation, Washington, D.C. ("Company"), a company that engages in the activity of mortgage banking.[1] Such activity has been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Federal Register* 53,496). 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 section 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

The Board regards the standards of section 4(c)(8) for the retention of a nonbanking activity to be the same as the standards for a proposed acquisition of a section 4(c)(8) activity. Applicant, a multibank holding company with bank subsidiaries in four states and the District of Columbia, has six bank subsidiaries in the relevant mortgage market that are active mortgage lenders.[2] These banks, as of June 30, 1978, had outstanding mortgage loans of $415 million, representing 2.1 percent of mortgage loans outstanding in the market, while Company currently has $1.9 million in mortgage loans outstanding in the market.

The acquisition by Applicant of Company in 1963, at which time Company was a small independent mortgage company, did not have any significant adverse competitive effects. Since 1975, Company has not originated any new loans. Reactivation of Company's activities would be equivalent to *de novo* entry and would tend to be pro-competitive by providing an additional source for mortgage services. There is no evidence indicating that the retention of Company by Applicant would lead to any undue concentration of resources, conflicts of interests, or unsound banking practices. Furthermore, approval of the application would enable Company to become an additional competitor serving the mortgage needs of the rele-

[4] In acting on this application the Board has considered comments from an individual from Providence, Rhode Island, in opposition to approval of Applicant's proposal, questioning whether Applicant's sale of property insurance would serve the interests of the people of that state. The Board has examined the protest, and, in light of the protestant's failure to cite any supporting facts, concludes that there exists no basis in fact for the individual's concern.

[1] Applicant became a bank holding company as a result of the 1966 amendments to the Act, which also required divestiture of Applicant's impermissible nonbanking interests by December 31, 1978. Subsequently, the 1970 Amendments to the Act were passed, and Applicant now seeks to retain Company through this application, pursuant to section 4(c)(8) of the Act.

[2] The market for Company's mortgage activity is approximately the area within a 75-mile radius from the center of Washington, D.C.

vant community and this result would be of benefit to the public.

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 section 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

By order of the Board of Governors, effective December 28, 1978.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller.

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

Manufacturers Hanover Corporation,
New York, New York

Order Denying Request for Reconsideration and Stay

Georgia Legal Services Program, Inc., Atlanta, Georgia, has requested reconsideration, and a stay pending reconsideration by the Board, of the Order of the Board dated May 1, 1978, approving the application of Manufacturers Hanover Corporation, New York, New York, pursuant to section 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) to acquire First Credit Corporation, Whiteville, North Carolina, and First Credit Corporation of Georgia, Fayetteville, Georgia. Georgia Legal Services Program, Inc., has also requested to present its views orally to the Board.

The Board has reviewed the request for reconsideration and finds that Georgia Legal Services Program, Inc., has not presented relevant facts that, for good cause shown, were not previously presented to the Board. Moreover, it does not otherwise appear that reconsideration of the Board's Order of May 1, 1978, would be appropriate.

Therefore, the Board hereby denies the request of Georgia Legal Services Program, Inc., for reconsideration of the Board's Order of May 1, 1978.[1]

By order of the Board of Governors, effective December 22, 1978.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller.

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

[1] In view of the Board's decision to deny the request for reconsideration. the requests for a stay, pending reconsideration by the Board, and to present views orally to the Board, are hereby rendered moot.

Security Pacific Corporation,
Los Angeles, California

Order Approving Acquisition of American Finance System Incorporated

Security Pacific Corporation, Los Angeles, California ("Applicant"), 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 C.F.R. § 225.4(b)(2)), to acquire all of the outstanding shares of American Finance System Incorporated, Silver Spring, Maryland ("AFSI"),[1] and thereby to acquire control of certain of its subsidiaries including General Fidelity Life Insurance Company, Richmond, Virginia ("GFLIC").[2] AFSI, directly and through subsidiaries, is engaged in making direct consumer instalment loans, secured and unsecured, to individuals, purchasing consumer instalment sales fi-

[1] Applicant proposes to acquire the shares of AFSI by merging it into a nonoperating wholly-owned subsidiary of Applicant. The subsidiary into which AFSI is to be merged has no significance except as a means to facilitate the acquisition of the shares of AFSI.

[2] Applicant also proposes to acquire indirectly four wholly-owned subsidiaries of AFSI that are engaged solely in the provision of specialized nonbanking service activities, such as management consulting, accounting, advertising, personnel, purchasing, printing and supply, and acting as agent for collection of insurance commissions. Such services are provided exclusively to AFSI and its other subsidiaries in connection with its finance and insurance business. AFSI could itself perform such activities directly through a division or department, and the Board believes that § 4(c)(8) of the Act permits, with the Board's approval, the acquisition of shares of wholly-owned subsidiaries of a § 4(c)(8) company that engage in activities that such a company could engage in directly.

nance contracts, making secured and unsecured commercial and agricultural loans, and operating two industrial banks under the laws of Colorado.[3] AFSI, directly and through subsidiaries, also acts as agent for the sale of credit life and credit accident and health insurance and property insurance, all of which are directly related to extensions of credit by AFSI.[4] Through GFLIC, AFSI acts as underwriter for credit life, accident, and health insurance directly related to extensions of credit by AFSI.[5] Each of these activities has been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1), (2), (9), and (10)).

Notice of the application, affording opportunity for interested persons to submit comments on the public interest factors, has been duly published (43 *Federal Register* 37490). The time for filing comments has expired, and the Board has considered the application and all comments received, including those of the West Virginia Independent Bankers Association ("IBA"), in the light of the public interest factors set forth in § 4(c)(8) of the Act.[6]

Applicant, by virtue of its control of Security Pacific National Bank, Los Angeles, California ("Bank"), is the second largest banking organization in California and the seventh largest in the United States in terms of domestic deposits. Bank, with deposits of $11.8 billion, representing 11.7 percent of the total deposits in commercial banks in California, offers retail, wholesale, domestic and international banking, and trust services.[7] Applicant engages through subsidiaries in a variety of nonbanking activities, including mortgage banking, leasing, and venture capital financing.

Through its subsidiaries, Security Pacific Finance Corp., Los Angeles, California ("SPFC") and The Bankers Investment Company, Hutchinson, Kansas ("BIC"), Applicant also engages in consumer and commercial finance and credit-related insurance agency and underwriting activities, similar to those of AFSI and its subsidiaries.[8] SPFC and BIC operate 90 loan offices in twelve states, and together they are the 58th largest non-captive finance company in the United States in terms of total capital.[9] On December 31, 1977, they had consolidated assets of $209 million and receivables of $164 million, the majority of which were loans originated in California and Kansas.

AFSI is the 21st largest non-captive finance company in the United States on the basis of total capital,[10] and has total assets of $340 million and receivables of approximately $350 million. It operates 370 offices in 22 states of which approximately 220 such offices, accounting for 70 percent of AFSI's receivables, are located in an eight-state area consisting of Maryland, Virginia, West Virginia, Pennsylvania, Ohio, New York, New Jersey, and Delaware.

The Board believes that the relevant product market to be considered in evaluating the competitive effects of this proposal is the making of personal cash loans.[11] SPFC and BIC have loan offices in seventeen local markets where AFSI has loan offices, and from the record it appears that both Applicant and AFSI hold a significant amount of the outstanding personal cash loans in at least sixteen of those markets. In order to eliminate the possibility that consummation of the proposal would result in adverse effects on existing competition, Applicant has proposed to divest 19 offices of AFSI in sixteen of those local markets within one year of the date of this Order. In order to

[3] While these offices may make some commercial loans, they do not accept demand deposits, and therefore, do not constitute commercial banks within the meaning of section 2(c) of the Act.

[4] A subsidiary of AFSI also acts as agent for the sale of certain insurance policies unrelated to extensions of credit. Applicant has committed to the Board that upon consummation, it will discontinue this activity.

[5] GFLIC presently underwrites credit life and credit accident and health insurance for unaffiliated financial institutions. However, Applicant does not seek the Board's permission to engage in this business, and has committed to the Board that it will cause GFLIC to dispose of this business.

[6] IBA contends that Applicant's acquisition of 16 AFSI offices in West Virginia would represent the formation of a multibank holding company in violation of state law. Section 31A-1-2 of the West Virginia Banking Code defines "bank" as a corporation chartered to conduct a banking business, a trust company, or an industrial bank chartered in West Virginia. Inasmuch as AFSI's West Virginia offices do not fall within any of these categories, and are not banks under state law, the Board concludes that IBA's objection to the proposal is not persuasive.

[7] All financial data are as of December 31, 1977, unless otherwise indicated.

[8] SPFC was organized *de novo* by Applicant in 1974 to conduct its consumer finance business primarily in California. In 1976 Applicant acquired BIC with 57 finance offices located in nine south-central states and having total assets of $40 million. These BIC offices do business under the name of SPFC.

[9] *American Banker*, June 19, 1978. A "non-captive" finance company is one that does not restrict its business to loans made in connection with the purchase of a particular manufacturer's product.

[10] *Id.*

[11] Since AFSI is also engaged in other types of consumer lending, Applicant contends that the relevant product market should include several other types of loans and lenders. The Board has examined Applicant's data submitted in support of its claim in this regard, but in light of the fact that personal cash loans continue to be the principal product offered by consumer finance companies, the Board believes that there are not sufficient grounds to warrant a departure from its earlier determination. *Bankers Trust Corporation/Public Loan Company*, 54 FEDERAL RESERVE BULLETIN (1973).

ensure that the offices will be completely divested and that they will be divested as viable going concerns, the Board expects that such offices will be sold as going concerns holding substantially the same quality and type of assets as those offices held on October 30, 1978 and in an amount not less than the amount held by those offices on that date. Applicant proposes to retain the two offices of AFSI that are chartered as Colorado industrial banks, because of the difficulty of obtaining industrial bank charters in metropolitan areas in Colorado. While such difficulty alone would not justify retention of these offices, in this case the combined market share of Applicant and AFSI in each of the two markets in which the industrial banks operate would be less than one percent. Thus, while the acquisition of AFSI by Applicant will eliminate some existing competition between them, in view of the small size of the market shares in the two markets and the large number of competitors in each market, the Board does not view the effects of the transaction on existing competition as significant.

With regard to potential competition, the Board notes that AFSI has recently experienced serious operational problems, and undergone a significant contraction in its operations since 1973, with the number of its offices being reduced from 758 to 370 and its gross loan receivables declining from $515 million to $350 million. In view of problems faced by AFSI and its prospects for the future, it does not appear that AFSI is a likely entrant into the local markets where Applicant presently has offices. On the other hand, Applicant has increased the number of its loan offices by one third since 1976, and it has the potential to enter many of the local markets where AFSI presently has offices. However, in light of the large number of other potential entrants into AFSI's local markets, the Board concludes that consummation of this proposal would have only slightly adverse effects on potential competition.

As noted above, Applicant, which controls the nation's 7th largest bank and the 58th largest finance company, proposes to acquire the 21st largest finance company. Moreover, Applicant's subsidiary bank has approximately $111 million in loans outstanding to finance companies other than its subsidiaries and AFSI. On the basis of these and other facts of record, the Board is of the view that consummation would have some negative effects with respect to considerations specified in the Act, principally in terms of an undue concentration of resources. Nevertheless, the Board believes that such negative effects are tempered somewhat by the large number of other competitors that will remain after consummation of the proposal. Moreover, when balanced against the public benefits expected to result from this transaction, the Board does not view the adverse effects on competition referred to above or the effects on the concentration of resources as being so serious as to warrant denial of this proposal.

Affilication of AFSI with Applicant will provide AFSI with access to Applicant's financial and managerial resources and ensure the continued availability of personal loans and related insurance services to AFSI's customers at its present locations. The Board views this factor as particularly significant in light of AFSI's reduction of its overall operations in recent years, and the difficulty it has experienced in obtaining borrowed funds at competitive rates. Furthermore, acquisition of AFSI by Applicant should enable AFSI to become a more effective competitor in the areas where it operates, and to provide its customers with new and improved services. In particular, upon consummation of the proposal, Applicant intends to assist AFSI to offer its customers larger loans, loans with extended maturities, and reductions in the rate of interest on some loans. In addition, Applicant has stated that following consummation of the proposal AFSI will offer at reduced premiums the several types of credit insurance policies that it will underwrite.[12] Since Applicant proposes to sell credit life and credit accident and health insurance underwritten by AFSI in each of the states in which AFSI operates, Applicant's proposed rate reductions vary according to the permissible rate structures in each respective state, and involves rate reductions for reducing-term single and joint credit life insurance at premium rates ranging from 2 percent to 15

[12] With respect to underwriting credit life and credit accident and health insurance, which is generally made available by banks and other lenders and is designed to assure repayment of a loan in the event of death or disability of the borrower, the Board has stated:

> To assure that engaging in the underwriting of credit life and credit accident and health insurance can reasonably be expected to be in the public interest, the Board will only approve applications in which an applicant demonstrates that approval will benefit the consumer or result in other public benefits. Normally, such a showing would be made by a projected reduction in rates or increase in policy benefits due to bank holding company performance of this service. (12 C.F.R. § 225.4(a)(10) n. 7.)

percent below the rates presently charged in each of the respective states.

On the basis of these and other facts of record the Board concludes that the benefits to the public that would result from Applicant's acquisition of AFSI, including the reductions in insurance premiums that Applicant proposes to establish, are sufficient to outweigh the slightly adverse effects on competition that would result from the proposed acquisition. Furthermore, there is no evidence in the record to indicate that consummation of the proposed transaction would result in unfair competition, conflicts of interest, unsound banking practices any 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 section 4(c)(8) is favorable. Accordingly, the application is hereby approved, subject to the conditions that: (1) following consummation of the proposed acquisition, AFSI discontinue certain impermissible insurance underwriting and agency activities in which AFSI is presently engaged; (2) within one year of the date of this Order, AFSI divest all of those offices of AFSI at which there is existing competition with SPFC, other than those Colorado industrial bank offices located in Denver and Colorado Springs, Colorado; and, (3) AFSI maintain on a continuing basis the public benefits that the Board has found to be reasonably expected to result from this proposal with regard to insurance underwriting activities. In accomplishing the divestiture of AFSI's offices, Applicant is required to submit its plan for disposing of such offices to the Board within six months and, if deemed appropriate to ensure divestiture, Applicant may be required to transfer the offices irrevocably to an independent trustee who shall have the duty of divesting the offices within the one year period. This determination is also 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 San Francisco, pursuant to authority hereby delegated.

By order of the Board of Governors, effective December 8, 1978.

Voting for this action: Chairman Miller and Governors Wallich, Coldwell, Partee, and Teeters.

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

The Wachovia Corporation,
Winston-Salem, North Carolina

Order Approving
Retention of Wachovia Mortgage Company

The Wachovia Corporation, Winston-Salem, North Carolina, 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 C.F.R. § 225.4(b)(2)), to retain Wachovia Mortgage Company, Winston-Salem, North Carolina ("Company"), a company that engages in the activities of providing mortgage banking services, acting as adviser to a real estate investment trust, acting as general partner in two apartment projects constructed and operated under section 236 of the National Housing Act, and acting as agent for credit-related life, accident, health, and property and casualty insurance. Such activities have been determined by the Board to be closely related to banking (12 C.F.R. § 225.4(a)(1), (5), (7), and (9)).

Notice of the application, affording opportunity for interested persons to submit comments and views on the public interest factors, has been duly published (43 *Federal Register* 33324). 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, a one-bank holding company, became a bank holding company as a result of the 1970 Amendments to the Act by virtue of its control of Wachovia Bank and Trust Company, Winston-Salem, North Carolina ("Bank"). Applicant is the largest banking organization in the State of North Carolina with total deposits of approximately $2.9 billion, representing 20.3 percent of total deposits in commercial banks in the

State.[1] Applicant established Company as a wholly-owned subsidiary in November 1968. Pursuant to the provisions of section 4 of the Act, Applicant has until December 31, 1980, to divest its interest in Company or, in the alternative, to apply and secure the Board's approval to retain such interest.[2] In addition to Bank and Company, Applicant owns a data-processing subsidiary, Wachovia Services, Inc.

The Board regards the standards under section 4(c)(8) of the Act for retention of shares to be the same as the standards for a proposed organization. Company was established by Applicant in 1968 and acquired from Bank ten mortgage loan production offices in North Carolina and Bank's FHA and VA residential property loan portfolio. In 1969 Company acquired National Home Loans, Inc., Atlanta, Georgia, with offices in Atlanta, Georgia, and Pensacola, Florida, where Applicant was not previously represented. Company later established offices *de novo* in Columbia and Charleston, South Carolina. Besides its four out-of-state offices, Company currently operates in eight distinct market areas in North Carolina.[3] Inasmuch as Company was established *de novo* by Applicant, it does not appear that Applicant's acquisition of Company in 1968 had any adverse effect on competition in any relevant area.

Company is the forty-sixth largest mortgage company in the nation, with a servicing volume of $911 million (as of December 31, 1977). In 1977 approximately 75 percent of Company's loans were 1-4 family residential loans, and 95 percent of these loans were FHA or VA loans. Bank does not make residential loans of this type, although it does engage in mortgage lending on commercial property. However, the combined volume of such commercial property lending by Bank and Company is estimated not to exceed 5 percent of the total volume of such lending in any relevant market where both Bank and Company operate. Furthermore, Applicant's total volume of mortgages of all types in 1977 represented a small percentage of the total volume of mortgages in most of the North Carolina markets where Applicant is represented. Accordingly, in view of the slight overlap in the types of mortgages originated by Bank and Company and the market shares held by Bank and Company, Applicant cannot be regarded as dominant in the mortgage lending market in any relevant area. The Board concludes, based on all the facts of record, that no anticompetitive effects have resulted from Applicant's use of Company as a vehicle for *de novo* expansion of its mortgage lending activities in North Carolina. Accordingly, the competitive effects of the subject proposal are regarded as consistent with approval.

It appears that Applicant's expansion of Company beyond the State of North Carolina has had procompetitive effects by providing alternative sources of mortgage lending to consumers. In addition, Applicant has, through Company, increased the variety and availability in various markets of mortgage services for consumers. These benefits to the public are consistent with approval of the subject application.

There is no evidence in the record indicating that the proposal would result in undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices or other adverse effects.

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.

By order of the Board of Governors, effective December 27, 1978.

Voting for this action: Governors Wallich, Coldwell, Partee, and Teeters. Absent and not voting: Chairman Miller.

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

[1] Banking data are as of December 31, 1977.

[2] 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.

[3] These market areas are the Asheville SMSA, the Charlotte-Gastonia SMSA, the Greensboro-Winston-Salem-High Point SMSA, the Raleigh-Durham SMSA, the Wilmington SMSA, the Onslow County market, and the Pitt County market, all in North Carolina.

Certifications Under the Bank Holding Company Tax Act of 1976

Ellingson Corporation,
Kenyon, Minnesota

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1976

[*Docket No. TCR 76-156*]

Ellingson Corporation, Kenyon, Minnesota ("Ellingson") has requested a prior certification pursuant to section 1101(b)(1) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all of the 606 shares presently held by Ellingson of Security State Bank, Kenyon, Minnesota ("Bank"), through the distribution of such shares to the two shareholders of Ellingson, 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:[1]

1. Ellingson is a corporation organized under the laws of the State of Minnesota on December 8, 1959, under the name Security Agency, Inc. On April 23, 1970, Security Agency, Inc. changed its name to Ellingson Corporation.

2. On July 7, 1970, Ellingson acquired ownership and control of 600 shares, representing 60 percent of the outstanding voting shares of Bank. Prior to July 7, 1970, Ellingson owned 6 shares of Bank. Ellingson presently owns and controls 606 shares, representing 60.6 percent of the outstanding voting shares of Bank.

3. Ellingson 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 percent of the outstanding voting shares of Bank, and it registered as such with the Board on April 23, 1971.

4. Ellingson 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 of more than 25 percent of the outstanding voting shares of Bank.

5. Ellingson 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 Agency 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.

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

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

(B) the 606 shares of Bank that Ellingson proposes to distribute to its shareholders are all or part of the property by reason of which Ellingson controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) the distribution of the 606 shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by Ellingson and upon the facts set forth above. In the event the Board should hereafter determine that facts material to this certification are otherwise than as represented by Ellingson, or that Ellingson 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 C.F.R. § 265.2(b)(3)), effective December 20, 1978.

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

[1] This information derives from Ellingson's correspondence with the Board concerning its request for this certification, Ellingson's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

First Missouri Banks, Inc.,
Creve Coeur, Missouri

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1976

[*Docket No. TCR 76-106(b)*]

First Missouri Banks, Inc., Creve Coeur, Missouri ("First Missouri"), has requested a prior certification pursuant to § 1101(c)(2) of the Internal Revenue Code (the "Code"), as amended by § 3(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that the proposed distribution by First Missouri to its shareholders of shares of a new corporation to be known as Properties One, Inc. ("New Corp"), to be formed to acquire 9 acres of real property now held by First Properties, Inc. ("Properties"), a subsidiary of First Missouri, is necessary or appropriate to effectuate § 4 of the Bank Holding Company Act (12 U.S.C. § 1843) ("BHC Act").

In connection with this request, the following is deemed relevant for purposes of issuing the requested certification:[1]

1. First Missouri is a corporation organized under the laws of the State of Missouri on November 24, 1969. Properties is a corporation organized under the laws of the State of Missouri on May 7, 1970. On May 8, 1970, First Missouri acquired ownership and control of 500 shares, representing 100 percent of the outstanding voting shares, of Properties.

2. On May 7, 1970, First Missouri acquired ownership and control of 13,178 shares, representing 87.1 percent of the outstanding voting shares, of Creve Coeur Bank & Trust Company, Creve Coeur, Missouri ("Bank"),[2] and thereby, on the same date, acquired indirect ownership and control of Olive Boulevard Corporation, Creve Coeur, Missouri ("Olive"), a subsidiary of Bank. On May 8, 1970, Olive was merged into Properties.

3. First Missouri 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 percent of the outstanding voting shares of Bank, and it registered as such with the Board on August 24, 1971. First Missouri 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 percent of the outstanding voting shares of Bank. First Missouri currently owns and controls 87.1 percent of the oustanding voting shares of Bank.

4. Properties owns nine acres of real property located on Lot 2 of the Lake House Farm Subdivision in Section 3, Township 45 North, Range 5 East, City of Creve Coeur, St. Louis County, Missouri. The nine acres were acquired by Olive in 1963, and First Missouri acquired indirect ownership and control of the nine acres on May 7, 1970, as a result of First Missouri's acquisition of Bank. The disposition of the nine acres would be necessary or appropriate to effectuate section 4 of the BHC Act if First Missouri were to continue to be a bank holding company beyond December 31, 1980.

5. First Missouri proposes to organize New Corp for the sole purpose of receiving the nine acres of real property from Properties. After the transfer of the nine acres to New Corp, the shares of New Corp will be distributed *pro rata* to the common shareholders of First Missouri.

6. First Missouri has committed to the Board that New Corp will have no directors or officers in common with First Missouri or any subsidiary of First Missouri.

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

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

(B) the nine acres of real property proposed to be divested is "prohibited property" within the meaning of § 1103(c) of the Code; and

(C) the exchange of the nine acres of real property for shares of New Corp and the distribution of such shares is necessary or appropriate to effectuate § 4 of the BHC Act.

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

By order of the Board of Governors of the Federal Reserve System, acting through its General Counsel pursuant to delegated authority (12 C.F.R. § 265.2(b)(3)), effective December 21, 1978.

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

[1] This information derives from First Missouri's correspondence with the Board concerning its request for certification, First Missouri's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

[2] The name of Bank has since been changed to First Missouri Bank of Creve Coeur, Creve Coeur, Missouri.

Hansen-Lawrence Agency, Inc.,
Worden, Montana

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1976

[*Docket No. TCR 76-166*]

Hansen-Lawrence Agency, Inc., Worden, Montana ("Agency"), has requested a prior certification pursuant to section 1101(c) of the Internal Revenue Code (the "Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that Agency's proposed distribution *pro rata* to its shareholders of all of its right, title, and interest in certain real estate and the improvements thereon ("Real Property"), is necessary or appropriate to effectuate section 4 of the Bank Holding Company Act (12 U.S.C. § 1843 *et seq.*) ("BHC Act").

In connection with this request, the following information is deemed relevant for purposes of issuing the requested certification:[1]

1. Agency is a corporation organized on June 23, 1965, under the laws of the State of Montana.

2. On October 19, 1965, Agency acquired ownership and control of 480 shares, representing 48 percent of the outstanding voting shares, of Farmers State Bank of Worden, Worden, Montana ("Bank").

3. Agency 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 percent of the outstanding voting shares of Bank, and it registered as such with the Board on July 12, 1971. Agency 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 percent of the voting shares of Bank. Agency currently owns and controls 48 percent of the outstanding voting shares of Bank.

4. Agency acquired certain agricultural Real Property on October 25, 1968, and has owned such property continuously since that time. Such property is described as: Township 3 North, Range 29 East, of the Principle Meridian, Yellowstone County, Montana, Section 20: Farm Unit "C" described as Lot 7, Farm Unit "G" described as NE ¼ SW ¼, Farm Unit "H" described as NW ¼ SW ¼. The disposition by Agency of its interest in this Real Property would be necessary or appropriate to effectuate section 4 of the BHC Act if Agency were to continue to be a bank holding company beyond December 31, 1980.

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

(A) Agency 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 Real Property described herein is "prohibited property" within the meaning of section 1103(c) of the Code; and

(C) the distribution by Agency of all of its right, title, and interest in the Real Property described herein is necessary or appropriate to effectuate section 4 of the BHC Act.

This certification is based upon the representations made to the Board by Agency and upon the facts set forth above. In the event the Board should hereafter determine that facts material to this certification are otherwise than as represented by Agency, or that Agency 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 C.F.R. § 265.2(b)(3)), effective December 28, 1978.

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

[1] This information derives from Agency's correspondence with the Board concerning its request for this certification, Agency's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

The Jacobus Company,
Wauwatosa, Wisconsin

Final Certification Pursuant to the Bank Holding Company Tax Act of 1976

[*Docket No. TCR 76-138*]

The Jacobus Company, Wauwatosa, Wisconsin ("Jacobus"), has requested a final certification pursuant to § 1101(e) of the Internal Revenue Code (the "Code"), as amended by § 2(a) of the Bank Holding Company Tax Act of 1976 (the "Tax Act"), that it has (before the expiration of the period prohibited property is permitted under the Bank Holding Company Act (12 U.S.C. § 1841 *et. seq.*) ("BHC Act") to be held by a bank holding company) ceased to be a bank holding company.

In connection with this request, the following information is deemed relevant, for purposes of issuing the requested certification:[1]

1. Effective November 10, 1977, the Board issued a prior certification pursuant to section 1101(b) of the Code with respect to the proposed divestiture by Jacobus of all of the 340,983 shares of common stock (the "Inland Shares") of Inland Heritage Corporation, (formerly Inland Financial Corporation) Milwaukee, Wisconsin ("Inland"), presently held by Jacobus, through the *pro rata* distribution of such shares to the holders of common stock of Jacobus.

The Board's Order certified that:

(A) Jacobus 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 shares of Inland that Jacobus proposes to distribute to its shareholders are all of the property by reason of which Jacobus controls (within the meaning of § 2(a) of the BHC Act) a bank or a bank holding company; and

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

2. On November 16, 1977, Jacobus distributed to its shareholders, on a *pro rata* basis, a total of 340,983 shares of Inland representing all of the shares of common stock of Inland held by Jacobus. Jacobus does not presently hold any interest in Inland.

3. The prior certification issued on November 10, 1977 was granted upon the condition that no person holding an office or position (including an advisory or honorary position) with Jacobus or any of its subsidiaries as a director, policy-making employee or consultant, or who performs (directly, or through an agent, representative or 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 Inland or any of its subsidiaries. Effective July 28, 1978, all such interlocking relationships between Jacobus and Inland, and their respective subsidiaries, were terminated.

4. Jacobus does not directly or indirectly own, control or have power to vote 25 percent or more of any class of voting securities of any bank or any company that controls a bank.

[1] This information derives from Jacobus' correspondence with the Board concerning its request for this certification, Jacobus' and Inland's Registration Statements filed with the Board pursuant to the BHC Act, and other records of the Board.

5. Jacobus has represented that it does not control in any manner the election of a majority of directors, or exercise a controlling influence over the management or policies of Inland or any bank or any other company that controls a bank.

On the basis of the foregoing information, it is hereby certified that Jacobus has (before the expiration of the period prohibited property is permitted under the BHC Act to be held by a bank holding company) ceased to be a bank holding company.

This certification is based upon the representations and commitments made to the Board by Jacobus 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 Jacobus, or that Jacobus has failed to disclose to the Board other material facts or to fulfill any commitments made to the Board in connection herewith, it may revoke this certification.

By order of the Board of Governors, acting through its General Counsel, pursuant to delegated authority (12 C.F.R. 265.2(b)(3)), effective December 27, 1978.

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

The Jacobus Company

The Jacobus Company, Wauwatosa, Wisconsin ("Jacobus"), a bank holding company within the meaning of § 2(a) of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 *et. seq.*) (the "Act"), has requested a determination, pursuant to the provisions of section 2(g)(3) of the Act (12 U.S.C. 1841(g)(3)), that with respect to the distribution of 340,983 shares of common stock of Inland Heritage Corporation, Milwaukee, Wisconsin ("Inland"), to the shareholders of Jacobus, Jacobus is not capable of controlling Inland notwithstanding the fact that on the date of such distribution Jacobus had directors and officers in common with Inland and its subsidiaries.

Under the provision of section 2(g)(3) of the Act, shares transferred after January 1, 1966, by any bank holding company to a transferee that has directors or officers in common with 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.

Jacobus has submitted to the Board evidence to show that it no longer has directors and officers in common with Inland and is not in fact capable of controlling Inland. This determination is based upon the evidence of record in this matter, in particular the following facts.

On November 16, 1978 Jacobus distributed to its shareholders, on a *pro rata* basis, the 340,983 shares of Inland common stock held by Jacobus. On that date three of Jacobus' directors and officers were also directors and officers of Inland and several of its subsidiaries. Effective April 25 and April 30, 1978, two of the directors and officers of Jacobus terminated their positions with Inland and its subsidiaries, respectively. On July 28, 1978, the third common director and officer of Jacobus and Inland terminated all of his positions with Jacobus and its subsidiaries. Thus, on July 28, 1978, Jacobus and Inland did not have any directors and officers in common. Further, Jacobus and Inland have committed to the Board that no person holding an office or position (including an advisory or honorary position) with Jacobus or any of its subsidiaries as a director, policy-making employee or consultant, or who performs (directly, or through an agent, representative or 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 Inland or any of its subsidiaries.

Accordingly, it is ordered, that the request of Jacobus for a determination pursuant to section 2(g)(3) is granted. This determination is based on representations and commitments made to the Board by Jacobus, Inland and the individuals involved. In the event that the Board should hereafter determine that facts material to this determination are otherwise than as represented, or that Jacobus, Inland or the individuals have failed to disclose to the Board other material facts, this determination may be revoked, and any change in the facts and circumstances relied upon by the Board in making this determination would 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 C.F.R. 265.2(b)(1)), effective December 27, 1978.

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

Sapp Insurance Agency, Inc.,
Esbon, Kansas

Prior Certification Pursuant to the Bank Holding Company Tax Act of 1976

[*Docket No. TCR 76-154*]

Sapp Insurance Agency, Inc., Esbon, Kansas ("Agency"), has requested a prior certification pursuant to section 1101(b) of the Internal Revenue Code ("Code"), as amended by section 2(a) of the Bank Holding Company Tax Act of 1976, that its proposed divestiture of all the 375 shares of Esbon State Bank, Esbon, Kansas ("Bank"), presently held by Agency through the *pro rata* distribution of such shares to the two shareholders of Agency, 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:[1]

1. Agency is a corporation organized under the laws of the State of Kansas on January 1, 1969.

2. On April 1, 1969, Agency acquired ownership and control of 375 shares, representing 75 percent of the outstanding voting shares, of Bank. Agency has continued to own and control 375 shares, representing 75 percent of the outstanding voting shares of Bank since the acquisition of such shares.

3. Agency 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 percent of the outstanding voting shares of Bank, and it registered as such with the Board on April 30, 1971. Agency 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 percent of the outstanding voting shares of Bank.

4. Agency 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 Agency were to continue to be a bank holding company beyond December 31, 1980, and which property, is "pro-

[1] This information derives from Agency's correspondence with the Board concerning its request for this certification, Agency's Registration Statement filed with the Board pursuant to the BHC Act, and other records of the Board.

hibited property" within the meaning of section 1103(c) of the Code.

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

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

(B) the 375 shares of Bank that Agency proposes to distribute to its shareholders are all or part of the property by reason of which Agency controls (within the meaning of section 2(a) of the BHC Act) a bank or bank holding company; and

(C) the distribution of the 375 shares of Bank is necessary or appropriate to effectuate the policies of the BHC Act.

This certification is based upon the representations made to the Board by Agency and upon the facts set forth above. In the event the Board should hereafter determine that facts material to this certification are otherwise than as represented by Agency, or that Agency 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 C.F.R. § 265.2(b)(3)), effective December 11, 1978.

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

Orders Approved Under Bank Holding Company Act

By the Board of Governors

During December 1978, the Board of Governors approved the applications listed below. Copies are available upon request to Publications Services, Division of Support Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

Section 3

Applicant	*Bank(s)*	*Board action (effective date)*
Ankeny Bancshares, Inc., Ankeny, Iowa	Ankeny National Bank, Ankeny, Iowa	December 27, 1978
First Financial Bancshares, Inc., Nevada, Missouri	The First National Bank of Mount Vernon, Mount Vernon, Missouri	December 27, 1978
Southwest Florida Banks, Inc., Fort Meyers, Florida	Charlotte County National Bank, Charlotte County, Florida	December 7, 1978

By Federal Reserve Banks

Recent applications have been approved by the Federal Reserve Banks as listed below. Copies of the orders are available upon request to the Reserve Banks.

Section 3

Applicant	*Bank(s)*	*Reserve Bank*	*Effective date*
Northwest Ohio Bancshares, Inc., Toledo, Ohio	National Bank of Paulding, Paulding, Ohio	Cleveland	December 19, 1978

Section 4

Applicant	Nonbanking company (or activity)	Reserve Bank	Effective date
Mercantile Bancorporation, Inc., St. Louis, Missouri	90 percent of the gross loan receivables of Financial Loan and Investment Co., Tulsa, Oklahoma	St. Louis	December 5, 1978

Pending Cases Involving the Board of Governors

Does not include suits against the Federal Reserve Banks in which the Board of Governors is not named a party.

Consumers Union of the United States v. *G. William Miller, et al.,* filed December 1978, U.S.D.C. for the District of Columbia.

Commercial National Bank, et al., v. *Board of Governors,* filed December 1978, U.S.C.A. for the District of Columbia.

Ella Jackson et al. v. *Board of Governors,* filed November 1978, U.S.C.A. for the Fifth Circuit.

United Bank Corporation, New York v. *Board of Governors,* filed November 1978, U.S.C.A. for the Second Circuit.

Metro-North State Bank, Kansas City v. *Board of Governors,* filed October 1978, U.S.C.A. for the Eighth Circuit.

Manchester-Tower Grove Community Organization/ACORN v. *Board of Governors,* filed September 1978, U.S.C.A. for the District of Columbia.

Beckley v. *Board of Governors,* filed July 1978, U.S.D.C. for the Northern District of Illinois.

Independent Bankers Association of Texas v. *First National Bank in Dallas, et al.,* filed July 1978, U.S.C.A. for the Northern District of Texas.

Mid-Nebraska Bancshares, Inc. v. *Board of Governors,* filed July 1978, U.S.C.A. for the District of Columbia.

NCNB Corporation v. *Board of Governors,* filed June 1978, U.S.C.A. for the Fourth Circuit.

NCNB Corporation v. *Board of Governors,* filed June 1978, U.S.C.A. for the Fourth Circuit.

Ellis Banking Corporation v. *Board of Governors,* filed May 1978, U.S.C.A. for the Fifth Circuit.

United States League of Savings Associations v. *Board of Governors,* filed May 1978, U.S.D.C. for the District of Columbia.

Hawkeye Bancorporation v. *Board of Governors,* filed April 1978, U.S.C.A. for the Eighth Circuit.

Citicorp v. *Board of Governors,* filed March 1978, U.S.C.A. for the Second Circuit.

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

Michigan National Corporation v. *Board of Governors,* filed January 1978, U.S.C.A. for the Sixth Circuit.

Wisconsin Bankers Association v. *Board of Governors,* filed January 1978, U.S.C.A. for the District of Columbia.

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.

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.D.C. 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.

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

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.

Robert 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.

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

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1.10 MONETARY AGGREGATES AND INTEREST RATES

Item	1977 Q4	1978 Q1	1978 Q2	1978 Q3	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.
	Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent)[12]								
Member bank reserves									
1 Total	6.3	8.8	6.6	8.2	14.0	−8.2	8.1	7.6	−5.3
2 Required	6.4	9.3	7.2	8.2	13.4	−7.4	7.4	8.3	−7.1
3 Nonborrowed	3.8	14.4	1.1	6.2	7.6	−3.2	10.7	1.3	11.7
Concepts of money[1]									
4 *M*-1	7.5	6.2	9.9	7.6	4.8	8.5	14.1	3.7	−4.6
5 *M*-1+	6.8	4.9	6.9	5.3	1.5	8.7	12.2	1.8	−7.1
6 *M*-2	8.1	6.9	7.9	8.9	8.0	10.4	12.5	7.0	4.3
7 *M*-3	10.6	7.7	7.8	10.1	9.4	11.7	14.0	r9.6	6.7
Time and savings deposits									
Commercial banks:									
8 Total	13.0	12.8	10.1	9.5	10.2	7.5	13.8	7.9	23.7
9 Savings	5.4	2.6	1.6	1.3	−4.3	8.1	9.7	−1.6	−11.3
10 Other time	11.6	11.4	10.5	17.3	22.5	14.2	13.6	17.7	27.7
11 Thrift institutions[2]	14.4	8.9	7.6	11.6	11.2	13.9	16.0	r13.6	9.9
12 Total loans and investments at commercial banks[3]	9.9	r10.1	r14.9	r10.8	r11.0	r5.1	r9.7	r9.8	6.5

Item	1978 Q1	1978 Q2	1978 Q3	1978 Q4	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.
	Interest rates (levels, per cent per annum)								
Short-term rates									
13 Federal funds[4]	6.76	7.28	8.09	9.58	8.04	8.45	8.96	9.76	10.03
14 Federal Reserve discount[5]	6.46	6.78	7.50	9.09	7.43	7.83	8.26	9.50	9.50
15 Treasury bills (3-month market yield)[6]	6.39	6.48	7.31	8.57	7.08	7.85	7.99	8.64	9.08
16 Commercial paper (90- to 119-day)[6,7]	6.76	7.16	8.03	9.83	7.83	8.39	8.98	10.14	10.37
Long-term rates									
Bonds:									
17 U.S. Government[8]	8.19	8.43	8.53	8.78	8.45	8.47	8.69	8.75	8.90
18 State and local government[9]	5.65	6.02	6.16	6.28	6.12	6.09	6.13	6.19	6.51
19 Aaa utility (new issue)[10]	8.70	8.98	8.94	9.23	8.82	8.86	9.17	9.27	9.28
20 Conventional mortgages[11]	9.23	9.58	9.80	9.71	9.80	9.80	9.95	10.10	9.30

1 *M*-1 equals currency plus private demand deposits adjusted.

M-1+ equals *M*-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

M-2 equals *M*-1 plus bank time and savings deposits other than large negotiable certificates of deposit (CD's).

M-3 equals *M*-2 plus deposits at mutual savings banks, savings and loan associations, and credit union shares.

2 Savings and loan associations, mutual savings banks, and credit unions.

3 Quarterly changes calculated from figures shown in Table 1.23.

4 Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

5 Rate for the Federal Reserve Bank of New York.

6 Quoted on a bank-discount basis.

7 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these dealers.

8 Market yields adjusted to a 20-year maturity by the U.S. Treasury.

9 *Bond Buyer* series for 20 issues of mixed quality.

10 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.

11 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.

12 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—						
	1978			1978						
	Oct.	Nov.	Dec.p	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20p	Dec. 27p
SUPPLYING RESERVE FUNDS										
1 **Reserve Bank credit outstanding**	**133,273**	**129,544**	**129,428**	**126,996**	**130,417**	**130,654**	**129,443**	**125,697**	**129,704**	**131,385**
2 *U.S. Government securities*[1]	*115,008*	*111,243*	*109,255*	*109,186*	*110,556*	*111,842*	*111,442*	*107,597*	*109,902*	*107,835*
3 Bought outright	113,977	110,728	108,780	109,186	109,689	111,336	110,600	107,572	109,798	107,375
4 Held under repurchase agreement	1,031	515	475	...	867	506	842	25	104	460
5 *Federal agency securities*	*8,353*	*8,109*	*8,089*	*7,932*	*8,343*	*8,060*	*8,164*	*7,912*	*7,942*	*8,212*
6 Bought outright	7,940	7,928	7,897	7,932	7,932	7,918	7,899	7,898	7,896	7,896
7 Held under repurchase agreement	413	181	192	...	411	142	265	14	46	316
8 Acceptances	249	180	167	...	455	141	258	37	6	110
9 Loans	1,261	722	874	633	604	792	698	591	567	1,413
10 Float	5,742	6,588	7,521	6,176	8,269	7,554	6,468	7,006	7,383	9,342
11 Other Federal Reserve assets	2,660	2,702	3,522	3,068	2,190	2,265	2,413	2,554	3,904	4,473
12 Gold stock	11,660	11,645	11,635	11,642	11,642	11,642	11,642	11,639	11,611	11,628
13 Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
14 Treasury currency outstanding	11,725	11,779	11,827	11,768	11,787	11,803	11,805	11,822	11,822	11,844
ABSORBING RESERVE FUNDS										
15 Currency in circulation	108,872	110,929	113,395	110,775	111,242	111,913	112,061	112,862	113,329	114,377
16 Treasury cash holdings	303	278	261	278	279	273	272	271	261	245
Deposits, other than member bank reserves with F.R. Banks:										
17 Treasury	14,948	8,186	3,931	8,092	6,443	6,468	5,299	2,120	3,748	4,952
18 Foreign	300	289	301	273	286	298	308	266	292	320
19 Other[2]	590	540	724	521	529	556	618	731	666	620
20 Other F.R. liabilities and capital	4,244	4,193	4,322	4,008	4,284	4,475	4,303	4,069	4,367	4,548
21 Member bank reserves with F.R. Banks	28,701	29,853	31,256	27,759	32,085	31,416	31,328	30,139	31,775	31,096

	End-of-month figures			Wednesday figures						
	1978			1978						
	Oct.	Nov.	Dec.p	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20p	Dec. 27p
SUPPLYING RESERVE FUNDS										
22 **Reserve Bank credit outstanding**	**132,022**	**131,605**	**131,398**	**127,622**	**131,955**	**132,830**	**123,783**	**129,046**	**130,237**	**137,046**
23 *U.S. Government securities*[1]	*115,322*	*113,305*	*110,562*	*108,114*	*111,203*	*114,110*	*104,361*	*110,558*	*107,104*	*111,639*
24 Bought outright	114,659	113,305	109,478	108,114	110,878	112,110	104,361	110,558	107,104	109,583
25 Held under repurchase agreement	663	...	1,084	...	325	2,000	...	...	...	2,056
26 *Federal agency securities*	*8,065*	*7,899*	*8,029*	*7,932*	*8,092*	*8,524*	*7,899*	*7,896*	*7,896*	*9,165*
27 Bought outright	7,938	7,899	7,896	7,932	7,932	7,899	7,899	7,896	7,896	7,896
28 Held under repurchase agreement	127	...	133	...	160	625	...	...	...	1,269
29 Acceptances	236	...	587	...	383	370	...	...	...	444
30 Loans	1,207	813	1,172	1,258	933	1,270	586	472	502	3,111
31 Float	4,436	7,238	6,505	8,042	9,146	6,151	8,473	7,619	10,393	8,066
32 Other Federal Reserve assets	2,756	2,350	4,543	2,276	2,198	2,405	2,464	2,501	4,342	4,621
33 Gold stock	11,655	11,642	11,671	11,642	11,642	11,642	11,640	11,635	11,611	11,671
34 Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
35 Treasury currency outstanding	11,731	11,790	11,846	11,778	11,799	11,804	11,810	11,822	11,822	11,846
ABSORBING RESERVE FUNDS										
36 Currency in circulation	109,307	112,072	114,648	111,277	111,820	112,327	112,729	113,477	114,075	115,227
37 Treasury cash holdings	276	267	250	277	275	273	271	271	250	241
Deposits, other than member bank reserves with F.R. Banks:										
38 Treasury	15,467	6,587	4,196	7,557	6,153	7,236	2,169	1,869	4,500	3,540
39 Foreign	305	379	368	313	285	275	367	204	275	285
40 Other[2]	531	567	1,256	448	565	479	553	582	582	613
41 Other F.R. liabilities and capital	4,560	4,545	4,275	4,144	4,279	4,584	3,796	4,285	4,499	4,704
42 Member bank reserves with F.R. Banks	26,260	31,919	31,223	28,327	33,320	32,402	28,648	33,116	30,788	37,254

1 *Includes* securities loaned—fully guaranteed by U.S. Govt. securities pledged with F.R. Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

2 Includes certain deposits of 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	1977	1978								
		Monthly averages of daily figures									
		Dec.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
	All member banks										
	Reserves:										
1	At F.R. Banks	27,057	27,776	27,890	27,840	28,570	28,079	28,010	28,701	29,853	31,256
2	Currency and coin	9,351	9,028	9,151	9,345	9,542	9,512	9,605	9,654	9,794	10,337
3	*Total held*[1]	*36,471*	*36,880*	*37,119*	*37,262*	*38,189*	*37,666*	*37,689*	*38,434*	*39,728*	*41,669*
4	Required	36,297	36,816	36,867	37,125	38,049	37,404	37,614	38,222	39,423	41,487
5	Excess[1]	174	64	252	137	140	262	75	212	305	182
	Borrowings at F.R. Banks:[2]										
6	Total	558	539	1,227	1,111	1,286	1,147	1,068	1,261	722	874
7	Seasonal	54	43	93	120	143	188	191	221	185	134
	Large banks in New York City										
8	*Reserves held*	*6,244*	*6,247*	*6,315*	*6,341*	*6,606*	*6,334*	*6,182*	*6,428*	*6,682*	*7,091*
9	Required	6,279	6,320	6,236	6,376	6,581	6,290	6,251	6,349	6,658	7,243
10	Excess	−35	−73	79	−35	25	44	−69	79	24	−152
11	Borrowings[2]	48	61	113	54	129	58	78	157	48	99
	Large banks in Chicago										
12	*Reserves held*	*1,593*	*1,670*	*1,697*	*1,668*	*1,708*	*1,648*	*1,655*	*1,672*	*1,791*	*1,870*
13	Required	1,613	1,686	1,669	1,670	1,707	1,646	1,650	1,649	1,765	1,894
14	Excess	−20	−16	28	−2	1	2	5	23	26	−24
15	Borrowings[2]	26	11	19	20	20	3	35	14	4	9
	Other large banks										
16	*Reserves held*	*13,993*	*14,135*	*14,106*	*14,250*	*14,553*	*14,502*	*14,564*	*14,862*	*15,547*	*16,393*
17	Required	13,931	14,077	14,079	14,225	14,569	14,423	14,541	14,867	15,447	16,335
18	Excess	62	58	27	25	−16	79	23	−5	100	58
19	Borrowings[2]	243	249	500	536	499	417	363	408	194	275
	All other banks										
20	*Reserves held*	*14,641*	*14,828*	*15,001*	*15,003*	*15,322*	*15,182*	*15,288*	*15,472*	*15,708*	*15,991*
21	Required	14,474	14,733	14,883	14,854	15,192	15,045	15,172	15,357	15,553	16,015
22	Excess	167	95	118	149	130	137	116	115	155	−24
23	Borrowings[2]	241	218	595	501	638	669	592	682	476	491

	Reserve classification	Weekly averages of daily figures for weeks ending—									
		1978									
		Oct. 25	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20[p]	Dec. 27[p]
	All member banks										
	Reserves:										
24	At F.R. Banks	28,887	28,467	27,777	27,759	32,085	31,416	31,328	30,139	31,775	31,096
25	Currency and coin	9,101	9,861	10,071	10,132	9,144	9,785	10,056	10,843	10,025	10,276
26	*Total held*[1]	*38,068*	*38,408*	*37,927*	*37,974*	*41,312*	*41,283*	*41,465*	*41,063*	*41,873*	*41,444*
27	Required	37,749	38,295	37,586	37,729	41,162	41,130	41,138	40,911	41,808	41,396
28	Excess[1]	319	113	341	245	150	153	327	152	65	−48
	Borrowings at F.R. Banks:[2]										
29	Total	1,313	1,305	696	633	604	792	698	591	567	1,413
30	Seasonal	235	233	191	188	182	180	150	131	131	131
	Large banks in New York City										
31	*Reserves held*	*6,100*	*6,286*	*6,240*	*6,222*	*7,170*	*6,968*	*7,300*	*7,122*	*7,339*	*6,779*
32	Required	6,026	6,313	6,199	6,257	7,162	6,980	7,236	7,130	7,300	7,025
33	Excess	74	−27	41	−35	8	−12	64	−8	39	−246
34	Borrowings[2]	75	99	....	102	4	31	....	....	....	331
	Large banks in Chicago										
35	*Reserves held*	*1,569*	*1,659*	*1,621*	*1,605*	*1,997*	*1,886*	*1,891*	*1,862*	*1,904*	*1,845*
36	Required	1,569	1,660	1,603	1,587	1,985	1,881	1,913	1,867	1,937	1,835
37	Excess	....	−1	18	18	12	5	−22	−5	−33	10
38	Borrowings[2]	12	10	9	....	2	6	....	10	6	29
	Other large banks										
39	*Reserves held*	*14,868*	*14,888*	*14,740*	*14,812*	*16,136*	*16,323*	*16,206*	*16,174*	*16,337*	*16,292*
40	Required	14,738	14,877	14,621	14,758	16,145	16,255	16,093	16,133	16,378	16,445
41	Excess	130	11	119	54	−9	68	113	41	−41	−153
42	Borrowings[2]	428	349	191	137	169	236	176	193	106	479
	All other banks										
43	*Reserves held*	*15,531*	*15,575*	*15,326*	*15,335*	*16,009*	*16,106*	*16,068*	*15,905*	*15,942*	*16,117*
44	Required	15,416	15,445	15,163	15,127	15,870	16,014	15,896	15,781	16,193	16,091
45	Excess	115	130	163	208	139	92	172	124	−251	26
46	Borrowings[2]	798	847	496	394	429	519	522	388	455	574

1 Adjusted to include waivers of penalties for reserve deficiencies in accordance with Board policy, effective Nov. 19, 1975, of permitting transitional relief on a graduated basis over a 24-month period when a nonmember bank merges into an existing member bank, or when a nonmember bank joins the Federal Reserve System. For weeks for which figures are preliminary, figures by class of bank do not add to total because adjusted data by class are not available.

2 Based on closing figures.

1.13 FEDERAL FUNDS TRANSACTIONS Money Market Banks

Millions of dollars, except as noted

	Type	1978, week ending—								
		Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
		Total, 46 banks								
	Basic reserve position									
1	Excess reserves[1]	16	111	141	−31	75	169	127	166	−40
	LESS:									
2	Borrowings at F.R. Banks	205	59	106	38	168	62	81	1	590
3	Net interbank federal funds transactions	14,187	17,146	17,945	16,936	15,861	15,823	17,468	15,421	15,136
	EQUALS: Net surplus, or deficit (−):									
4	Amount	−14,376	−17,094	−17,910	−17,004	−15,954	−15,716	−17,422	−15,256	−15,765
5	*Percent of average required reserves*	*89.5*	*108.6*	*113.0*	*94.7*	*90.0*	*87.7*	*97.7*	*83.7*	*88.1*
	Interbank federal funds transactions									
	Gross transactions:									
6	Purchases	22,604	24,484	24,690	24,077	23,743	23,567	23,265	23,624	22,886
7	Sales	8,417	7,339	6,744	7,141	7,881	7,744	5,797	8,203	7,750
8	Two-way transactions[2]	5,521	5,676	5,506	5,336	5,580	5,965	4,952	6,135	5,854
	Net transactions:									
9	Purchases of net buying banks	17,083	18,808	19,184	18,742	18,162	17,602	18,313	17,489	17,032
10	Sales of net selling banks	2,896	1,663	1,239	1,806	2,301	1,778	845	2,068	1,896
	Related transactions with U.S. government securities dealers									
11	Loans to dealers[3]	2,986	4,207	3,654	4,123	3,298	3,833	5,153	3,857	4,606
12	Borrowing from dealers[4]	2,241	1,646	1,270	2,005	1,714	1,831	1,590	1,226	1,865
13	Net loans	745	2,561	2,384	2,118	1,584	2,002	3,564	2,631	2,740
		8 banks in New York City								
	Basic reserve position									
14	Excess reserves[1]	....	45	5	4	−7	48	37	128	−61
	LESS:									
15	Borrowings at F.R. Banks	69	....	102	....	27	....	....	....	312
16	Net interbank federal funds transactions	3,774	4,267	4,666	2,523	2,336	2,529	4,136	2,816	3,134
	EQUALS: Net surplus, or deficit (−):									
17	Amount	−3,843	−4,221	−4,763	−2,519	−2,370	−2,481	−4,099	−2,688	−3,507
18	*Percent of average required reserves*	*67.5*	*75.3*	*84.6*	*39.0*	*37.6*	*37.8*	*63.4*	*40.6*	*55.1*
	Interbank federal funds transactions									
	Gross transactions:									
19	Purchases	5,404	5,595	5,593	4,785	4,687	4,281	4,894	4,940	4,658
20	Sales	1,630	1,328	927	2,262	2,351	1,752	758	2,124	1,523
21	Two-way transactions[2]	1,090	1,303	927	1,246	1,441	1,182	758	1,500	1,379
	Net transactions:									
22	Purchases of net buying banks	4,314	4,292	4,666	3,538	3,246	3,099	4,136	3,440	3,278
23	Sales of net selling banks	540	25	....	1,016	911	570	....	624	144
	Related transactions with U.S. government securities dealers									
24	Loans to dealers[3]	1,773	2,718	2,249	2,524	1,864	2,114	2,970	2,382	3,066
25	Borrowing from dealers[4]	510	454	496	633	759	659	609	450	420
26	Net loans	1,263	2,264	1,753	1,891	1,106	1,455	2,361	1,932	2,646
		38 banks outside New York City								
	Basic reserve position									
27	Excess reserves[1]	16	65	136	−34	81	121	91	38	21
	LESS:									
28	Borrowings at F.R. Banks	137	59	4	38	141	62	81	1	278
29	Net interbank federal funds transactions	10,413	12,879	13,279	14,413	13,525	13,294	13,332	12,605	12,002
	EQUALS: Net surplus, or deficit (−):									
30	Amount	−10,534	−12,873	−13,147	−14,485	−13,585	−13,235	−13,323	−12,567	−12,258
31	*Percent of average required reserves*	*101.5*	*126.9*	*128.5*	*125.9*	*118.8*	*116.5*	*117.2*	*108.3*	*106.3*
	Interbank federal funds transactions									
	Gross transactions:									
32	Purchases	17,200	18,889	19,097	19,293	19,056	19,286	18,371	18,684	18,229
33	Sales	6,786	6,010	5,818	4,879	5,530	5,992	5,039	6,079	6,227
34	Two-way transactions[2]	4,431	4,373	4,579	4,089	4,140	4,783	4,194	4,635	4,475
	Net transactions:									
35	Purchases of net buying banks	12,769	14,517	14,518	15,203	14,916	14,503	14,177	14,049	13,754
36	Sales of net selling banks	2,356	1,639	1,239	790	1,391	1,208	845	1,444	1,752
	Related transactions with U.S. government securities dealers									
37	Loans to dealers[3]	1,212	1,489	1,405	1,598	1,434	1,718	2,183	1,475	1,540
38	Borrowing from dealers[4]	1,731	1,192	774	1,372	956	1,172	981	776	1,446
39	Net loans	−518	297	631	226	478	547	1,202	699	94

For notes see end of table.

1.13 Continued

	Type	1978, week ending— Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27
		5 banks in City of Chicago								
	Basic reserve position									
40	Excess reserves[1]	13	1	8	20	41	19	15	−19	23
	LESS:									
41	Borrowings at F.R. Banks	....	....	....	....	....	....	....	....	29
42	Net interbank federal funds transactions	4,965	5,685	5,713	6,194	6,059	5,424	5,930	6,477	6,025
	EQUALS: Net surplus, or deficit (−):									
43	Amount	−4,951	−5,684	−5,705	−6,174	−6,017	−5,405	−5,915	−6,497	−6,030
44	*Percent of average required reserves*	*318.5*	*375.4*	*380.9*	*331.3*	*344.4*	*304.1*	*341.6*	*355.2*	*348.9*
	Interbank federal funds transactions									
	Gross transactions:									
45	Purchases	6,348	6,703	7,065	7,363	7,134	7,030	7,082	7,704	7,183
46	Sales	1,384	1,018	1,352	1,169	1,075	1,606	1,153	1,226	1,158
47	Two-way transactions[2]	1,384	1,018	1,352	1,169	1,075	1,606	1,153	1,189	1,101
	Net transactions:									
48	Purchases of net buying banks	4,964	5,685	5,713	6,194	6,059	5,424	5,930	6,515	6,083
49	Sales of net selling banks	....	....	....	....	....	....	....	38	58
	Related transactions with U.S. government securities dealers									
50	Loans to dealers[3]	79	191	124	214	236	216	215	300	259
51	Borrowing from dealers[4]	201	224	56	173	229	354	276	160	417
52	Net loans	−122	−33	68	41	7	−139	−60	140	−158
		33 other banks								
	Basic reserve position									
53	Excess reserves[1]	3	64	129	−54	40	102	76	58	−2
	LESS:									
54	Borrowings at F.R. Banks	137	59	4	38	141	62	81	1	249
55	Net interbank federal funds transactions	5,449	7,194	7,566	8,220	7,467	7,871	7,403	6,128	5,977
	EQUALS: Net surplus, or deficit (−):									
56	Amount	−5,583	−7,189	−7,441	−8,311	−7,568	−7,830	−7,408	−6,071	−6,228
57	*Percent of average required reserves*	*63.2*	*83.3*	*85.0*	*86.2*	*78.1*	*81.7*	*76.9*	*62.1*	*63.5*
	Interbank federal funds transactions									
	Gross transactions:									
58	Purchases	10,852	12,186	12,032	11,930	11,922	12,256	11,289	10,981	11,045
59	Sales	5,403	4,992	4,466	3,710	4,455	4,385	3,886	4,853	5,068
60	Two-way transactions[2]	3,047	3,355	3,227	2,920	3,064	3,177	3,041	3,446	3,374
	Net transactions:									
61	Purchases of net buying banks	7,805	8,832	8,805	9,009	8,857	9,079	8,248	7,534	7,671
62	Sales of net selling banks	2,356	1,638	1,239	790	1,391	1,208	845	1,406	1,694
	Related transactions with U.S. government securities dealers									
63	Loans to dealers[3]	1,134	1,299	1,282	1,384	1,198	1,503	1,968	1,175	1,281
64	Borrowing from dealers[4]	1,530	968	718	1,199	727	818	705	616	1,029
65	Net loans	−396	330	564	186	471	685	1,263	559	252

1 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.

2 Derived from averages for individual banks for entire week. Figure for each bank indicates extent to which the bank's average purchases and sales are offsetting.

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

4 Federal funds borrowed, net funds acquired from each dealer by clearing banks, reverse repurchase agreements (sales of securities to dealers subject to repurchase), resale agreements, and borrowings secured by U.S. Govt. or other securities.

NOTE.—Weekly averages of daily figures. For description of series, see 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.[4]		
	Under Secs. 13 and 13a[1]			Under Sec. 10(b)[2]								
				Regular rate			Special rate[3]					
	Rate on 12/31/78	Effective date	Previous rate	Rate on 12/31/78	Effective date	Previous rate	Rate on 12/31/78	Effective date	Previous rate	Rate on 12/31/78	Effective date	Previous rate
Boston	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
New York	9½	11/1/78	8½	10	11/1/78	9	10½	11/1/78	9½	12½	11/1/78	11½
Philadelphia	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Cleveland	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Richmond	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Atlanta	9½	11/3/78	8½	10	11/3/78	9	10½	11/3/78	9½	12½	11/3/78	11½
Chicago	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
St. Louis	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Minneapolis	9½	11/1/78	8½	10	11/1/78	9	10½	11/1/78	9½	12½	11/1/78	11½
Kansas City	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
Dallas	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½
San Francisco	9½	11/2/78	8½	10	11/2/78	9	10½	11/2/78	9½	12½	11/2/78	11½

Range of rates in recent years[5]

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
In effect Dec. 31, 1970	5½	5½
1971—Jan. 8	5¼–5½	5¼
15	5¼	5¼
19	5–5¼	5¼
22	5–5¼	5
29	5	5
Feb. 13	4¾–5	5
19	4¾	4¾
July 16	4¾–5	5
23	5	5
Nov 11	4¾–5	5
19	4¾	4¾
Dec. 13	4½–4¾	4¾
17	4½–4¾	4½
24	4½	4½
1973—Jan. 15	5	5
Feb. 26	5–5½	5½
Mar. 2	5½	5½
Apr. 23	5½–5¾	5½

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1973—May 4	5¾	5¾
11	5¾–6	6
18	6	6
June 11	6–6½	6½
15	6½	6½
July 2	7	7
Aug. 14	7–7½	7½
23	7½	7½
1974—Apr. 25	7½–8	8
30	8	8
Dec. 9	7¾–8	7¾
16	7¾	7¾
1975—Jan. 6	7¼–7¾	7¾
10	7¼–7¾	7¼
24	7¼	7¼
Feb. 5	6¾–7¼	6¾
7	6¾	6¾
Mar. 10	6¼–6¾	6¼
14	6¼	6¼
May 16	6–6¼	6
23	6	6

Effective date	Range (or level)— All F.R. Banks	F.R. Bank of N.Y.
1976—Jan. 19	5½–6	5½
23	5½	5½
Nov. 22	5¼–5½	5¼
26	5¼	5¼
1977—Aug. 30	5¼–5¾	5¼
31	5¼–5¾	5¾
Sept. 2	5¾	5¾
Oct. 26	6	6
1978—Jan. 9	6–6½	6½
20	6½	6½
May 11	6½–7	7
12	7	7
July 3	7–7¼	7¼
10	7¼	7¼
Aug. 21	7¾	7¾
Sept. 22	8	8
Oct. 16	8–8½	8½
20	8½	8½
Nov. 1	8½–9½	9½
3	9½	9½
In effect Dec. 31, 1978	9½	9½

1 Discounts of eligible paper and advances secured by such paper or by U.S. govt. obligations or any other obligations eligible for F.R. Bank purchase.

2 Advances secured to the satisfaction of the F.R. Bank. Advances secured by mortgages on 1- to 4-family residential property are made at the Section 13 rate.

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

4 Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of, or obligations fully guaranteed as to principal and interest by, the U.S. govt. or any agency thereof.

5 Rates under Secs. 13 and 13a (as described above). For description and earlier data, see the following publications of the Board of Governors: *Banking and Monetary Statistics, 1914–1941, Banking and Monetary Statistics, 1941–1970, Annual Statistical Digest, 1971–75,* and *Annual Statistical Digest, 1972–76.*

1.15 MEMBER BANK RESERVE REQUIREMENTS[1]

Per cent of deposits

Type of deposit, and deposit interval in millions of dollars	Requirements in effect December 31, 1978		Previous requirements	
	Per cent	Effective date	Per cent	Effective date
Net demand:[2]				
0–2	7	12/30/76	7½	2/13/75
2–10	9½	12/30/76	10	2/13/75
10–100	11¾	12/30/76	12	2/13/75
100–400	12¾	12/30/76	13	2/13/75
Over 400	16¼	12/30/76	16½	2/13/75
Time:[2,3,4]				
Savings	3	3/16/67	3½	3/2/67
Other time:[5]				
0–5, maturing in—				
30–179 days	3	3/16/67	3½	3/2/67
180 days to 4 years	2½	1/8/76	3	3/16/67
4 years or more	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	2½	1/8/76	3	12/12/74
4 years or more	1	10/30/75	3	12/12/74

	Legal limits	
	Minimum	Maximum
Net demand:		
Reserve city banks	10	22
Other banks	7	14
Time	3	10
Borrowings from foreign banks	0	22

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

2 (a) Requirement schedules are graduated, and each deposit interval applies to that part of the deposits of each bank. Demand deposits subject to reserve requirements are gross demand deposits minus cash items in process of collection and demand balances due from domestic banks.

(b) The Federal Reserve Act specifies different ranges of requirements for reserve city banks and for other banks. Reserve cities are designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than $400 million is considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constitutes designation of that place as a reserve city. Cities in which there are Federal Reserve 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) Effective August 24, 1978, the Regulation M reserve requirements on net balances due from domestic banks to their foreign branches and on deposits that foreign branches lend to U.S. residents were reduced to zero from 4 per cent and 1 per cent, respectively. The Regulation D reserve requirement on borrowings from unrelated banks abroad was also reduced to zero from 4 per cent.

3 Negotiable orders of withdrawal (NOW) accounts and time deposits such as Christmas and vacation club accounts are subject to the same requirements as savings deposits.

4 The average reserve requirement on savings and other time deposits must be at least 3 per cent, the minimum specified by law.

5 Effective November 2, 1978, a supplementary reserve requirement of 2 per cent was imposed on time deposits of $100,000 or more, obligations of affiliates, and ineligible acceptances.

NOTE.—Required reserves must be held in the form of deposits with F.R. Banks or vault cash.

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions

Per cent per annum

Type and maturity of deposit	Commercial banks				Savings and loan associations and mutual savings banks			
	In effect Dec. 31, 1978		Previous maximum		In effect Dec. 31, 1978		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	(7)	5	(8)
2 Negotiable orders of withdrawal accounts[1]	5	1/1/74	(10)	....	5	1/1/74	(10)	....
3 Money market time deposit of less than $100,000[2]	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Other time (multiple- and single-maturity unless otherwise indicated)[3]								
30–89 days:								
4 Multiple-maturity	5	7/1/73	4¼	1/21/70	(10)	....	(10)	....
5 Single-maturity			5	9/26/66				
90 days to 1 year:								
6 Multiple-maturity	5½	7/1/73	5	7/20/66	[4]5¾	(7)	5¼	1/21/70
7 Single-maturity				9/26/66				
8 1 to 2 years[4]	6	7/1/73	5½	1/21/70	6½	(7)	5¾	1/21/70
9 2 to 2½ years[4]			5¾	1/21/70			6	1/21/70
10 2½ to 4 years[4]	6½	7/1/73	5¾	1/21/70	6¾	(7)	6	1/21/70
11 4 to 6 years[5]	7¼	11/1/73	(11)	....	7½	11/1/73	(11)	....
12 6 to 8 years[5]	7½	12/23/74	7¼	11/1/73	7¾	12/23/74	7½	11/1/73
13 8 years or more[5]	7¾	6/1/78	(10)	....	8	6/1/78	(10)	....
14 Issued to governmental units (all maturities)	8	6/1/78	7¾	12/23/74	8	6/1/78	7¾	12/23/74
15 Individual retirement accounts and Keogh (H.R. 10) plans[6]	8	6/1/78	7¾	7/6/77	8	6/1/78	7¾	7/6/77

1 For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks in Massachusetts and New Hampshire were first permitted to offer negotiable orders of withdrawal (NOW) accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976, and in New York State on Nov. 10, 1978.

2 Must have a maturity of exactly 26 weeks and a minimum denomination of $10,000, and must be nonnegotiable.

3 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).

4 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.

5 $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.

6 3-year minimum maturity.

7 July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations.

8 Oct. 1, 1966, for mutual savings banks; Jan. 21, 1970, for savings and loan associations.

9 Commercial banks, savings and loan associations, and mutual savings banks were authorized to offer money market time deposits effective June 1, 1978. The ceiling rate for commercial banks is the discount rate on most recently issued 6-month U.S. Treasury bills. The ceiling rate for savings and loan associations and mutual savings banks is ¼ per cent higher than the rate for commercial banks. The most recent rates and effective dates are as follows:

	Nov. 30	Dec. 7	Dec. 14	Dec. 21	Dec. 28
Banks	9.330	9.220	9.263	9.524	9.580
Thrifts	9.580	9.470	9.513	9.774	9.830

10 No separate account category.

11 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, ceilings were reimposed 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	1975	1976	1977	1978 May	June	July	Aug.	Sept.	Oct.	Nov.
	U.S. GOVERNMENT SECURITIES										
	Outright transactions (excluding matched sale-purchase transactions)										
	Treasury bills:										
1	Gross purchases	11,562	14,343	13,738	416	4,395	701	972	2,635	1,978	2,039
2	Gross sales	5,599	8,462	7,241	737	....	466	689	....	2,148	3,587
3	Redemptions	[2]6,431	[2]5,017	2,136	300	....	....	....	....	....	603
	Others within 1 year:[1]										
4	Gross purchases	3,886	472	3,017	53	135	....	171	168	73	139
5	Gross sales	....	....	....	....	....	....	....	....	....	....
6	Exchange, or maturity shift	−4	792	4,499	−2,343	−380	−241	−1,544	563	−385	−778
7	Redemptions	3,549	....	2,500	....	....	....	....	....	....	....
	1 to 5 years:										
8	Gross purchases	[2]3,284	[2]3,202	2,833	290	631	....	424	350	507	628
9	Gross sales	....	177	....	....	....	....	....	....	....	....
10	Exchange, or maturity shift	3,854	−2,588	−6,649	−79	467	241	−490	−563	385	−657
	5 to 10 years:										
11	Gross purchases	1,510	1,048	758	101	176	....	238	110	87	163
12	Gross sales	....	....	....	....	....	....	....	....	....	....
13	Exchange, or maturity shift	−4,697	1,572	584	1,526	−87	....	1,434	....	....	835
	Over 10 years:										
14	Gross purchases	1,070	642	553	74	115	....	113	122	139	108
15	Gross sales	....	....	....	....	....	....	....	....	....	....
16	Exchange, or maturity shift	848	225	1,565	895	....	....	600	....	....	600
	All maturities:[1]										
17	Gross purchases	[2]21,313	219,707	20,898	935	5,451	701	1,919	3,386	2,785	3,075
18	Gross sales	5,599	8,639	7,241	737	....	466	689	....	2,148	3,587
19	Redemptions	[2]9,980	[2]5,017	4,636	300	....	....	....	....	....	603
	Matched sale-purchase transactions										
20	Gross sales	151,205	196,078	425,214	40,634	52,544	44,657	29,162	33,346	35,112	40,785
21	Gross purchases	152,132	196,579	423,841	40,362	52,557	44,712	29,641	33,130	36,106	40,546
	Repurchase agreements										
22	Gross purchases	140,311	232,891	178,683	11,517	14,956	15,822	16,286	10,724	18,976	7,719
23	Gross sales	139,538	230,355	180,535	11,819	13,100	17,374	15,140	10,353	20,565	8,383
24	Net change in U.S. Government securities	7,434	9,087	5,798	−674	7,320	−1,261	2,854	3,540	43	−2,017
	FEDERAL AGENCY OBLIGATIONS										
	Outright transactions:										
25	Gross purchases	1,616	891	1,433	....	301	....	....	....	....	....
26	Gross sales	....	....	....	....	....	....	173	....	....	....
27	Redemptions	246	169	223	34	28	4	13	28	12	39
	Repurchase agreements:										
28	Gross purchases	15,175	10,520	13,811	3,927	3,421	5,170	3,080	3,877	6,675	2,544
29	Gross sales	15,567	10,360	13,638	4,037	3,088	5,457	3,032	3,348	7,196	2,670
30	Net change in Federal agency obligations	978	882	1,383	−144	606	−291	−138	501	r −533	−165
	BANKERS ACCEPTANCES										
31	Outright transactions, net	163	−545	−196	....	....	....	....	....	....	....
32	Repurchase agreements, net	−35	410	159	−17	747	−753	28	419	−479	−236
33	Net change in bankers acceptances	127	−135	−37	−17	747	−753	28	419	−479	−236
34	**Total net change in System Open Market Account**	**8,539**	**9,833**	**7,143**	**−834**	**8,783**	**−2,305**	**2,744**	**4,460**	**−969**	**−2,419**

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

2 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 1978					End of month 1978		
	Nov. 29	Dec. 6	Dec. 13	Dec. 20ᵖ	Dec. 27ᵖ	Oct.	Nov.	Dec.ᵖ
	Consolidated condition statement							
ASSETS								
1 Gold certificate account	11,642	11,640	11,635	11,611	11,671	11,655	11,642	11,671
2 Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
3 Coin	274	272	277	277	271	300	275	274
Loans:								
4 Member bank borrowings	1,270	586	472	502	3,111	1,207	813	1,172
5 Other	...	...	...	...	...	...	...	...
Acceptances:								
6 Bought outright	...	...	...	...	...	...	...	...
7 Held under repurchase agreements	370	...	...	...	444	236	...	587
Federal agency obligations:								
8 Bought outright	7,899	7,899	7,896	7,896	7,896	7,938	7,899	7,896
9 Held under repurchase agreements	625	...	...	...	1,269	127	...	133
U.S. Government securities								
Bought outright:								
10 Bills	44,790	37,041	43,238	39,784	42,263	48,376	45,985	42,158
11 Certificates—Special	...	...	...	...	...	...	...	...
12 Other	...	...	...	...	...	...	...	...
13 Notes	54,855	54,855	54,855	54,855	54,855	54,526	54,855	54,855
14 Bonds	12,465	12,465	12,465	12,465	12,465	11,757	12,465	12,465
15 Total[1]	112,110	104,361	110,558	107,104	109,583	114,659	113,305	109,478
16 Held under repurchase agreements	2,000	...	...	...	2,056	663	...	1,084
17 **Total U.S. Government securities**	**114,110**	**104,361**	**110,558**	**107,104**	**111,639**	**115,322**	**113,305**	**110,562**
18 **Total loans and securities**	**124,274**	**112,846**	**118,926**	**115,502**	**124,359**	**124,830**	**122,017**	**120,350**
19 Cash items in process of collection	12,738	15,357	14,203	17,975	15,820	13,366	13,165	12,999
20 Bank premises	396	398	398	397	398	395	396	394
Other assets:								
21 Denominated in foreign currencies	47	49	62	1,643	1,643	27	53	1,606
22 All other	1,962	2,017	2,041	2,302	2,580	2,334	1,901	2,543
23 **Total assets**	**152,633**	**143,879**	**148,842**	**151,007**	**158,042**	**154,207**	**150,749**	**151,137**
LIABILITIES								
24 Federal Reserve notes	101,070	101,462	102,202	102,781	103,892	98,154	100,825	103,325
Deposits:								
25 Member bank reserves	32,402	28,648	33,116	30,788	37,254	26,260	31,919	31,223
26 U.S. Treasury—General account	7,236	2,169	1,869	4,500	3,540	15,467	6,587	4,196
27 Foreign	275	367	204	275	285	305	379	368
28 Other[2]	479	553	582	582	613	531	567	1,256
29 **Total deposits**	**40,392**	**31,737**	**35,771**	**36,145**	**41,692**	**42,563**	**39,452**	**37,043**
30 Deferred availability cash items	6,587	6,884	6,584	7,582	7,754	8,930	5,927	6,494
31 Other liabilities and accrued dividends	1,784	1,516	1,854	1,905	1,946	1,686	1,725	2,119
32 **Total liabilities**	**149,833**	**141,599**	**146,411**	**148,413**	**155,284**	**151,333**	**147,929**	**148,981**
CAPITAL ACCOUNTS								
33 Capital paid in	1,073	1,075	1,076	1,076	1,078	1,069	1,073	1,078
34 Surplus	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,078
35 Other capital accounts	698	176	326	489	651	776	718	...
36 **Total liabilities and capital accounts**	**152,633**	**143,879**	**148,842**	**151,007**	**158,042**	**154,207**	**150,749**	**151,137**
37 MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account	91,855	92,610	93,473	93,973	95,145	ʳ90,073	92,412	95,307
	Federal Reserve note statement							
38 F.R. notes outstanding (issued to Bank)	112,423	112,661	112,943	113,154	112,941	110,741	112,445	112,836
Collateral held against notes outstanding:								
39 Gold certificate account	11,642	11,640	11,635	11,611	11,671	11,655	11,642	11,671
40 Special Drawing Rights certificate account	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
41 Eligible paper	1,170	534	418	445	1,848	1,094	692	907
42 U.S. Government securities	98,311	99,187	99,590	99,798	98,122	96,692	98,811	98,958
43 **Total collateral**	**112,423**	**112,661**	**112,943**	**113,154**	**112,941**	**110,741**	**112,445**	**112,836**

1 *Includes* securities loaned—fully guaranteed by U.S. Govt. securities pledged with F.R. Banks—and *excludes* (if any) securities sold and scheduled to be bought back under matched sale-purchase transactions.

2 Includes certain deposits of domestic nonmember banks and foreign-owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

Type and maturity	Wednesday 1978					End of month 1978		
	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27	Oct. 31	Nov. 30	Dec. 31
1 **Loans**	**1,260**	**588**	**473**	**502**	**3,111**	**1,206**	**812**	**1,172**
2 Within 15 days	1,222	526	387	479	3,093	1,108	767	1,142
3 16 days to 90 days	38	62	86	23	18	98	45	30
4 91 days to 1 year	....	....	....	....	....	....	....	....
5 **Acceptances**	**370**	....	....	....	**444**	**236**	....	**587**
6 Within 15 days	370	....	....	....	444	236	....	587
7 16 days to 90 days	....	....	....	....	....	....	....	....
8 91 days to 1 year	....	....	....	....	....	....	....	....
9 **U.S. Government securities**	**114,110**	**104,361**	**110,558**	**107,104**	**111,639**	**115,322**	**113,305**	**110,562**
10 Within 15 days[1]	7,352	3,748	4,450	5,647	6,915	7,195	4,467	4,297
11 16 days to 90 days	19,775	15,369	19,654	15,058	18,179	22,072	20,315	19,800
12 91 days to 1 year	29,758	28,244	29,454	29,399	29,545	30,730	31,523	29,465
13 Over 1 year to 5 years	31,833	31,608	31,608	31,608	31,608	31,638	31,608	31,608
14 Over 5 years to 10 years	14,717	14,717	14,717	14,717	14,717	13,719	14,717	14,717
15 Over 10 years	10,675	10,675	10,675	10,675	10,675	9,968	10,675	10,675
16 **Federal agency obligations**	**8,524**	**7,899**	**7,896**	**7,896**	**9,165**	**8,065**	**7,899**	**8,029**
17 Within 15 days[1]	761	73	....	83	1,353	164	135	217
18 16 days to 90 days	437	493	566	482	482	369	438	482
19 91 days to 1 year	1,292	1,299	1,286	1,286	1,286	1,488	1,292	1,286
20 Over 1 year to 5 years	3,686	3,686	3,723	3,723	3,723	3,664	3,686	3,723
21 Over 5 years to 10 years	1,488	1,488	1,461	1,461	1,461	1,520	1,488	1,511
22 Over 10 years	860	860	860	861	860	860	860	810

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

1.20 BANK DEBITS AND DEPOSIT TURNOVER

Debits are shown in billions of dollars, turnover as ratio of debits to deposit. Monthly data are at annual rates.

Bank group, or type of customer	1975	1976	1977	1978				
				July	Aug.	Sept.	Oct.	Nov.
	Debits to demand deposits 2 (seasonally adjusted)							
1 All commercial banks	25,028.5	29,180.4	34,322.8	40,575.1	42,722.1	41,811.6	42,855.9	43,222.7
2 Major New York City banks	9,670.7	11,467.2	13,860.6	15,355.3	16,432.9	15,495.9	15,437.3	16,172.3
3 Other banks	15,357.8	17,713.2	20,462.2	25,219.7	26,289.2	26,315.7	27,418.6	27,050.5
	Debits to savings deposits 3 (not seasonally adjusted)							
4 All customers	....	....	174.0	432.1	433.0	420.4	461.4	446.1
5 Business 1	....	....	21.7	55.6	57.6	60.9	67.2	65.5
6 Others	....	....	152.3	376.5	375.4	359.5	394.2	380.7
	Demand deposit turnover 2 (seasonally adjusted)							
7 All commercial banks	105.3	116.8	129.2	139.0	146.2	141.6	144.1	146.3
8 Major New York City banks	356.9	411.6	503.0	553.0	577.5	549.6	530.1	577.6
9 Other banks	72.9	79.8	85.9	95.5	99.7	98.6	102.2	101.1
	Savings deposit turnover 3 (not seasonally adjusted)							
10 All customers	....	....	1.6	2.0	2.0	1.9	2.1	2.0
11 Business 1	....	....	4.1	5.1	5.2	5.3	5.8	5.7
12 Others	....	....	1.5	1.8	1.8	1.7	1.9	1.8

1 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).

2 Represents accounts of individuals, partnerships, and corporations, and of States and political subdivisions.

3 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	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.
	Seasonally adjusted									
MEASURES[1]										
1 *M*-1	282.9	295.2	313.5	338.5	352.8	354.2	356.7	360.9	362.0	360.6
2 *M*-1+	419.0	456.4	516.8	560.2	577.1	577.8	582.0	587.9	588.8	585.3
3 *M*-2	612.2	664.7	740.5	809.5	840.6	846.2	853.5	862.4	867.4	870.5
4 *M*-3	981.2	1,092.5	1,236.5	1,376.1	1,429.8	1,441.0	1,455.1	1,472.1	r1,483.9	1,492.1
5 *M*-4	701.2	746.1	803.2	883.5	927.3	933.6	939.8	950.5	955.6	966.0
6 *M*-5	1,070.3	1,173.8	1,299.2	1,450.1	1,516.5	1,528.4	1,541.4	1,560.2	r1,572.1	1,587.6
COMPONENTS										
7 Currency	67.8	73.7	80.7	88.6	92.8	93.3	94.0	95.2	96.0	96.8
Commercial bank deposits:										
8 Demand	215.1	221.5	232.8	249.9	259.9	260.9	262.8	265.7	266.1	263.9
9 *Time and savings*	*418.3*	*450.9*	*489.7*	*545.0*	*574.5*	*579.4*	*583.0*	*589.7*	*593.6*	*605.3*
10 Savings	135.8	160.5	201.9	219.6	221.7	220.9	222.4	224.2	223.9	221.8
11 Negotiable CD's[2]	89.0	81.3	62.7	74.0	86.7	87.4	86.3	88.1	88.2	95.4
12 Other time	193.5	209.1	225.1	251.5	266.1	271.1	274.3	277.4	281.5	288.0
13 Nonbank thrift institutions[3]	369.1	427.8	496.0	566.6	589.2	594.7	601.6	609.6	r616.5	621.6
	Not seasonally adjusted									
MEASURES[1]										
14 *M*-1	291.3	303.9	322.6	348.2	351.7	356.0	354.2	358.8	361.3	362.9
15 *M*-1+	426.2	463.6	524.2	568.1	578.1	581.9	r579.2	r583.7	586.2	585.7
16 *M*-2	617.5	670.0	745.8	814.9	842.0	848.7	850.8	858.4	864.5	867.6
17 *M*-3	983.8	1,095.0	1,238.4	1,377.5	1,435.2	1,447.9	1,453.0	1,466.4	r1,478.5	1,484.3
18 *M*-4	708.0	753.5	810.0	890.9	928.3	936.0	938.8	948.7	955.3	964.0
19 *M*-5	1,074.3	1,178.4	1,320.7	1,453.4	1,521.5	1,535.3	1,541.0	1,556.7	r1,569.3	1,580.6
COMPONENTS										
20 Currency	69.0	75.1	82.1	90.1	92.9	94.1	94.3	95.0	95.8	97.4
Commercial bank deposits:										
21 *Demand*	*222.2*	*228.8*	*240.5*	*258.1*	*258.8*	*262.0*	*259.9*	*263.8*	*265.6*	*265.5*
22 Member	159.7	162.8	169.4	177.5	175.7	177.7	176.1	178.2	179.2	178.2
23 Domestic nonmember	58.5	62.6	67.5	76.2	79.1	80.3	79.9	81.8	82.6	83.5
24 *Time and savings*	*416.7*	*449.6*	*487.4*	*542.6*	*576.6*	*579.9*	*584.6*	*589.9*	*594.0*	*601.1*
25 Savings	134.5	159.1	200.2	217.7	223.8	223.1	222.2	222.1	222.0	220.0
26 Negotiable CD's[2]	90.5	83.5	64.3	75.9	86.3	87.3	88.0	90.3	90.8	96.4
27 Other time	191.7	207.1	222.9	249.0	266.5	269.5	274.4	277.5	281.2	284.8
28 Other checkable deposits[4]	0.4	0.7	1.4	2.1	2.6	2.7	2.8	r2.8	r2.8	2.8
29 Nonbank thrift institutions[3]	366.3	424.9	492.7	562.5	593.2	599.3	602.1	608.1	r614.0	616.6
30 U.S. Government deposits (all commerical banks)	4.9	4.1	4.4	5.1	6.2	4.5	3.6	6.2	4.3	8.0

[1] 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-1+: *M*-1 plus savings deposits at commercial banks, NOW accounts at banks and thrift institutions, credit union share draft accounts, and demand deposits at mutual savings 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 at 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.

Latest monthly and weekly figures are available from the Board's 508 (H.6) release. Back data are available from the Banking Section, Division of Research and Statistics.

[2] Negotiable time CD's issued in denominations of $100,000 or more by large weekly reporting commercial banks.

[3] Average of the beginning- and end-of-month figures for deposits of mutual savings banks, for savings capital at savings and loan associations, and for credit union shares.

[4] Includes NOW accounts at thrift institutions, credit union share draft accounts, and demand deposits at mutual savings banks.

NOTES TO TABLE 1.23:

[1] Adjusted to exclude domestic commercial interbank loans.

[2] Loans sold are those sold outright to a bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. 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 "Commerical and industrial loans" were reduced by about $100 million.

[3] 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.

[4] Reclassification of loans reduced these loans by about $1.2 billion as of Mar. 31, 1976.

[5] Reclassification of loans at one large bank reduced these loans by about $200 million as of Dec. 31, 1977.

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	1974 Dec.	1975 Dec.	1976 Dec.	1977 Dec.	1978 Apr.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.
	Seasonally adjusted											
1 **Reserves**[1]	36.57	34.68	34.93	36.14	36.95	37.26	37.73	38.19	37.91	38.17	r38.43	39.73
2 Nonborrowed	35.84	34.55	34.89	35.57	36.39	36.05	36.63	36.88	36.77	37.11	r37.15	39.03
3 Required	36.31	34.42	34.29	35.95	36.80	37.04	37.55	38.00	37.74	37.97	38.26	39.51
4 **Deposits subject to reserve requirements**[2]	486.1	504.6	528.9	569.1	586.0	592.0	595.6	600.3	601.1	606.4	608.1	677.1
5 Time and savings	322.1	337.1	354.3	387.0	400.7	406.0	407.1	410.5	411.4	416.0	417.5	427.9
Demand:												
6 Private	160.6	164.5	171.4	178.5	182.0	183.5	184.6	186.1	186.5	186.3	187.2	186.9
7 U.S. Government	3.3	2.9	3.2	3.6	3.3	2.6	3.9	3.7	3.3	4.1	3.5	2.3
	Not seasonally adjusted											
8 **Deposits subject to reserve requirements**[2]	491.8	510.9	534.8	575.3	588.6	588.3	596.8	600.6	599.2	605.9	608.4	614.9
9 Time and savings	321.7	337.2	353.6	386.4	401.2	406.1	408.6	411.1	412.8	416.6	418.5	425.2
Demand:												
10 Private	166.6	170.7	177.9	185.1	183.8	179.3	183.7	186.4	183.9	184.7	186.9	187.7
11 U.S. Government	3.4	3.1	3.3	3.8	3.6	2.9	4.5	3.2	2.5	4.6	3.0	2.0

1 Series reflects actual reserve requirement percentages with no adjustment to eliminate the effect of changes in Regulations D and M. There are breaks in series because of changes in reserve requirements effective Dec. 12, 1974; Feb. 13, May 22, and Oct. 30, 1975; 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.

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

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	1974 Dec. 31[3]	1975 Dec. 31	1976 Dec. 31	1977 Dec. 31	1978 July 26p	1978 Aug. 30p	1978 Sept. 27p	1978 Oct. 25p	1978 Nov. 29p	1978 Dec. 31p
	Seasonally adjusted									
1 **Loans and investments**[1]	691.1	721.8	785.1	870.6	940.7	944.6	952.4	960.9	966.5	967.3
2 Including loans sold outright[2]	695.9	726.2	788.9	875.5	945.3	949.3	957.0	964.8	970.2	971.1
Loans:										
3 Total	500.2	496.9	538.9	617.0	675.1	680.2	687.3	696.8	706.8	709.0
4 Including loans sold outright[2]	505.0	501.3	542.7	621.9	679.7	684.9	691.9	700.7	710.5	712.8
5 Commercial and industrial	183.5	176.2	[4]179.7	[5]201.4	220.8	222.8	224.6	227.0	228.9	228.9
6 Including loans sold outright[2]	186.2	178.7	[4]182.1	[5]204.2	223.1	225.2	226.9	228.9	230.8	230.7
Investments:										
7 U.S. Treasury	51.1	80.1	98.0	95.6	100.6	97.9	97.2	95.2	90.3	88.4
8 Other	139.8	144.8	148.2	158.0	165.0	166.5	167.9	168.9	169.4	169.9
	Not seasonally adjusted									
9 **Loans and investments**[1]	705.6	737.0	801.6	888.9	936.6	942.0	951.4	958.4	969.3	987.6
10 Including loans sold outright[2]	710.4	741.4	805.4	893.8	941.2	946.7	956.1	962.3	973.0	991.4
Loans:										
11 Total[1]	510.7	507.4	550.2	629.9	675.6	681.0	688.6	696.6	707.2	723.9
12 Including loans sold outright[2]	515.5	511.8	554.0	634.8	680.2	685.7	693.3	700.5	710.9	727.7
13 Commercial and industrial	186.8	179.3	[4]182.9	[5]205.0	220.9	221.7	223.9	226.5	228.9	233.0
14 Including loans sold outright[2]	189.5	181.8	[4]185.3	[5]207.8	232.2	224.1	226.2	228.4	230.8	234.8
Investments:										
15 U.S. Treasury	54.5	84.1	102.5	100.2	96.1	94.8	95.0	93.5	92.6	93.0
16 Other	140.5	145.5	148.9	158.8	164.9	166.2	167.7	168.3	169.5	170.7

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	1977 Dec.	1978[3] Mar.	Apr.	May	June	July[p]	Aug.[p]	Sept.[p]	Oct.[p]	Nov.[p]	Dec.[p]
						All commercial						
1	**Loans and investments**	939.1	939.7	953.0	974.4	985.0	980.6	985.5	996.4	1,003.0	1,016.2	1,034.7
2	Loans, gross	680.1	680.4	688.7	712.4	722.1	719.6	724.5	733.6	741.2	754.1	770.9
	Investments:											
3	U.S. Treasury securities	100.2	99.0	100.2	97.3	97.9	96.1	94.8	95.0	93.5	92.6	92.6
4	Other	158.8	160.3	164.1	164.6	165.1	164.9	166.2	167.7	168.3	169.5	171.2
5	**Cash assets**	168.7	130.5	133.1	161.0	166.8	130.2	137.4	141.8	146.5	149.2	170.1
6	Currency and coin	13.9	14.4	14.3	14.5	12.0	14.8	15.2	15.2	15.1	16.7	17.2
7	Reserves with F.R. Banks	29.3	30.2	27.6	30.3	29.6	23.6	29.7	32.6	34.6	32.6	37.7
8	Balances with banks	59.0	42.6	43.6	51.9	56.0	44.4	43.0	44.4	45.0	46.5	51.6
9	Cash items in process of collection	66.4	43.3	47.6	64.3	69.3	47.3	49.5	49.6	51.7	53.5	63.6
10	**Total assets/total liabilities and capital**[1]	1,166.0	1,140.5	1,156.9	1,206.5	1,215.0	1,179.2	1,192.9	1,209.5	1,220.4	1,240.8	1,284.0
11	**Deposits**	939.4	899.8	915.5	952.9	965.7	932.3	937.7	949.9	952.3	959.0	993.1
	Demand:											
12	Interbank	51.7	37.6	39.0	51.2	49.3	40.5	40.4	41.9	43.3	42.9	51.1
13	U.S. Government	7.3	4.9	6.2	3.3	8.0	4.3	2.8	11.0	7.6	2.1	2.3
14	Other	323.9	281.2	293.8	312.9	317.5	296.3	298.6	297.1	299.2	304.7	327.1
	Time:											
15	Interbank	9.8	9.0	9.0	9.4	10.2	10.3	10.7	11.6	11.1	11.8	12.4
16	Other	546.6	567.1	567.5	576.1	580.8	580.9	585.2	588.3	591.2	597.6	600.3
17	Borrowings	96.2	105.6	104.9	112.2	106.8	103.2	109.1	112.8	118.3	125.6	133.0
18	**Total capital accounts**[2]	85.8	83.4	83.7	84.6	89.9	85.8	86.2	87.1	87.1	87.8	87.3
19	MEMO: Number of banks	14,707	14,689	14,697	14,702	14,698	14,713	14,721	14,715	14,713	14,719	14,719
						Member						
20	**Loans and investments**	675.5	668.6	676.8	693.8	699.7	695.8	698.9	706.9	713.4	724.3	739.5
21	Loans, gross	494.9	490.5	495.3	514.3	519.6	517.6	520.3	527.0	533.9	544.6	558.3
	Investments:											
22	U.S. Treasury securities	70.4	68.2	68.8	66.9	67.4	65.7	65.3	65.4	64.1	63.5	63.6
23	Other	110.1	109.9	112.7	112.7	112.7	112.5	113.3	114.5	115.3	116.2	117.6
24	**Cash assets, total**	134.4	104.8	106.5	130.7	133.8	104.2	111.2	115.4	118.6	121.3	140.2
25	Currency and coin	10.4	10.6	10.5	10.6	8.7	10.8	11.1	11.1	11.1	12.3	12.7
26	Reserves with F.R. Banks	29.3	30.2	27.6	30.3	29.6	23.6	29.7	32.6	34.6	32.6	37.7
27	Balances with banks	30.8	22.9	22.7	28.1	29.1	24.3	22.9	24.0	23.2	25.1	28.6
28	Cash items in process of collection	63.9	41.2	45.7	61.7	66.5	45.4	47.6	47.7	49.7	51.4	61.2
29	**Total assets/total liabilities and capital**[1]	861.8	833.2	843.3	884.7	888.7	857.3	868.5	882.2	891.2	908.5	945.2
30	**Deposits**	683.5	645.1	655.1	686.7	694.3	666.1	670.6	679.6	682.5	688.6	716.3
	Demand:											
31	Interbank	48.0	34.7	36.0	47.5	45.5	37.3	37.2	38.6	39.9	39.5	47.3
32	U.S. Government	5.4	3.7	4.5	2.2	5.6	3.1	1.9	8.1	5.7	1.5	1.6
33	Other	239.4	205.1	213.4	229.1	231.6	214.6	217.0	215.6	217.0	221.3	237.9
	Time:											
34	Interbank	7.8	7.0	6.9	7.3	8.1	8.2	8.6	9.4	9.0	9.7	10.2
35	Other	382.9	394.7	394.3	400.5	403.4	402.9	405.9	407.8	411.0	416.7	419.3
36	Borrowings	84.9	91.8	91.1	96.9	92.1	88.0	93.9	97.2	101.4	108.1	115.9
37	**Total capital accounts**[2]	63.7	62.4	62.7	63.3	66.1	64.2	64.5	65.1	65.2	65.7	65.5
38	MEMO: Number of banks	5,669	5,654	5,645	5,638	5,622	5,613	5,610	5,593	5,585	5,586	5,586

1 Includes items not shown separately.

Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets," and against "total assets" as well.

Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."

2 Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."

3 Figures partly estimated except on call dates.

NOTE.—Figures include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.

Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks.

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: 1976—December, 11; 1978—January, 12.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars, except for number of banks

	Account	1976	1977		1978	1976	1977		1978
		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**	**827,696**	**854,733**	**914,779**	**956,431**	**476,610**	**488,240**	**523,000**	**542,218**
	Loans:								
2	Gross	578,734	601,122	657,509	695,443	340,691	351,311	384,722	403,812
3	Net	560,077	581,143	636,318	672,207	329,971	339,955	372,702	390,630
	Investments:								
4	U.S. Treasury securities	101,461	100,568	99,333	97,001	55,727	53,345	52,244	50,519
5	Other	147,500	153,042	157,936	163,986	80,191	83,583	86,033	87,886
6	Cash assets	129,562	130,726	159,264	157,393	76,072	74,641	92,050	90,728
7	**Total assets/total liabilities**[1]	**1,003,970**	**1,040,945**	**1,129,712**	**1,172,772**	**583,304**	**599,743**	**651,360**	**671,166**
8	**Deposits**	**825,003**	**847,372**	**922,657**	**945,874**	**469,377**	**476,381**	**520,167**	**526,932**
	Demand:								
9	U.S. government	3,022	2,817	7,310	7,956	1,676	1,632	4,172	4,483
10	Interbank	44,064	44,965	49,843	47,203	23,149	22,876	25,646	22,416
11	Other	285,200	284,544	319,873	312,707	163,346	161,358	181,821	176,025
	Time:								
12	Interbank	8,248	7,721	8,731	8,987	4,907	4,599	5,730	5,791
13	Other	484,467	507,324	536,899	569,020	276,296	285,915	302,795	318,215
14	Borrowings	75,291	81,137	89,339	98,351	54,421	57,283	63,218	68,948
15	**Total capital accounts**	**72,061**	**75,502**	**79,082**	**83,074**	**41,319**	**43,142**	**44,994**	**47,019**
16	MEMO: Number of banks	14,397	14,425	14,397	14,381	4,735	4,701	4,654	4,616
		State member (all insured)				Insured nonmember			
17	**Loans and investments, gross**	**144,000**	**144,597**	**152,514**	**157,464**	**207,085**	**221,896**	**239,265**	**256,749**
	Loans:								
18	Gross	102,277	102,117	110,243	115,736	135,766	147,694	162,543	175,894
19	Net	99,474	99,173	107,205	112,470	130,630	142,015	156,411	169,106
	Investments:								
20	U.S. Treasury securities	18,849	19,296	18,179	16,886	26,884	27,926	28,909	29,595
21	Other	22,874	23,183	24,091	24,841	44,434	46,275	47,812	51,259
22	Cash assets	32,859	35,918	42,305	43,057	20,631	20,166	24,908	23,606
23	**Total assets/total liabilities**[1]	**189,579**	**195,452**	**210,442**	**217,384**	**231,086**	**245,748**	**267,910**	**284,221**
24	**Deposits**	**149,491**	**152,472**	**163,436**	**167,403**	**206,134**	**218,519**	**239,053**	**251,539**
	Demand:								
25	U.S. government	429	371	1,241	1,158	917	813	1,896	2,315
26	Interbank	19,295	20,568	22,346	23,117	1,619	1,520	1,849	1,669
27	Other	52,204	52,570	57,605	55,550	69,648	70,615	80,445	81,131
	Time:								
28	Interbank	2,384	2,134	2,026	2,275	956	988	973	920
29	Other	75,178	76,827	80,216	85,301	132,993	144,581	153,887	165,502
30	Borrowings	17,310	19,697	21,736	23,167	3,559	4,155	4,384	6,235
31	**Total capital accounts**	**13,199**	**13,441**	**14,182**	**14,670**	**17,542**	**18,919**	**19,905**	**21,384**
32	MEMO: Number of banks	1,023	1,019	1,014	1,005	8,639	8,705	8,729	8,760
		Noninsured nonmember				Total nonmember			
33	**Loans and investments, gross**	**18,819**	**22,940**	**24,415**	**28,699**	**225,904**	**244,837**	**263,681**	**285,448**
	Loans:								
34	Gross	16,336	20,865	22,686	26,747	152,103	168,559	185,230	202,641
35	Net	16,209	20,679	22,484	26,548	146,840	162,694	178,896	195,655
	Investments:								
36	U.S. Treasury securities	1,054	993	879	869	27,938	28,919	29,788	30,465
37	Other	1,428	1,081	849	1,082	45,863	47,357	48,662	52,341
38	Cash assets	6,496	8,330	9,458	9,360	27,127	28,497	34,367	32,967
39	**Total assets/total liabilities**[1]	**26,790**	**33,390**	**36,433**	**42,279**	**257,877**	**279,139**	**304,343**	**326,501**
40	**Deposits**	**13,325**	**14,658**	**16,844**	**19,924**	**219,460**	**233,177**	**255,898**	**271,463**
	Demand:								
41	U.S. government	4	8	10	8	921	822	1,907	2,323
42	Interbank	1,277	1,504	1,868	2,067	2,896	3,025	3,718	3,736
43	Other	3,236	3,588	4,073	4,814	72,884	74,203	84,518	85,946
	Time:								
44	Interbank	1,041	1,164	1,089	1,203	1,997	2,152	2,063	2,123
45	Other	7,766	8,392	9,802	11,831	140,760	152,974	163,690	177,334
46	Borrowings	4,842	7,056	6,908	8,413	8,401	11,212	11,293	14,649
47	**Total capital accounts**	**818**	**893**	**917**	**962**	**18,360**	**19,812**	**20,823**	**22,346**
48	MEMO: Number of banks	275	293	310	317	8,914	8,998	9,039	9,077

1 Includes items not shown separately.

For Note see Table 1.24.

1.26 COMMERCIAL BANK ASSETS AND LIABILITIES Detailed Balance Sheet, June 30, 1978

Millions of dollars, except for number of banks.

Asset account	All commercial banks	Insured commercial banks	Member banks[1]					Non-member banks[1]
			Total	Large banks			All other	
				New York City	City of Chicago	Other large[2]		
1 **Cash bank balances, items in process**	**166,754**	**157,393**	**133,786**	**40,354**	**5,594**	**48,783**	**39,054**	**32,967**
2 Currency and coin	11,950	11,883	8,691	795	190	2,878	4,828	3,259
3 Reserves with Federal Reserve Banks	29,574	29,566	29,566	4,104	1,537	12,499	11,426	8
4 Demand balances with banks in United States	43,092	38,158	23,166	10,382	248	3,539	8,996	19,926
5 Other balances with banks in United States	6,779	5,007	2,775	520	5	782	1,468	4,004
6 Balances with banks in foreign countries	6,093	3,588	3,110	439	384	1,484	803	2,982
7 Cash items in process of collection	69,266	69,192	66,478	24,113	3,231	27,602	11,533	2,788
8 **Total securities held—Book value**	**261,272**	**259,360**	**178,753**	**20,609**	**7,979**	**57,297**	**92,868**	**82,519**
9 U.S. Treasury	97,872	97,002	67,406	9,623	2,955	22,215	32,613	30,466
10 Other U.S. government agencies	39,847	39,486	25,193	1,800	1,353	7,362	14,678	14,654
11 States and political subdivisions	117,257	117,018	82,541	8,881	3,480	26,626	43,554	34,716
12 All other securities	6,204	5,767	3,549	305	191	1,071	1,981	2,655
13 Unclassified total	92	88	64	...	...	23	41	27
14 *Trading-account securities*	*7,160*	*7,156*	*7,010*	*3,026*	*978*	*2,756*	*251*	*150*
15 U.S. Treasury	4,062	4,062	4,044	1,907	713	1,352	72	17
16 Other U.S. government agencies	986	986	976	428	80	423	45	11
17 States and political subdivisions	1,676	1,676	1,657	610	133	824	90	19
18 All other trading account securities	345	345	270	82	52	133	3	75
19 Unclassified	92	88	64	...	...	23	41	27
20 *Bank investment portfolios*	*254,112*	*252,204*	*171,743*	*17,583*	*7,002*	*54,541*	*92,617*	*82,369*
21 U.S. Treasury	93,810	92,940	63,362	7,716	2,242	20,863	32,541	30,448
22 Other U.S. government agencies	38,861	38,499	24,217	1,373	1,273	6,939	14,633	14,644
23 States and political subdivisions	115,582	115,343	80,884	8,271	3,347	25,802	43,464	34,697
24 All other portfolio securities	5,859	5,422	3,279	223	139	938	1,979	2,580
25 Federal Reserve stock and corporate stock	1,669	1,628	1,380	309	105	491	475	288
26 **Federal funds sold and securities resale agreement**	**48,576**	**43,768**	**34,495**	**4,309**	**1,616**	**17,935**	**10,636**	**14,081**
27 Commercial banks	41,068	36,621	27,517	2,321	1,300	13,996	9,899	13,552
28 Brokers and dealers	4,962	4,954	4,847	1,514	235	2,528	569	115
29 Others	2,546	2,193	2,131	474	80	1,411	167	415
30 **Other loans, gross**	**673,615**	**651,675**	**485,054**	**76,423**	**25,479**	**184,099**	**199,053**	**188,560**
31 LESS: Unearned income on loans	16,142	16,086	10,768	620	104	3,521	6,524	5,374
32 Reserves for loan loss	7,293	7,150	5,680	1,297	325	2,155	1,902	1,613
33 Other loans, net	650,180	628,439	468,606	74,506	25 049	178,424	190,628	181,574
Other loans, gross, by category								
34 *Real estate loans*	*192,877*	*192,609*	*131,891*	*9,629*	*2,678*	*49,324*	*70,260*	*60,986*
35 Construction and land development	23,658	23,639	17,684	2,391	630	8,586	6,076	5,974
36 Secured by farmland	8,208	8,189	3,565	23	8	405	3,129	4,643
37 Secured by residential properties	110,293	110,113	76,832	4,891	1,426	28,984	41,531	33,460
38 *1- to 4-family residences*	*104,952*	*104,793*	*72,964*	*4,209*	*1,331*	*27,608*	*39,816*	*31,988*
39 FHA-insured or VA-guaranteed	7,496	7,423	6,430	519	42	3,395	2,474	1,065
40 Conventional	97,457	97,370	66,534	3,690	1,289	24,213	37,342	30,923
41 *Multifamily residences*	*5,341*	*5,320*	*3,869*	*683*	*95*	*1,376*	*1,714*	*1,472*
42 FHA-insured	399	395	327	120	25	87	96	72
43 Conventional	4,941	4,926	3,541	563	70	1,289	1,619	1,400
44 Secured by other properties	50,719	50,667	33,810	2,324	614	11,349	19,523	16,909
45 *Loans to financial institutions*	*44,426*	*35,472*	*33,355*	*11,483*	*4,015*	*14,985*	*2,873*	*11,071*
46 REITs and mortgage companies	8,348	8,341	7,949	2,114	812	4,369	654	399
47 Domestic commercial banks	5,263	3,116	2,398	702	123	1,307	265	2,865
48 Banks in foreign countries	12,864	6,610	6,447	2,931	272	2,648	596	6,417
49 Other depository institutions	1,480	1,458	1,312	240	53	775	245	168
50 Other financial institutions	16,471	15,948	15,249	5,496	2,755	5,886	1,113	1,222
51 Loans to security brokers and dealers	11,716	11,340	11,043	6,567	1,457	2,706	313	673
52 Other loans to purchase or carry securities	4,425	4,337	3,604	403	294	1,896	1,011	821
53 Loans to farmers—except real estate	27,018	26,993	14,813	161	178	3,630	10,844	12,205
54 Commercial and industrial loans	221,591	210,907	170,678	38,588	13,149	67,555	51,387	50,913
55 Loans to individuals	153,582	153,458	105,611	6,686	2,334	37,998	58,592	47,971
56 *Instalment loans*	*124,139*	*124,066*	*85,515*	*5,041*	*1,505*	*31,323*	*47,646*	*38,624*
57 Passenger automobiles	55,757	55,740	35,523	994	179	10,746	23,605	20,233
58 Residential repair and modernization	7,956	7,955	5,203	305	77	1,912	2,909	2,753
59 Credit cards and related plans	20,136	20,125	17,766	2,214	1,068	9,069	5,414	2,370
60 Charge-account credit cards	16,185	16,184	14,516	1,424	1,027	7,617	4,449	1,668
61 Check and revolving credit plans	3,951	3,941	3,249	791	41	1,453	965	702
62 Other retail consumer goods	18,752	18,747	12,722	395	54	4,843	7,430	6,030
63 Mobile homes	9,387	9,387	6,553	171	19	2,471	3,892	2,834
64 Other	9,365	9,360	6,169	225	35	2,372	3,537	3,196
65 Other instalment loans	21,539	21,498	14,301	1,132	128	4,752	8,288	7,238
66 Single-payment loans to individuals	29,443	29,392	20,096	1,646	829	6,675	10,946	9,347
67 All other loans	17,979	16,559	14,059	2,906	1,373	6,005	3,774	3,920
68 **Total loans and securities, net**	**961,697**	**933,196**	**683,234**	**99,732**	**34,749**	**254,146**	**294,607**	**278,463**
69 Direct lease financing	6,303	6,302	5,918	1,106	98	3,669	1,045	384
70 Fixed assets—Buildings, furniture, real estate	22,318	22,191	16,454	2,390	793	6,215	7,056	5,863
71 Investment in unconsolidated subsidiaries	3,146	3,109	3,069	1,546	182	1,240	101	77
72 Customer acceptances outstanding	16,489	15,293	14,788	7,399	1,089	5,908	392	1,701
73 Other assets	38,347	35,288	31,300	12,779	1,241	12,456	4,824	7,046
74 **Total assets**	**1,215,052**	**1,172,773**	**888,551**	**165,307**	**43,748**	**332,417**	**347,080**	**326,501**

For notes see opposite page.

1.26 Continued

	Liability or capital account	All commercial banks	Insured commercial banks	Member banks[1]					Nonmember banks[1]
				Total	Large banks			All other	
					New York City	City of Chicago	Other large[2]		
75	**Demand deposits**	**374,758**	**367,867**	**282,751**	**65,198**	**10,932**	**100,994**	**105,627**	**92,006**
76	Mutual savings banks	1,626	1,425	1,217	588	1	291	337	409
77	Other individuals, partnerships, and corporations	279,829	278,459	206,399	33,292	7,802	78,702	86,603	73,430
78	U.S. government	7,964	7,956	5,641	584	187	2,043	2,828	2,323
79	States and political subdivisions	18,210	18,138	12,421	830	184	3,564	7,842	5,789
80	Foreign governments, central banks, etc.	1,840	1,351	1,317	1,084	25	170	37	524
81	Commercial banks in United States	38,924	37,963	36,639	18,730	2,147	11,503	4,260	2,285
82	Banks in foreign countries	8,721	7,815	7,679	6,007	225	1,249	198	1,042
83	Certified and officers' checks, etc.	17,643	14,760	11,440	4,083	361	3,473	3,522	6,204
84	**Time deposits**	**365,015**	**353,571**	**257,007**	**37,850**	**15,695**	**93,735**	**109,727**	**108,008**
85	Accumulated for personal loan payments	90	90	72	....	....	1	71	18
86	Mutual savings banks	292	275	263	115	37	90	20	29
87	Other individuals, partnerships, and corporations	287,380	280,154	202,808	29,149	12,118	72,205	89,336	84,572
88	U.S. government	989	989	793	82	39	421	251	195
89	States and political subdivisions	56,273	55,928	38,077	1,672	1,261	16,031	19,113	18,195
90	Foreign governments, central banks, etc.	10,171	7,429	7,193	4,184	1,201	1,684	123	2,979
91	Commercial banks in United States	7,968	7,352	6,645	1,917	911	3,113	705	1,323
92	Banks in foreign countries	1,853	1,354	1,156	730	128	190	108	697
93	**Savings deposits**	**226,026**	**224,436**	**154,577**	**10,945**	**2,758**	**55,474**	**85,401**	**71,449**
94	Individuals and nonprofit organizations	210,453	209,067	144,198	10,150	2,612	51,865	79,572	66,255
95	Corporations and other profit organizations	10,807	10,787	7,431	504	137	3,091	3,699	3,376
96	U.S. government	62	62	53	1	....	16	36	9
97	States and political subdivisions	4,501	4,486	2,863	273	9	494	2,087	1,638
98	All other	204	35	31	16	*	9	7	172
99	**Total deposits**	**965,799**	**945,875**	**694,335**	**113,992**	**29,385**	**250,204**	**300,755**	**271,464**
100	**Federal funds purchased and securities sold under agreements to repurchase**	**93,179**	**88,903**	**83,003**	**20,103**	**8,989**	**40,575**	**13,336**	**10,176**
101	Commercial banks	46,947	43,727	41,154	7,773	5,904	21,697	5,780	5,793
102	Brokers and dealers	13,356	13,289	12,325	3,199	1,897	5,686	1,543	1,030
103	Others	32,876	31,887	29,524	9,132	1,188	13,192	6,013	3,352
104	Other liabilities for borrowed money	13,586	9,448	9,112	3,398	179	4,243	1,292	4,473
105	Mortgage indebtedness	1,738	1,733	1,425	233	28	698	465	313
106	Bank acceptances outstanding	17,125	15,925	15,419	8,014	1,095	5,916	394	1,705
107	Other liabilities	33,773	22,062	19,126	5,911	1,106	8,051	4,057	14,647
108	**Total liabilities**	**1,125,200**	**1,083,946**	**822,421**	**151,651**	**40,782**	**309,688**	**320,299**	**302,779**
109	Subordinated notes and debentures	5,816	5,753	4,440	1,004	80	2,061	1,296	1,376
110	**Equity capital**	**84,037**	**83,074**	**61,690**	**12,652**	**2,885**	**20,668**	**25,485**	**22,347**
111	Preferred stock	88	81	33	....	....	2	31	55
112	Common stock	17,790	17,691	12,743	2,645	570	3,997	5,531	5,047
113	Surplus	32,386	31,874	22,906	4,451	1,404	8,063	8,898	9,480
114	Undivided profits	31,949	31,684	24,803	5,334	859	8,238	10,372	7,146
115	Other capital reserves	1,824	1,744	1,205	132	52	368	652	619
116	**Total liabilities and equity capital**	**1,215,052**	**1,172,773**	**888,551**	**165,307**	**43,748**	**332,417**	**347,080**	**326,501**
	MEMO ITEMS:								
117	Demand deposits adjusted[2]	258,603	252,756	173,993	21,771	5,368	59,847	87,007	84,610
	Average for last 15 or 30 days:								
118	Cash and due from bank	151,066	142,173	121,518	35,452	5,619	44,611	35,836	29,548
119	Federal funds sold and securities purchased under agreements to resell	53,196	47,463	36,121	5,530	1,901	16,558	12,132	17,075
120	Total loans	647,386	628,167	468,342	74,085	24,972	178,557	190,728	179,043
121	Time deposits of $100,000 or more	181,510	174,479	143,050	31,979	12,833	61,496	36,742	38,459
122	Total deposits	941,481	923,749	675,725	106,594	28,441	243,663	297,026	265,756
123	Federal funds purchased and securities sold under agreements to repurchase	95,273	90,853	85,358	21,859	9,825	40,469	13,205	9,915
124	Other liabilities for borrowed money	13,002	8,533	8,027	3,433	171	3,437	986	4,975
125	Standby letters of credit outstanding	18,948	17,750	16,686	9,406	1,269	4,796	1,215	2,262
126	Time deposits of $100,000 or more	183,339	177,602	145,695	32,476	13,253	62,711	37,245	37,653
127	Certificates of deposit	155,925	151,931	123,685	28,200	11,450	52,439	31,595	32,240
128	Other time deposits	27,414	25,671	22,001	4,277	1,803	10,271	5,650	5,413
129	Number of banks	14,698	14,381	5,621	12	9	153	5,447	9,077

1 Member banks exclude and nonmember banks include 13 noninsured trust companies that are members of the Federal Reserve System.

2 Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. government, 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. Back data in lesser detail were shown in previous BULLETINS.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1978								
	Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6[p]	Dec. 13[p]	Dec. 20[p]	Dec. 27[p]
1 **Total loans and investments**	**486,481**	**494,814**	**492,405**	**490,818**	**490,351**	**493,087**	**492,231**	**502,173**	**503,617**
Loans:									
2 *Federal funds sold*[1]	*24,647*	*31,524*	*26,884*	*26,524*	*26,769*	*28,511*	*26,147*	*31,310*	*31,095*
3 To commercial banks	18,200	24,306	20,013	19,912	20,867	19,547	19,008	23,512	24,926
To brokers and dealers involving—									
4 U.S. Treasury securities	2,894	4,219	3,824	3,609	3,159	5,677	4,015	4,819	3,049
5 Other securities	748	722	778	851	784	860	800	959	1,092
6 To others	2,805	2,277	2,269	2,152	1,959	2,427	2,324	2,020	2,028
7 *Other, gross*	*361,633*	*363,030*	*363,934*	*363,449*	*363,297*	*364,408*	*364,846*	*369,513*	*370,991*
8 Commercial and industrial	139,951	140,390	140,813	140,612	140,658	140,655	140,557	141,829	142,103
9 Agricultural	5,371	5,338	5,368	5,320	5,295	5,255	5,248	5,276	5,352
For purchasing or carrying securities:									
To brokers and dealers:									
10 U.S. Treasury securities	1,133	1,641	1,716	1,292	850	1,654	1,571	1,339	772
11 Other securities	9,160	8,358	8,100	7,521	7,377	7,090	6,982	8,117	7,791
To others:									
12 U.S. Treasury securities	109	111	109	111	111	104	112	123	129
13 Other securities	2,570	2,590	2,596	2,582	2,559	2,568	2,583	2,593	2,594
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	8,872	8,752	8,780	8,447	8,499	8,600	8,502	8,976	9,192
15 Other	15,820	15,888	15,748	15,601	15,620	15,642	15,807	15,815	15,857
16 Real estate	87,716	87,926	88,454	88,825	89,013	89,247	89,630	89,904	90,212
To commercial banks:									
17 Domestic	2,674	3,115	2,796	2,908	3,112	2,947	2,768	3,149	3,415
18 Foreign	7,860	8,554	8,352	8,498	8,434	8,554	8,757	9,161	9,684
19 Consumer instalment	55,211	55,311	55,731	55,958	56,287	56,455	56,776	57,314	57,760
20 Foreign govts., official institutions, etc.	1,969	2,059	2,117	2,118	2,177	2,047	2,168	2,081	2,151
21 All other loans	23,217	22,997	23,254	23,656	23,305	23,590	23,385	23,836	23,979
22 LESS: Loan loss reserve and unearned income on loans	11,002	11,075	11,134	11,207	11,213	11,238	11,287	11,314	11,251
23 *Other loans, net*	*350,631*	*351,955*	*352,800*	*352,242*	*352,084*	*353,170*	*353,559*	*358,199*	*359,740*
Investments:									
24 *U.S. Treasury securities*	*41,483*	*41,333*	*42,421*	*41,637*	*41,317*	*41,075*	*41,324*	*41,383*	*41,511*
25 Bills	3,328	3,252	3,072	3,215	3,136	3,055	3,431	3,665	3,880
Notes and bonds, by maturity:									
26 Within 1 year	7,179	7,348	7,314	7,472	7,585	7,775	7,793	7,921	7,979
27 1 to 5 years	25,497	25,272	25,859	24,979	24,704	24,417	24,340	24,056	23,939
28 After 5 years	5,479	5,461	6,176	5,971	5,892	5,828	5,760	5,741	5,713
29 *Other securities*	*69,720*	*70,002*	*70,300*	*70,415*	*70,181*	*70,331*	*71,201*	*71,281*	*71,271*
Obligations of States and political subdivisions:									
30 Tax warrants, short-term notes, and bills	6,523	6,480	6,599	6,411	6,277	6,166	6,454	6,128	6,022
31 All other	45,697	46,042	46,245	46,350	46,342	46,246	46,454	46,554	46,573
Other bonds, corporate stocks, and securities:									
32 Certificates of participation[2]	2,897	2,882	2,925	2,876	2,942	2,953	3,031	3,029	3,095
33 All other, including corporate stocks	14,603	14,598	14,531	14,778	14,620	14,966	15,262	15,570	15,581
34 Cash items in process of collection	50,704	49,019	51,484	49,442	46,720	47,571	48,515	52,071	55,835
35 Reserves with Federal Reserve Banks	22,677	20,512	21,370	23,536	24,876	21,711	26,007	23,764	30,276
36 Currency and coin	6,554	6,485	6,814	6,549	7,754	6,895	7,442	7,478	8,167
37 Balances with domestic banks	16,091	18,057	15,588	16,063	15,598	16,668	16,286	16,505	18,121
38 Investments in subsidiaries not consolidated	3,490	3,482	3,453	3,515	3,498	3,494	3,425	3,450	3,506
39 Other assets	66,245	68,847	69,566	69,610	68,465	68,686	69,079	69,447	70,415
40 **Total assets/total liabilities**	**652,242**	**661,216**	**660,680**	**659,533**	**657,262**	**658,112**	**662,985**	**674,888**	**689,937**
Deposits:									
41 *Demand deposits*	*201,316*	*204,723*	*203,106*	*193,786*	*191,693*	*196,902*	*198,861*	*208,086*	*212,468*
42 Individuals, partnerships, and corporations	143,544	141,888	146,071	140,371	138,612	141,194	144,949	147,468	151,617
43 States and political subdivisions	6,709	5,559	6,674	5,879	5,672	5,672	5,624	6,099	6,220
44 U.S. Government	1,304	1,038	1,559	977	952	1,121	1,031	2,991	1,082
Domestic interbank:									
45 Commercial	31,091	38,541	31,054	30,196	29,773	32,424	29,883	32,788	35,449
46 Mutual savings	955	953	873	773	711	856	705	740	766
Foreign:									
47 Governments, official institutions, etc.	1,606	1,314	1,402	1,297	1,354	1,306	1,961	1,535	1,705
48 Commercial banks	6,838	7,421	6,934	6,740	6,465	6,375	7,014	7,846	8,251
49 Certified and officers' checks	9,269	8,009	8,539	7,553	8,154	7,954	7,694	8,619	7,378
50 *Time and savings deposits*[3]	*276,645*	*278,057*	*279,234*	*281,053*	*280,971*	*282,086*	*284,094*	*284,106*	*284,124*
51 Savings[4]	90,892	90,999	90,495	90,276	90,047	90,052	89,729	89,413	89,628
52 Time:	185,753	187,058	188,739	190,777	190,924	192,034	194,365	194,693	194,496
53 Individuals, partnerships, and corps.	143,885	144,813	146,354	147,863	148,287	149,557	151,408	151,606	151,727
54 States and political subdivisions	26,530	26,802	26,626	27,048	26,809	26,726	27,051	26,960	26,809
55 Domestic interbank	7,134	7,191	7,437	7,525	7,644	7,784	8,086	8,296	8,268
56 Foreign govts., official institutions, etc.	6,503	6,589	6,623	6,645	6,487	6,236	6,156	6,205	6,088
57 Federal funds purchased, etc.[5]	81,815	83,824	81,344	84,751	84,899	82,114	83,492	80,763	86,359
Borrowings from:									
58 Federal Reserve Banks	1,123	470	945	594	795	237	134	177	2,647
59 Others	8,136	10,059	10,737	14,226	12,818	10,088	9,648	14,910	16,862
60 Other liabilities, etc.[6]	35,684	36,481	37,801	37,573	38,438	38,882	38,826	39,118	39,562
61 Total equity capital and subordinated notes/debentures[7]	47,523	47,602	47,513	47,550	47,648	47,803	47,930	47,728	47,915

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 Includes reserves for securities and contingency portion of reserve for loans.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

Account	1978 Nov 1	Nov 8	Nov 15	Nov 22	Nov 29	Dec. 6p	Dec. 13p	Dec. 20p	Dec 27p
1 **Total loans and investments**	**99,672**	**101,323**	**100,781**	**100,092**	**99,600**	**98,979**	**99,469**	**103,188**	**103,075**
Loans									
2 *Federal funds sold*[1]	*4,843*	*6,131*	*5,101*	*5,946*	*6,351*	*4,449*	*4,416*	*6,056*	*5,580*
3 To commercial banks	2,265	3,949	2,736	3,835	4,511	2,662	2,418	4,598	4,310
To brokers and dealers involving—									
4 U S Treasury securities	1,374	1,479	1,788	1,647	1,464	1,353	1,500	1,253	1,082
5 Other securities	6	10	14	9	2	3	7	42	6
6 To others	1,198	693	563	455	374	431	491	163	182
7 *Other gross*	*77,294*	*77,765*	*77,557*	*76,466*	*75,966*	*77,133*	*77,143*	*79,558*	*79,863*
8 Commercial and industrial	38,234	38,390	38,547	38,269	38,114	38,506	38,564	39,375	39,506
9 Agricultural	181	185	189	189	189	188	189	197	192
For purchasing or carrying securities									
To brokers and dealers:									
10 U S Treasury securities	1,025	1,407	1,543	1,180	759	1,565	1,469	1,170	690
11 Other securities	4,683	4,025	4,133	3,756	3,739	3,614	3,610	4,466	4,005
To others									
12 U S. Treasury securities	27	27	27	27	27	27	27	28	28
13 Other securities	354	340	340	338	333	338	339	340	341
To nonbank financial institutions:									
14 Personal and sales finance cos., etc.	3,301	3,170	3,123	2,868	2,966	3,002	2,913	3,117	3,326
15 Other	4,778	4,757	4,530	4,441	4,506	4,466	4,538	4,592	4,530
16 Real estate	9,856	9,875	9,921	9,982	9,964	9,974	10,011	10,045	10,109
To commercial banks:									
17 Domestic	851	1,212	941	877	1,077	1,064	948	1,102	1,356
18 Foreign	3,803	4,226	3,829	3,931	3,783	3,834	3,967	4,316	4,761
19 Consumer instalment	5,042	5,059	5,250	5,285	5,293	5,343	5,373	5,547	5,656
20 Foreign govts official institutions, etc	529	527	550	582	644	524	631	589	660
21 All other loans	4,630	4,565	4,634	4,741	4,572	4,688	4,564	4,674	4,703
22 LESS Loan loss reserve and unearned income on loans	1,910	1,911	1,932	1,943	1,953	1,962	1,985	1,980	1,961
23 *Other loans, net*	*75,384*	*75,854*	*75,625*	*74,523*	*74,013*	*75,171*	*75,158*	*77,578*	*77,902*
Investments									
24 *U S Treasury securities*	*8,276*	*8,261*	*8,934*	*8,436*	*8,283*	*8,332*	*8,567*	*8,532*	*8,633*
25 Bills	781	751	777	875	797	841	1,163	1,254	1,349
Notes and bonds, by maturity:									
26 Within 1 year	741	835	844	849	933	873	945	976	1,023
27 1 to 5 years	5,749	5,721	5,819	5,315	5,176	5,298	5,171	5,024	4,983
28 After 5 years.	1,005	954	1,494	1,397	1,377	1,320	1,288	1,278	1,278
29 *Other securities.*	*11,169*	*11,077*	*11,121*	*11,187*	*10,953*	*11,027*	*11,328*	*11,022*	*10,960*
Obligations of States and political subdivisions.									
30 Tax warrants, short-term notes, and bills.	1,829	1,677	1,783	1,722	1,630	1,533	1,675	1,518	1,430
31 All other	6,937	6,994	6,992	7,004	6,998	7,031	7,079	7,062	7,080
Other bonds, corporate stocks, and securities									
32 Certificates of participation[2]	520	521	521	520	518	518	532	525	517
33 All other, including corporate stocks	1,883	1,885	1,825	1,941	1,807	1,945	2,042	1,917	1,933
34 Cash items in process of collection	16,825	17,060	16,251	15,545	15,911	15,350	15,418	16,860	17,735
35 Reserves with Federal Reserve Banks	4,698	8,374	5,890	5,052	5,533	5,804	7,400	7,392	9,275
36 Currency and coin	1,014	1,029	1,068	981	1,137	1,091	1,186	1,160	1,235
37 Balances with domestic banks	8,990	10,621	8,051	8,753	8,105	9,218	8,936	8,355	9,350
38 Investments in subsidiaries not consolidated	1,819	1,843	1,852	1,853	1,852	1,854	1,842	1,842	1,848
39 Other assets	25,933	27,322	27,414	28,768	27,524	26,994	27,590	26,980	27,690
40 **Total assets/total liabilities**	**158,951**	**167,572**	**161,307**	**161,044**	**159,662**	**159,290**	**161,841**	**165,777**	**170,208**
Deposits									
41 *Demand deposits*	*56,927*	*63,258*	*55,780*	*54,016*	*53,398*	*54,623*	*55,036*	*59,961*	*61,291*
42 Individuals, partnerships, and corporations	29,727	29,381	29,758	28,570	27,828	28,324	29,179	30,036	30,624
43 States and political subdivisions	747	438	628	474	424	441	394	454	462
44 U S Government	82	114	158	75	77	97	127	672	100
Domestic interbank:									
45 Commercial	15,110	22,733	14,634	15,319	15,209	16,201	14,638	17,143	19,049
46 Mutual savings	469	515	448	375	345	418	324	351	375
Foreign									
47 Governments, official institutions, etc.	1,346	1,052	1,173	1,068	1,088	1,068	1,726	1,258	1,444
48 Commercial banks	4,899	5,393	5,170	5,005	4,607	4,575	5,060	5,897	6,364
49 Certified and officers' checks	4,547	3,632	3,811	3,130	3,820	3,499	3,588	4,150	2,873
50 *Time and savings deposits*[3]	*48,108*	*48,518*	*49,828*	*50,290*	*50,161*	*50,491*	*50,782*	*50,915*	*50,685*
51 Savings[4]	9,392	9,390	9,343	9,323	9,296	9,291	9,301	9,246	9,270
52 Time	38,716	39,128	40,485	40,967	40,865	41,200	41,481	41,669	41,415
53 Individuals, partnerships and corps.	29,372	29,586	30,478	30,853	30,864	31,308	31,564	31,695	31,574
54 States and political subdivisions	2,061	2,099	2,122	2,138	2,102	2,046	2,009	1,976	1,936
55 Domestic interbank	2,642	2,788	3,094	3,133	3,149	3,182	3,266	3,427	3,386
56 Foreign govts, official institutions, etc.	3,822	3,848	3,942	4,022	3,925	3,833	3,821	3,800	3,756
57 Federal funds purchased, etc[5]	20,149	22,093	20,180	21,391	21,381	20,097	22,541	20,000	20,879
Borrowings from									
58 Federal Reserve Banks	480	*	716	*	189	*	*	*	1,403
59 Others	4,329	4,771	5,039	5,694	5,112	4,585	4,420	5,672	5,639
60 Other liabilities, etc[6]	15,537	15,507	16,332	16,215	15,973	15,987	15,549	15,812	16,845
61 Total equity capital and subordinated notes/debentures[7]	13,421	13,425	13,432	13,438	13,448	13,507	13,513	13,417	13,466

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 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	1978 Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6p	Dec. 13p	Dec. 20p	Dec. 27p
1	**Total loans and investments**	**386,809**	**393,491**	**391,624**	**390,726**	**390,751**	**394,108**	**392,762**	**398,985**	**400,542**
	Loans:									
2	*Federal funds sold*[1]	*19,804*	*25,393*	*21,783*	*20,578*	*20,418*	*24,062*	*21,731*	*25,254*	*25,515*
3	To commercial banks	15,935	20,357	17,277	16,077	16,356	16,885	16,590	18,914	20,616
	To brokers and dealers involving—									
4	U.S. Treasury securities	1,520	2,740	2,036	1,962	1,695	4,324	2,515	3,566	1,967
5	Other securities	742	712	764	842	782	857	793	917	1,086
6	To others	1,607	1,584	1,706	1,697	1,585	1,996	1,833	1,857	1,846
7	*Other, gross*	*284,339*	*285,265*	*286,377*	*286,983*	*287,331*	*287,275*	*287,703*	*289,955*	*291,128*
8	Commercial and industrial	101,717	102,000	102,266	102,343	102,544	102,149	101,993	102,454	102,597
9	Agricultural	5,190	5,153	5,179	5,131	5,106	5,067	5,059	5,079	5,160
	For purchasing or carrying securities:									
	To brokers and dealers:									
10	U.S. Treasury securities	108	234	173	112	91	89	102	169	82
11	Other securities	4,477	4,333	3,967	3,765	3,638	3,476	3,372	3,651	3,786
	To others:									
12	U.S. Treasury securities	82	84	82	84	84	77	85	95	101
13	Other securities	2,216	2,250	2,256	2,244	2,226	2,230	2,244	2,253	2,253
	To nonbank financial institutions:									
14	Personal and sales finance cos., etc.	5,571	5,582	5,657	5,579	5,533	5,598	5,589	5,859	5,866
15	Other	11,042	11,131	11,218	11,160	11,114	11,176	11,269	11,223	11,327
16	Real estate	77,860	78,051	78,533	78,843	79,049	79,273	79,619	79,859	80,103
	To commercial banks:									
17	Domestic	1,823	1,903	1,855	2,031	2,035	1,883	1,820	2,047	2,059
18	Foreign	4,057	4,328	4,523	4,567	4,651	4,720	4,790	4,845	4,923
19	Consumer instalment	50,169	50,252	50,481	50,673	50,994	51,112	51,403	51,767	52,104
20	Foreign govts., official institutions, etc.	1,440	1,532	1,567	1,536	1,533	1,523	1,537	1,492	1,491
21	All other loans	18,587	18,432	18,620	18,915	18,733	18,902	18,821	19,162	19,276
22	LESS: Loan reserve and unearned income on loans	9,092	9,164	9,202	9,264	9,260	9,276	9,302	9,334	9,290
23	*Other loans, net*	*275,247*	*276,101*	*277,175*	*277,719*	*278,071*	*277,999*	*278,401*	*280,621*	*281,838*
	Investments:									
24	*U.S. Treasury securities*	*33,207*	*33,072*	*33,487*	*33,201*	*33,034*	*32,743*	*32,757*	*32,851*	*32,878*
25	Bills	2,547	2,501	2,295	2,340	2,339	2,214	2,268	2,411	2,531
	Notes and bonds, by maturity:									
26	Within 1 year	6,438	6,513	6,470	6,623	6,652	6,902	6,848	6,945	6,956
27	1 to 5 years	19,748	19,551	20,040	19,664	19,528	19,119	19,169	19,032	18,956
28	After 5 years	4,474	4,507	4,682	4,574	4,515	4,508	4,472	4,463	4,435
29	*Other securities*	*58,551*	*58,925*	*59,179*	*59,228*	*59,228*	*59,304*	*59,873*	*60,259*	*60,311*
	Obligations of States and political subdivisions:									
30	Tax warrants, short-term notes, and bills	4,694	4,803	4,816	4,689	4,647	4,633	4,779	4,610	4,592
31	All other	38,760	39,048	39,253	39,346	39,344	39,215	39,375	39,492	39,493
	Other bonds, corporate stocks, and securities:									
32	Certificates of participation[2]	2,377	2,361	2,404	2,356	2,424	2,435	2,499	2,504	2,578
33	All other, including corporate stocks	12,720	12,713	12,706	12,837	12,813	13,021	13,220	13,653	13,648
34	Cash items in process of collection	33,879	31,959	35,233	33,897	30,809	32,221	33,097	35,211	38,100
35	Reserves with Federal Reserve Banks	17,979	12,138	15,480	18,484	19,343	15,907	18,607	16,372	21,001
36	Currency and coin	5,540	5,456	5,746	5,568	6,617	5,804	6,256	6,318	6,932
37	Balances with domestic banks	7,101	7,436	7,537	7,310	7,493	7,450	7,350	8,150	8,771
38	Investments in subsidiaries not consolidated	1,671	1,639	1,601	1,662	1,646	1,640	1,583	1,608	1,658
39	Other assets	40,312	41,525	42,152	40,842	40,941	41,692	41,489	42,467	42,725
40	**Total assets/total liabilities**	**493,291**	**493,644**	**499,373**	**498,489**	**497,600**	**498,822**	**501,144**	**509,111**	**519,729**
	Deposits:									
41	*Demand deposits*	*144,389*	*141,465*	*147,326*	*139,770*	*138,295*	*142,279*	*143,825*	*148,125*	*151,177*
42	Individuals, partnerships, and corporations	113,817	112,507	116,313	111,801	110,784	112,870	115,770	117,432	120,993
43	States and political subdivisions	5,962	5,121	6,046	5,405	5,248	5,231	5,230	5,645	5,758
44	U.S. Government	1,222	924	1,401	902	875	1,024	904	2,319	982
	Domestic interbank:									
45	Commercial	15,981	15,808	16,420	14,877	14,564	16,223	15,245	15,645	16,400
46	Mutual savings	486	438	425	398	366	438	381	389	391
	Foreign:									
47	Governments, official institutions, etc.	260	262	229	229	266	238	235	277	261
48	Commercial banks	1,939	2,028	1,764	1,735	1,858	1,800	1,954	1,949	1,887
49	Certified and officers' checks	4,722	4,377	4,728	4,423	4,334	4,455	4,106	4,469	4,505
50	*Time and savings deposits*[3]	*228,537*	*229,539*	*229,406*	*230,763*	*230,810*	*231,595*	*233,312*	*233,191*	*233,439*
51	Savings[4]	81,500	81,609	81,152	80,953	80,751	80,761	80,428	80,167	80,358
52	Time	147,037	147,930	148,254	149,810	150,059	150,834	152,884	153,024	153,081
53	Individuals, partnerships, and corps.	114,513	115,227	115,876	117,010	117,423	118,249	119,844	119,911	120,153
54	States and political subdivisions	24,469	24,703	24,504	24,910	24,707	24,680	25,042	24,984	24,873
55	Domestic interbank	4,492	4,403	4,343	4,392	4,495	4,602	4,820	4,869	4,882
56	Foreign govts., official institutions, etc.	2,681	2,741	2,681	2,623	2,562	2,403	2,335	2,405	2,332
57	Federal funds purchased, etc.[5]	61,666	61,731	61,164	63,360	63,518	62,017	60,951	60,763	65,480
	Borrowings from:									
58	Federal Reserve Banks	643	470	229	594	606	237	134	177	1,244
59	Others	3,807	5,288	5,698	8,532	7,706	5,503	5,228	9,238	11,223
60	Other liabilities, etc.[6]	20,147	20,974	21,469	21,358	22,465	22,895	23,277	23,306	22,717
61	Total equity capital and subordinated notes/debentures[7]	34,102	34,177	34,081	34,112	34,200	34,296	34,417	34,311	34,449

1 Includes securities purchased under agreements to resell.
2 Federal agencies only.
3 Includes time deposits of U.S. Govt. and of foreign banks, which are not shown separately.
4 For amounts of these deposits by ownership categories, see Table 1.30.
5 Includes securities sold under agreements to repurchase.
6 Includes minority interest in consolidated subsidiaries and deferred tax portion of reserves for loans.
7 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	1978								
		Nov. 1	Nov. 8	Nov. 15	Nov. 22	Nov. 29	Dec. 6p	Dec. 13p	Dec. 20p	Dec. 27p
	Total loans (gross) and investments adjusted[1]									
1	*Large Banks*	*476,609*	*478,468*	*480,730*	*479,205*	*477,585*	*481,831*	*481,742*	*486,826*	*486,527*
2	New York City banks	98,466	98,073	99,036	97,323	95,965	97,215	98,088	99,468	99,370
3	Banks outside New York City	378,143	380,395	381,694	381,882	381,620	384,616	383,654	387,358	387,157
	Total loans (gross), adjusted									
4	*Large banks*	*365,406*	*367,133*	*368,009*	*367,153*	*366,087*	*370,425*	*369,217*	*374,162*	*373,745*
5	New York City banks	79,021	78,735	78,981	77,700	76,729	77,856	78,193	79,914	79,777
6	Banks outside New York City	286,385	288,398	289,028	289,453	289,358	292,569	291,024	294,248	293,968
	Demand deposits, adjusted[2]									
7	*Large Banks*	*118,217*	*116,125*	*119,009*	*113,171*	*114,248*	*115,786*	*119,432*	*120,236*	*120,102*
8	New York City banks	24,910	23,351	24,737	23,077	22,201	22,975	24,853	25,286	24,407
9	Banks outside New York City	93,307	92,774	94,272	90,094	92,047	92,811	94,579	94,950	95,695
	Large negotiable time CD's included in time and savings deposits[3]									
	Total:									
10	**Large banks**	**94,306**	**95,428**	**96,673**	**97,589**	**97,647**	**98,322**	**100,172**	**100,248**	**99,991**
11	New York City	26,956	27,382	28,606	29,003	28,916	29,180	29,428	29,597	29,358
12	Banks outside New York City	67,350	68,046	68,067	68,586	68,731	69,142	70,744	70,651	70,633
	Issued to IPC's:									
13	*Large banks*	*67,286*	*68,122*	*69,154*	*69,992*	*70,269*	*71,070*	*72,635*	*72,618*	*72,609*
14	New York City Banks	19,137	19,389	20,190	20,486	20,479	20,821	21,020	21,083	21,003
15	Banks outside New York City	48,149	48,733	48,964	49,506	49,790	50,249	51,615	51,535	51,606
	Issued to others:									
16	*Large banks*	*27,020*	*27,306*	*27,519*	*27,597*	*27,378*	*27,252*	*27,537*	*27,630*	*27,382*
17	New York City banks	7,819	7,993	8,416	8,517	8,437	8,359	8,408	8,514	8,355
18	Banks outside New York City	19,201	19,313	19,103	19,080	18,941	18,893	19,129	19,116	19,027
	All other large time deposits[4]									
	Total:									
19	**Large banks**	**35,723**	**36,041**	**36,122**	**36,875**	**36,916**	**37,141**	**37,558**	**37,770**	**37,565**
20	New York City banks	6,948	7,021	6,958	7,025	7,032	7,058	7,058	7,059	7,053
21	Banks outside New York City	28,775	29,020	29,164	29,850	29,884	30,083	30,500	30,641	30,512
	Issued to IPC's:									
22	*Large banks*	*21,805*	*21,908*	*22,035*	*22,390*	*22,498*	*22,677*	*22,911*	*22,982*	*22,969*
23	New York City banks	5,602	5,580	5,455	5,507	5,546	5,596	5,614	5,652	5,625
24	Banks outside New York City	16,203	16,328	16,580	16,883	16,952	17,081	17,297	17,330	17,344
	Issued to others:									
25	*Large banks*	*13,918*	*14,133*	*14,087*	*14,485*	*14,418*	*14,464*	*14,647*	*14,718*	*14,596*
26	New York City banks	1,346	1,441	1,503	1,518	1,486	1,462	1,444	1,407	1,428
27	Banks outside New York City	12,572	12,692	12,584	12,967	12,932	13,002	13,203	13,311	13,168
	Savings deposits, by ownership category									
	Individuals and nonprofit organizations:									
28	*Large banks*	*84,661*	*84,736*	*84,301*	*84,140*	*83,894*	*83,872*	*83,598*	*83,394*	*83,616*
29	New York City banks	8,741	8,737	8,719	8,704	8,669	8,665	8,670	8,634	8,660
30	Banks outside New York City	75,920	75,999	75,582	75,436	75,225	75,207	74,928	74,760	74,956
	Partnerships and corporations for profit:[5]									
31	*Large banks*	*5,115*	*5,139*	*5,105*	*5,055*	*5,064*	*5,064*	*5,005*	*4,902*	*4,911*
32	New York City banks	462	457	449	440	448	451	444	430	435
33	Banks outside New York City	4,653	4,682	4,656	4,615	4,616	4,613	4,561	4,472	4,476
	Domestic governmental units:									
34	*Large banks*	*1,095*	*1,096*	*1,065*	*1,058*	*1,065*	*1,074*	*1,086*	*1,078*	*1,059*
35	New York City banks	180	180	166	168	167	159	169	166	161
36	Banks outside New York City	915	916	899	890	898	915	917	912	898
	All other:[6]									
37	*Large banks*	*21*	*28*	*24*	*23*	*24*	*42*	*40*	*39*	*42*
38	New York City banks	9	16	9	11	12	16	18	16	14
39	Banks outside New York City	12	12	15	12	12	26	22	23	28
	Gross liabilities of banks to their foreign branches									
40	*Large banks*	*8,614*	*7,995*	*9,772*	*7,737*	*8,967*	*9,893*	*9,958*	*9,965*	*10,115*
41	New York City banks	5,253	4,762	6,220	3,984	4,440	5,328	5,369	5,841	6,102
42	Banks outside New York City	3,361	3,233	3,552	3,753	4,527	4,565	4,589	4,124	4,013
	Loans sold outright to selected institutions by all large banks[7]									
43	Commercial and industrial[8]	1,911	1,898	1,846	1,796	1,859	1,819	1,844	1,905	1,807
44	Real estate[8]	291	295	296	305	297	294	301	302	304
45	All other[8]	1,592	1,563	1,540	1,569	1,564	1,641	1,628	1,576	1,665

1 Exclusive of loans and Federal funds transactions with domestic commercial banks.
2 All demand deposits except U.S. Govt. and domestic commercial banks, less cash items in process of collection.
3 Certificates of deposit (CD's) issued in denominations of $100,000 or more.
4 All other time deposits issued in denominations of $100,000 or more not included in large negotiable CD's.
5 Other than commercial banks.
6 Domestic and foreign commercial banks, and official international organizations.
7 To bank's own foreign branches, nonconsolidated nonbank affiliates of the bank, the bank's holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company.
8 Data revised beginning July 7, 1977, due to reclassifications at one large bank.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

Industry classification	Outstanding					Net change during—				
	1978					1978		1978		
	Nov. 29	Dec. 6	Dec. 13	Dec. 20	Dec. 27p	Q3	Q4p	Oct.	Nov.	Dec.p
	Total loans classified[2]									
1 **Total**	**114,541**	**114,799**	**114,549**	**115,578**	**115,773**	**1,354**	**4,323**	**1,863**	**1,228**	**1,232**
Durable goods manufacturing:										
2 Primary metals	2,595	2,624	2,643	2,672	2,662	−66	−70	−68	−69	67
3 Machinery	5,473	5,513	5,415	5,408	5,348	−16	−40	61	24	−125
4 Transportation equipment	2,627	2,571	2,593	3,110	3,096	−52	349	−159	39	469
5 Other fabricated metal products	2,414	2,451	2,447	2,405	2,471	69	−51	−78	−30	57
6 Other durable goods	3,986	4,062	4,050	4,046	3,992	136	−53	−79	20	6
Nondurable goods manufacturing:										
7 Food, liquor, and tobacco	4,550	4,642	4,628	4,613	4,681	−101	527	186	210	131
8 Textiles, apparel, and leather	3,976	3,999	3,930	3,833	3,756	240	−627	−110	−297	−220
9 Petroleum refining	2,552	2,569	2,570	2,660	2,637	−116	116	−47	78	85
10 Chemicals and rubber	3,232	3,275	3,357	3,453	3,465	−101	−3	−173	−63	233
11 Other nondurable goods	2,440	2,424	2,405	2,400	2,380	213	−100	−47	7	−60
12 Mining, including crude petroleum and natural gas	10,622	10,594	10,607	10,629	10,583	172	6	17	28	−39
Trade:										
13 Commodity dealers	1,793	1,859	1,870	1,872	1,952	−323	208	61	−12	159
14 Other wholesale	9,530	9,502	9,443	9,433	9,367	232	195	279	79	−163
15 Retail	8,939	8,855	8,711	8,557	8,412	−80	218	636	109	−527
16 Transportation	5,520	5,494	5,515	5,469	5,494	53	....	34	−8	−26
17 Communication	1,774	1,782	1,748	1,772	1,765	68	32	−20	61	−9
18 Other public utilities	5,545	5,587	5,586	5,741	5,940	89	841	245	201	395
19 Construction	5,106	5,040	5,031	5,035	5,098	118	−73	−16	−49	−8
20 Services	14,422	14,509	14,484	14,750	14,782	520	823	219	244	360
21 All other domestic loans	8,458	8,449	8,473	8,392	8,504	282	468	257	165	46
22 Bankers acceptances	3,542	3,591	3,543	3,766	3,808	−149	696	210	220	266
23 Foreign commercial and industrial loans	5,445	5,407	5,500	5,562	5,580	166	861	455	271	135
MEMO ITEMS:										
24 Commercial paper included in total classified loans[1]	62	....	....	....	45	−8	−18	−1	....	−17
25 Total commercial and industrial loans of all large weekly reporting banks	140,658	140,655	140,557	141,829	142,103	1,390	5,394	2,125	1,824	1,445
	1978					1978		1978		
	Aug. 30	Sept. 27	Oct. 25	Nov. 29	Dec. 27	Q3	Q4p	Oct.	Nov.	Dec.p
	"Term" loans classified[3]									
26 **Total**	**52,618**	**53,019**	**53,762**	**54,861**	**55,439**	**1,726**	**2,420**	**743**	**1,099**	**578**
Durable goods manufacturing:										
27 Primary metals	1,710	1,672	1,641	1,631	1,624	−34	−48	−31	−10	−7
28 Machinery	2,669	2,650	2,768	2,751	2,771	74	121	118	−17	20
29 Transportation equipment	1,586	1,565	1,506	1,517	1,663	145	98	−59	11	146
30 Other fabricated metal products	990	1,007	1,004	1,040	1,119	13	112	−3	36	79
31 Other durable goods	1,699	1,713	1,717	1,815	1,902	35	189	4	98	87
Nondurable goods manufacturing:										
32 Food, liquor, and tobacco	1,740	1,727	1,862	1,978	1,918	56	191	135	116	−60
33 Textiles, apparel, and leather	1,133	1,126	1,096	1,046	1,050	4	−76	−30	−50	4
34 Petroleum refining	1,882	1,846	1,789	1,843	1,895	−101	49	−57	54	52
35 Chemicals and rubber	2,322	2,301	2,109	2,043	2,181	−111	−120	−192	−66	138
36 Other nondurable goods	1,156	1,177	1,192	1,218	1,183	86	6	15	26	−35
37 Mining, including crude petroleum and natural gas	7,757	7,862	7,852	7,930	7,937	102	75	−10	78	7
Trade:										
38 Commodity dealers	248	250	268	305	314	22	64	18	37	9
39 Other wholesale	2,276	2,360	2,329	2,372	2,342	185	−18	−31	43	−30
40 Retail	2,827	2,791	3,065	3,225	3,204	−43	413	274	160	−21
41 Transportation	3,732	3,753	3,718	3,746	3,790	15	37	−35	28	44
42 Communication	1,057	1,076	1,065	1,131	1,158	67	82	−11	66	27
43 Other public utilities	3,860	3,847	3,960	4,064	4,221	318	374	113	104	157
44 Construction	2,245	2,224	2,264	2,295	2,373	107	149	40	31	78
45 Services	6,606	6,797	6,936	7,113	7,270	307	473	139	177	157
46 All other domestic loans	2,616	2,713	2,798	2,857	2,866	393	153	85	59	9
47 Foreign commercial and industrial loans	2,507	2,562	2,823	2,941	2,658	86	96	261	118	−283

1 Reported for the last Wednesday of each month.
2 Includes "term" loans, shown below.
3 Outstanding loans with an original maturity of more than 1 year and all outstanding loans granted under a formal agreement—revolving credit or standby—on which the original maturity of the commitment was in excess of 1 year.

1.32 GROSS DEMAND DEPOSITS of Individuals, Partnerships, and Corporations

Billions of dollars, estimated daily-average balances

Type of holder	1974 Dec.	1975 Dec.	1976 Dec.	1977 Mar.	1977 June	1977 Sept.	1977 Dec.	1978 Mar.	1978 June	1978 Sept.
	At commercial banks									
1 All holders, individuals, partnerships, and corporations	**225.0**	**236.9**	**250.1**	**242.3**	**253.8**	**252.7**	**274.4**	**262.5**	**271.2**	**278.8**
2 Financial business	19.0	20.1	22.3	21.6	25.9	23.7	25.0	24.5	25.7	25.9
3 Nonfinancial business	118.8	125.1	130.2	125.1	129.2	128.5	142.9	131.5	137.7	142.5
4 Consumer	73.3	78.0	82.6	81.6	84.1	86.2	91.0	91.8	92.9	95.0
5 Foreign	2.3	2.4	2.7	2.4	2.5	2.5	2.5	2.4	2.4	2.5
6 Other	11.7	11.3	12.4	11.6	12.2	11.8	12.9	12.3	12.4	13.1

Type of holder	1975 Dec.	1976 Dec.	1977 Dec.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.
	At weekly reporting banks									
7 All holders, individuals, partnerships, and corporations	**124.4**	**128.5**	**139.1**	**134.3**	**136.9**	**139.9**	**137.7**	**139.7**	**141.3**	**142.7**
8 Financial business	15.6	17.5	18.5	18.1	19.0	19.4	19.4	18.9	19.1	19.3
9 Nonfinancial business	69.9	69.7	76.3	70.7	71.9	73.7	72.0	74.1	75.0	75.7
10 Consumer	29.9	31.7	34.6	36.0	36.6	37.1	36.8	37.1	37.5	37.7
11 Foreign	2.3	2.6	2.4	2.4	2.3	2.3	2.4	2.4	2.5	2.5
12 Other	6.6	7.1	7.4	7.1	7.1	7.3	7.1	7.3	7.2	7.5

NOTE.—Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

Instrument	1975 Dec.	1976 Dec.	1977 Dec.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.
	Commercial paper (seasonally adjusted)									
1 All issuers	**48,459**	**53,025**	**65,209**	**71,213**	**74,536**	**74,900**	**73,960**	**r76,988**	**77,152**	**80,504**
Financial companies:[1]										
Dealer-placed paper:[2]										
2 Total	6,202	7,250	8,871	10,314	10,327	10,617	10,868	r11,470	10,921	11,455
3 Bank-related	1,762	1,900	2,132	2,217	2,442	2,633	2,935	2,622	2,868	3,231
Directly-placed paper:[3]										
4 Total	31,374	32,500	40,496	44,664	47,315	46,594	45,510	47,791	48,030	50,010
5 Bank-related	6,892	5,959	7,102	9,258	9,585	10,030	9,634	10,383	10,925	11,478
6 Nonfinancial companies[4]	10,883	13,275	15,842	16,235	16,894	17,689	17,582	r17,727	18,201	19,039
	Dollar acceptances (not seasonally adjusted)									
7 Total	**18,727**	**22,523**	**25,654**	**26,714**	**28,289**	**27,579**	**28,319**	**27,952**	**30,579**	**32,145**
Held by:										
8 *Accepting banks*	*7,333*	*10,442*	*10,434*	*7,286*	*7,502*	*7,244*	*7,048*	*7,647*	*8,379*	*9,268*
9 Own bills	5,899	8,769	8,915	6,365	6,520	6,345	6,131	6,461	7,012	8,025
10 Bills bought	1,435	1,673	1,519	921	983	899	917	1,186	1,366	1,243
Federal Reserve Banks:										
11 Own account	1,126	991	954	....	1	....	....	1	....	....
12 Foreign correspondents	293	375	362	679	625	568	633	556	557	585
13 Others	9,975	10,715	13,904	18,749	20,160	19,766	20,638	19,748	21,644	22,292
Based on:										
14 Imports into United States	3,726	4,992	6,532	7,027	7,578	7,415	7,885	7,957	8,575	8,675
15 Exports from United States	4,001	4,818	5,895	6,494	6,906	6,565	6,558	6,350	6,665	7,224
16 All other	11,000	12,713	13,227	13,193	13,805	13,599	13,876	13,644	15,339	16,245

1 Institutions engaged primarily in activities such as, but not limited to, commercial, savings, and mortgage banking; sales, personal, and mortgage financing; factoring, finance leasing, and other business lending; insurance underwriting; and other investment activities.

2 Includes all financial company paper sold by dealers in the open market.

3 As reported by financial companies that place their paper directly with investors.

4 Includes public utilities and firms engaged primarily in activities such as communications, construction, manufacturing, mining, wholesale and retail trade, transportation, and services.

1.34 PRIME RATE CHARGED BY BANKS on Short-term Business Loans

Per cent per annum

Effective date	Rate	Effective date	Rate	Month	Average rate	Month	Average rate
1978—Jan. 10	8	1978—Sept. 15	9½	1977—Jan	6.25	1978—Jan	7.93
		28	9¾	Feb	6.25	Feb	8.00
May 5	8¼			Mar	6.25	Mar	8.00
26	8½	Oct. 13	10	Apr	6.25	Apr	8.00
		27	10¼	May	6.41	May	8.27
June 16	8¾			June	6.75	June	8.63
30	9	Nov. 1	10½	July	6.75	July	9.00
		6	10¾	Aug	6.83	Aug	9.01
Aug. 31	9¼	17	11	Sept	7.13	Sept	9.41
		24	11½	Oct	7.52	Oct	9.94
				Nov	7.75	Nov	10.94
		Dec. 26	11¾	Dec	7.75	Dec	11.55

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, August 7–12, 1978

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)	7,198,593	1,049,321	559,214	638,138	1,899,754	532,767	2,519,400
2 Number of loans	187,673	147,855	16,858	10,683	10,445	863	970
3 Weighted-average maturity (months)	3.0	2.8	3.4	2.4	3.0	3.3	3.1
4 Weighted-average interest rate (per cent per annum)	9.97	10.45	10.19	10.30	10.19	9.93	9.47
5 Interquartile range [1]	9.31–10.47	9.25–11.65	9.34–10.50	9.73–10.75	9.38–10.64	9.31–10.43	9.00–9.88
Percentage of amount of loans:							
6 With floating rate	48.3	32.0	36.6	46.5	43.2	57.4	60.1
7 Made under commitment	38.1	15.2	21.0	27.5	31.2	58.5	54.9
	Long-term commercial and industrial loans						
8 Amount of loans (thousands of dollars)	1,417,990		293,717		355,547	99,274	669,452
9 Number of loans	22,251		19,735		2,218	150	148
10 Weighted-average maturity (months)	45.2		33.7		47.2	57.7	47.4
11 Weighted-average interest rate (per cent per annum)	10.20		10.66		10.35	9.83	9.96
12 Interquartile range [1]	9.38–11.00		9.89–11.57		9.38–11.02	9.25–10.50	9.00–10.48
Percentage of amount of loans:							
13 With floating rate	65.5		30.1		62.3	55.1	84.3
14 Made under commitment	51.3		25.0		35.7	50.6	71.2
	Construction and land development loans						
15 Amount of loans (thousands of dollars)	1,177,413	228,314	144,262	155,635	381,591	267,611	
16 Number of loans	30,901	22,364	4,546	2,278	1,490	223	
17 Weighted-average maturity (months)	8.4	10.7	9.6	3.8	7.2	9.6	
18 Weighted-average interest rate (per cent per annum)	10.43	10.27	10.66	11.05	10.33	10.23	
19 Interquartile range [1]	9.95–11.02	9.27–10.87	10.00–11.00	10.00–12.73	10.03–10.70	9.27–11.30	
Percentage of amount of loans:							
20 With floating rate	49.3	12.3	13.0	18.3	80.2	74.3	
21 Secured by real estate	92.9	85.4	97.1	94.5	97.1	90.3	
22 Made under commitment	55.2	49.7	32.7	68.2	43.5	81.3	
23 Type of construction: 1- to 4-family	42.1	77.2	71.3	64.9	20.2	14.5	
24 Multifamily	8.5	1.2	10.0	1.7	7.8	18.8	
25 Nonresidential	49.4	21.6	18.8	33.4	71.9	66.8	
	All sizes	1–9	10–24	25–49	50–99	100–249	250 and over
	Loans to farmers						
26 Amount of loans (thousands of dollars)	824,790	159,057	150,908	157,111	82,007	92,298	183,409
27 Number of loans	63,389	45,994	10,109	4,942	1,338	689	317
28 Weighted-average maturity (months)	6.6	7.5	6.6	10.2	6.1	5.8	3.9
29 Weighted-average interest rate (per cent per annum)	9.62	9.33	9.33	9.46	9.51	9.92	10.15
30 Interquartile range [1]	9.13–10.21	8.77–9.73	8.77–9.73	9.00–10.00	9.20–9.84	9.25–10.38	9.54–10.97
By purpose of loan:							
31 Feeder livestock	9.49	9.13	9.11	9.37	9.48	9.60	9.91
32 Other livestock	9.47	9.36	9.44	10.03	8.86	10.19	9.76
33 Other current operating expenses	9.66	9.27	9.44	9.26	9.81	9.96	10.41
34 Farm machinery and equipment	9.63	9.52	9.53	9.86	9.41	(2)	(2)
35 Other	9.87	9.61	9.22	9.67	9.77	10.39	10.28

1 Interest rate range that covers the middle 50 per cent of the total dollar amount of loans made.
2 Fewer than three sample loans.

NOTE.—For more detail, see the Board's 416 (G.14) statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

	Instrument	1976	1977	1978	1978 Sept.	1978 Oct.	1978 Nov.	1978 Dec.	1978, week ending— Dec. 2	Dec. 9	Dec. 16	Dec. 23	Dec. 30
	Money market rates												
1	Federal funds[1]	5.05	5.54	7.94	8.45	8.96	9.76	10.03	9.85	9.87	9.79	9.75	10.25
	Prime commercial paper[2,3]												
2	90- to 119-day	5.24	5.54	7.94	8.39	8.98	10.14	10.37	10.20	10.25	10.29	10.45	10.55
3	4- to 6-month	5.35	5.60	7.99	8.44	9.03	10.23	10.43	10.28	10.32	10.36	10.50	10.61
4	Finance company paper, directly placed, 3- to 6-month[3,4]	5.22	5.49	7.78	8.18	8.78	9.82	10.06	9.89	9.95	9.99	10.14	10.22
5	Prime bankers acceptances, 90-day[3,5]	5.19	5.59	8.11	8.54	9.32	10.53	10.55	10.52	10.38	10.37	10.78	10.73
	Large negotiable certificates of deposit												
6	3-month, secondary market[6]	5.26	5.58	8.20	8.61	9.14	10.72	10.72	10.66	10.64	10.53	10.68	10.96
7	3-month, primary market[7]	5.15	5.52	8.01	8.42	9.17	10.12	10.41	10.25	10.37	10.36	10.51	10.56
8	Euro-dollar deposits, 3-month[8]	5.57	6.05	8.74	9.12	10.12	11.51	11.62	11.66	11.56	11.33	11.60	11.95
	U.S. Government securities												
	Bills:[3,9]												
	Market yields:												
9	3-month	4.98	5.27	7.19	7.85	7.99	8.64	9.08	8.98	8.93	8.93	9.28	9.25
10	6-month	5.26	5.53	7.58	7.99	8.55	9.24	9.36	9.27	9.24	9.24	9.58	9.46
11	1-year	5.52	5.71	7.74	8.01	8.45	9.20	9.44	9.29	9.32	9.28	9.61	9.65
	Rates on new issue:[10]												
12	3-month	4.989	5.265	7.221	7.836	8.132	8.787	9.122	9.166	8.984	8.929	9.237	9.336
13	6-month	5.266	5.510	7.572	7.948	8.493	9.204	9.397	9.330	9.220	9.263	9.524	9.580
	Capital market rates												
	Government notes and bonds												
	U.S. Treasury												
	Constant maturities:[11]												
14	1-year	5.88	6.09	8.34	8.64	9.14	10.01	10.30	10.11	10.14	10.12	10.49	10.54
15	2-year	....	6.45	8.34	8.57	8.85	9.42	9.72	9.56	9.50	9.54	9.93	9.98
16	3-year	6.77	6.69	8.29	8.41	8.62	9.04	9.33	9.16	9.12	9.19	9.52	9.59
17	5-year	7.18	6.99	8.32	8.43	8.61	8.84	9.08	8.92	8.89	8.97	9.25	9.32
18	7-year	7.42	7.23	8.36	8.42	8.64	8.80	9.03	8.88	8.86	8.95	9.19	9.22
19	10-year	7.61	7.42	8.41	8.42	8.64	8.81	9.01	8.85	8.86	8.95	9.14	9.14
20	20-year	7.86	7.67	8.48	8.47	8.69	8.75	8.90	8.78	8.79	8.85	9.00	8.99
21	30-year	....	....	8.49	8.47	8.67	8.75	8.88	8.78	8.80	8.86	8.98	8.95
	Notes and bonds maturing in —[12]												
22	3 to 5 years	6.94	6.85	8.30	8.38	8.61	8.97	9.23	9.01	9.02	9.12	9.41	9.48
23	Over 10 years (long-term)	6.78	7.06	7.89	7.82	8.07	8.16	8.36	8.21	8.27	8.32	8.44	8.43
	State and local:												
	Moody's series:[13]												
24	Aaa	5.66	5.20	5.52	5.53	5.53	5.59	5.91	5.55	5.70	5.85	6.05	6.05
25	Baa	7.49	6.12	6.27	6.63	6.18	6.65	6.76	6.80	6.50	6.55	7.00	7.00
26	*Bond Buyer* series[14]	6.64	5.68	6.03	6.09	6.13	6.19	6.51	6.29	6.29	6.45	6.67	6.61
	Corporate bonds												
	Seasoned issues[15]												
27	All industries	9.01	8.43	9.07	9.08	9.20	9.40	9.49	9.39	9.40	9.44	9.55	9.62
	By rating groups:												
28	Aaa	8.43	8.02	8.73	8.78	8.89	9.03	9.16	9.04	9.06	9.12	9.24	9.27
29	Aa	8.75	8.24	8.92	8.96	9.07	9.24	9.33	9.22	9.23	9.25	9.40	9.49
30	A	9.09	8.49	9.12	9.11	9.26	9.48	9.53	9.45	9.47	9.49	9.56	9.64
31	Baa	9.75	8.97	9.45	9.47	9.59	9.83	9.94	9.85	9.85	9.89	9.99	10.08
	Aaa utility bonds:[16]												
32	New issue	8.48	8.19	8.96	8.86	9.17	9.27	9.28	r9.27	9.28	9.29	....	....
33	Recently offered issues	8.49	8.19	8.97	8.86	9.13	9.27	9.41	r9.28	9.31	9.35	9.54	9.51
	Dividend/price ratio												
34	Preferred stocks	7.97	7.60	8.25	8.24	8.29	8.43	8.84	8.41	8.69	8.79	8.94	8.92
35	Common stocks	3.77	4.56	5.28	4.97	5.11	5.45	5.39	5.49	5.28	5.39	5.50	5.39

1 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.

2 Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by those dealers.

3 Yields are quoted on a bank-discount basis.

4 Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.

5 Average of the midpoint of the range of daily dealer closing rates offered for domestic issues.

6 Weekly figures (week ending Wednesday) 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. Beginning Apr. 5, 1978, weekly figures are simple averages of offering rates.

7 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 by large New York City banks. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

8 Averages of daily quotations for the week ending Wednesday.

9 Except for new bill issues, yields are computed from daily closing bid prices.

10 Rates are recorded in the week in which bills are issued.

11 Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

12 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, including a number of very low yielding "flower" bonds.

13 General obligations only, based on figures for Thursday, from Moody's Investors Service.

14 Twenty issues of mixed quality.

15 Averages of daily figures from Moody's Investors Service.

16 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	1978 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**	**54.83**	**54.61**	**58.53**	**58.58**	**56.40**	**52.74**	**53.69**
2 Industrial	51.88	60.44	57.84	59.63	59.35	64.07	64.23	61.60	57.50	58.72
3 Transportation	30.73	39.57	41.07	44.19	44.74	49.45	50.19	46.70	41.80	42.49
4 Utility	31.45	36.97	40.91	39.41	39.28	40.20	39.82	39.44	37.88	38.09
5 Finance	46.62	52.94	55.23	58.31	57.97	63.28	63.22	60.42	54.95	55.73
6 **Standard & Poor's Corporation (1941–43 = 10)**[1]	**85.17**	**102.01**	**98.18**	**97.66**	**97.19**	**103.92**	**103.86**	**100.58**	**94.71**	**96.10**
7 **American Stock Exchange (Aug. 31, 1973 = 100)**	**83.15**	**101.63**	**116.18**	**147.64**	**149.87**	**162.52**	**170.95**	**160.14**	**144.17**	**149.94**
Volume of trading (thousands of shares)[2]										
8 New York Stock Exchange	18,568	21,189	20,936	30,514	27,074	37,603	33,612	31,020	24,505	24,622
9 American Stock Exchange	2,150	2,565	2,514	4,220	3,496	5,526	5,740	4,544	3,304	3,430
				Customer financing (end-of-period balances, in millions of dollars)						
10 **Regulated margin credit at brokers/dealers**[3]	**5,540**	**8,166**	**9,993**	**11,332**	**11,438**	**11,984**	**12,626**	**12,307**	**11,209**	....
11 Margin stock[4]	5,390	7,960	9,740	11,090	11,190	11,740	12,400	12,090	11,000	....
12 Convertible bonds	147	204	250	242	247	243	225	216	209	....
13 Subscription issues	3	2	3	....	1	1	1	1	....	....
MEMO: Free credit balances at brokers[6]										
14 Margin-account	475	585	640	700	710	795	825	r885	790	....
15 Cash-account	1,525	1,855	2,060	2,300	2,295	2,555	2,655	r2,465	2,300	....
				Margin-account debt at brokers (percentage distribution, end of period)						
16 **Total**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	....
By equity class (in per cent):[7]										
17 Under 40	24.0	12.0	18.0	16.0	13.0	12.0	15.0	47.0	32.0	....
18 40–49	28.8	23.0	36.0	34.0	34.0	34.0	36.0	20.0	27.0	....
19 50–59	22.3	35.0	23.0	26.0	25.0	23.0	23.0	15.0	20.0	....
20 60–69	11.6	15.0	11.0	12.0	14.0	16.0	13.0	8.0	10.0	....
21 70–79	6.9	8.7	6.0	7.0	8.0	9.0	7.0	5.0	6.0	....
22 80 or more	5.3	6.0	5.0	5.0	6.0	6.0	6.0	5.0	5.0	....
				Special miscellaneous-account balances at brokers (end of period)						
23 Total balances (millions of dollars)[8]	7,290	8,776	9,910	....	....	....	....	....	....	....
Distribution by equity status (per cent)										
24 Net credit status	43.8	41.3	43.4	....	....	....	....	....	....	....
Debit status, equity of—										
25 60 per cent or more	40.8	47.8	44.9	....	....	....	....	....	....	....
26 Less than 60 per cent	15.4	10.9	11.7	....	....	....	....	....	....	....

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 is end-of-month data for member firms of the New York Stock Exchange.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

4 A distribution of this total by equity class is shown on lines 23–28.

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 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	1975	1976	1977	1978								
				Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
	Savings and loan associations[9]											
1 **Assets**	**338,233**	**391,907**	**459,241**	**475,281**	**480,947**	**487,052**	**491,576**	**498,301**	**504,298**	**508,977**	**515,352**	**520,420**
2 Mortgages	278,590	323,005	381,163	392,428	397,284	402,305	407,965	411,956	416,677	420,971	425,236	429,316
3 Cash and investment securities[1]	30,853	35,724	39,150	41,823	41,853	42,444	41,505	43,627	44,188	43,987	45,577	45,761
4 Other	28,790	33,178	38,928	41,030	41,810	42,303	42,106	42,718	43,433	44,019	44,539	45,343
5 **Liabilities and net worth**	**338,233**	**391,907**	**459,241**	**475,281**	**480,947**	**487,052**	**491,576**	**498,301**	**504,298**	**508,977**	**515,352**	**520,420**
6 Savings capital	285,743	335,912	386,800	398,992	399,550	401,930	408,586	411,660	413,972	420,405	423,050	425,107
7 *Borrowed money*	*20,634*	*19,083*	*27,840*	*29,323*	*31,904*	*32,759*	*34,270*	*35,730*	*37,219*	*38,595*	*39,873*	*40,862*
8 FHLBB	17,524	15,708	19,945	21,030	22,692	23,323	24,875	26,151	27,363	28,632	29,456	30,290
9 Other	3,110	3,375	7,895	8,293	9,212	9,436	9,395	9,579	9,856	9,963	10,417	10,572
10 Loans in process	5,128	6,840	9,911	10,414	10,937	11,386	11,632	11,540	11,422	11,222	11,165	10,483
11 Other	6,949	8,074	9,506	10,518	12,186	14,239	10,046	11,972	13,906	10,676	12,832	14,648
12 Net worth[2]	19,779	21,998	25,184	26,034	26,370	26,738	27,042	27,399	27,779	28,079	28,432	28,820
13 MEMO: Mortgage loan commitments outstanding[3]	10,673	14,826	19,875	22,308	23,398	23,939	22,927	22,393	22,047	21,648	21,503	26,017
	Mutual savings banks[10]											
14 **Assets**	**121,056**	**134,812**	**147,287**	**150,962**	**151,383**	**152,202**	**153,175**	**154,315**	**155,210**	**156,110**	**156,843**	....
Loans:												
15 Mortgage	77,221	81,630	88,195	89,800	90,346	90,915	91,555	92,230	92,866	93,403	93,903	....
16 Other	4,023	5,183	6,210	7,782	7,422	7,907	7,771	8,207	8,379	8,418	8,272	....
Securities:												
17 U.S. Government	4,740	5,840	5,895	5,677	5,670	5,491	5,304	5,269	5,210	5,172	5,105	....
18 State and local government	1,545	2,417	2,828	2,850	2,915	2,994	3,008	3,025	3,098	3,180	3,190	....
19 Corporate and other[4]	27,992	33,793	37,918	38,964	39,146	39,225	39,427	39,639	39,592	39,639	39,651	....
20 Cash	2,330	2,355	2,401	1,990	1,940	1,798	2,163	2,029	2,080	2,293	2,735	....
21 Other assets	3,205	3,593	3,839	3,899	3,945	3,873	3,946	3,915	3,985	4,006	3,988	....
22 **Liabilities**	**121,056**	**134,812**	**147,287**	**150,962**	**151,383**	**152,202**	**153,175**	**154,315**	**155,210**	**156,110**	**156,843**	....
23 *Deposits*	*109,873*	*122,877*	*134,017*	*136,997*	*136,931*	*137,307*	*138,709*	*139,128*	*139,308*	*140,816*	*141,026*	....
24 Regular:[5]	109,291	121,961	132,744	135,558	135,349	135,785	137,089	137,430	137,690	139,068	139,422	....
25 Ordinary savings	69,653	74,535	78,005	78,783	78,170	78,273	77,321	76,116	75,578	75,423	74,124	....
26 Time and other	39,639	47,426	54,739	56,775	57,179	57,512	59,768	61,313	62,112	63,645	65,298	....
27 Other	582	916	1,272	1,439	1,582	1,521	1,620	1,698	1,619	1,747	1,604	....
28 Other liabilities	2,755	2,884	3,292	3,735	4,152	4,481	3,969	4,636	5,246	4,570	5,040	....
29 General reserve accounts	8,428	9,052	9,978	10,230	10,301	10,414	10,497	10,551	10,654	10,725	10,777	....
30 MEMO: Mortgage loan commitments outstanding[6]	1,803	2,439	4,066	4,185	4,342	4,606	4,958	4,872	4,789	4,561	4,843	....
	Life insurance companies[11]											
31 **Assets**	**289,304**	**321,552**	**351,722**	**359,110**	**363,269**	**366,938**	**369,879**	**374,415**	**378,124**	**381,050**	**382,446**	....
Securities:												
32 *Government*	*13,758*	*17,942*	*19,553*	*19,573*	*19,330*	*19,489*	*19,401*	*19,447*	*19,563*	*19,638*	*19,757*	....
33 United States[7]	4,736	5,368	5,315	5,229	5,087	5,206	4,984	5,006	5,155	5,156	5,183	....
34 State and local	4,508	5,594	6,051	6,041	5,923	5,915	5,943	5,925	5,884	6,001	6,035	....
35 Foreign[8]	4,514	6,980	8,187	8,303	8,320	8,368	8,474	8,516	8,524	8,481	8,539	....
36 *Business*	*135,317*	*157,246*	*175,654*	*181,441*	*184,917*	*187,126*	*188,500*	*192,112*	*194,620*	*196,152*	*195,883*	....
37 Bonds	107,256	122,984	141,891	148,849	150,419	152,267	153,812	156,207	157,888	159,972	161,347	....
38 Stocks	28,061	34,262	33,763	32,592	34,498	34,859	34,688	35,905	36,732	36,180	34,536	....
39 Mortgages	89,167	91,552	96,848	98,022	98,585	99,190	100,040	100,596	101,602	102,365	103,161	....
40 Real estate	9,621	10,476	11,060	11,213	11,269	11,537	11,540	11,562	11,538	11,583	11,693	....
41 Policy loans	24,467	25,834	27,556	28,024	28,246	28,431	28,649	28,843	29,067	29,290	29,521	....
42 Other assets	16,971	18,502	21,051	20,837	20,922	21,165	21,749	21,855	21,734	22,022	22,431	....
	Credit unions											
43 **Total assets/liabilities and capital**	**38,037**	**45,225**	**54,084**	**56,703**	**56,827**	**58,018**	**59,381**	**59,152**	**60,141**	**61,277**	**60,909**	**61,465**
44 Federal	20,209	24,396	29,574	31,274	31,255	31,925	32,793	32,679	33,315	34,058	33,718	34,093
45 State	17,828	20,829	24,510	25,429	25,572	26,093	26,588	26,473	26,826	27,219	27,191	27,372
46 *Loans outstanding*	*28,169*	*34,384*	*42,055*	*43,379*	*44,133*	*45,506*	*47,118*	*47,620*	*49,103*	*50,121*	*50,549*	*51,264*
47 Federal	14,869	18,311	22,717	23,555	23,919	24,732	25,762	25,970	26,840	27,510	27,697	28,176
48 State	13,300	16,073	19,338	19,824	20,214	20,774	21,356	21,650	22,263	22,611	22,852	23,088
49 *Savings*	*33,013*	*39,173*	*46,832*	*49,706*	*49,931*	*50,789*	*52,076*	*51,551*	*51,772*	*52,867*	*52,468*	*52,600*
50 Federal (shares)	17,530	21,130	25,849	27,514	27,592	28,128	28,903	28,627	28,779	29,429	29,086	29,163
51 State (shares and deposits)	15,483	18,043	20,983	22,192	22,339	22,661	23,173	22,924	22,993	23,438	23,382	23,437

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

Type of account or operation	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year					
				1977		1978	1978		
				H1	H2	H1	Sept.	Oct.	Nov.
U.S. Budget									
1 Receipts[1]	81,772	357,762	401,997	190,278	175,820	210,650	42,591	28,745	33,227
2 Outlays[1]	94,742	402,803	450,758	200,350	216,781	222,518	38,935	42,691	39,134
3 *Surplus, or deficit* (−)	*−12,970*	*−45,041*	*−48,761*	*−10,072*	*−40,961*	*−11,870*	*3,655*	*−13,946*	*−5,907*
4 Trust funds	−1,952	7,833	12,693	7,332	4,293	4,334	5,922	1,626	1,293
5 Federal funds [2]	−11,018	−52,874	−61,454	−17,405	−45,254	−16,204	−2,267	−15,572	−7,200
Off-budget entities surplus, or deficit (−)									
6 Federal Financing Bank outlays	−2,575	−8,415	−10,660	−2,075	−6,663	−5,105	−753	−975	−296
7 Other[3]	793	−269	354	−2,086	428	−790	−29	171	1,700
U.S. Budget plus off-budget, including Federal Financing Bank									
8 *Surplus, or deficit* (−)	*−14,752*	*−53,725*	*−59,067*	*−14,233*	*−47,196*	*−17,765*	*−2,873*	*−14,750*	*−4,503*
Financed by:									
9 Borrowing from the public	18,027	53,516	59,106	16,480	40,284	23,374	2,821	6,484	5,236
10 Cash and monetary assets (decrease, or increase (−))	−2,899	−2,238	−3,023	−4,666	4,317	−5,098	−9,731	7,082	3,485
11 Other [4]	−373	2,440	2,984	2,420	2,597	−511	9,783	1,184	−4,218
MEMO ITEMS:									
12 **Treasury operating balance (level, end of period)**	**17,418**	**19,104**	**22,444**	**16,255**	**12,274**	**17,526**	**22,444**	**15,545**	**16,291**
13 Federal Reserve Banks	13,299	15,740	16,647	15,183	7,114	11,614	16,647	15,467	4,196
14 Tax and loan accounts	4,119	3,364	5,797	1,072	5,160	5,912	5,797	78	12,095

1 Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2 Half years calculated as a residual of total surplus/deficit and trust fund surplus/deficit.

3 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 1977.

4 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.

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

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

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

3 Excludes figures for loans in process, which are shown as a liability.

4 Includes securities of foreign governments and international organizations and nonguaranteed issues of U.S. Government agencies.

5 Excludes checking, club, and school accounts.

6 Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Association of the State of New York.

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

8 Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

9 Data reflect benchmark revisions back to 1977.

10 Data for June, July, and August 1978 have been revised.

11 Data for 1977 and the first 6 months of 1978 have been revised by the American Council of Life Insurance.

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 American Council of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

Credit unions: Estimates by the National Credit Union Administration for a group of Federal and State-chartered credit unions that account for about 30 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	Transition quarter (July–Sept. 1976)	Fiscal year 1977	Fiscal year 1978	Calendar year					
				1977		1978	1978		
				H1	H2	H1	Sept.	Oct.	Nov.
				Receipts					
1 **All sources**[1]	**81,772**	**357,762**	**401,997**	**190,278**	**175,820**	**210,650**	**42,591**	**28,745**	**33,227**
2 *Individual income taxes, net*	*38,800*	*157,626*	*180,988*	*78,816*	*82,911*	*90,336*	*20,883*	*15,922*	*16,609*
3 Withheld	32,949	144,820	165,215	73,303	75,480	82,784	14,843	15,032	16,268
4 Presidential Election Campaign Fund	1	37	39	37	1	36	....	....	....
5 Nonwithheld	6,809	42,062	47,804	32,959	9,397	37,584	6,354	1,104	533
6 Refunds[1]	958	29,293	32,070	27,482	1,967	30,068	314	214	192
7 *Corporation income taxes:*									
8 Gross receipts	9,808	60,057	65,380	37,133	25,121	38,496	10,153	2,436	1,541
9 Refunds	1,348	5,164	5,428	2,324	2,819	2,782	400	752	493
10 *Social insurance taxes and contributions, net*	*25,760*	*108,683*	*123,410*	*58,099*	*52,347*	*66,191*	*8,515*	*7,805*	*11,923*
11 Payroll employment taxes and contributions [2]	21,534	88,196	99,626	45,242	44,384	51,668	7,485	6,595	9,762
12 Self-employment taxes and contributions [3]	269	4,014	4,267	3,687	316	3,892	369	....	....
13 Unemployment insurance	2,698	11,312	13,850	6,575	4,936	7,800	162	722	1,662
14 Other net receipts [4]	1,259	5,162	5,668	2,595	2,711	2,831	499	488	499
15 Excise taxes	4,473	17,548	18,376	8,432	9,284	8,835	1,637	1,635	1,712
16 Customs deposits	1,212	5,150	6,573	2,519	2,848	3,320	610	621	646
17 Estate and gift taxes	1,455	7,327	5,285	4,332	2,837	2,587	445	477	460
18 Miscellaneous receipts [5]	1,612	6,536	7,413	3,269	3,292	3,667	747	602	829
				Outlays[8]					
19 **All types**[1]	**94,742**	**402,803**	**450,758**	**200,350**	**216,781**	**222,518**	**38,935**	**42,691**	**39,134**
20 National defense	22,307	97,501	105,192	48,721	50,873	52,979	9,006	9,197	9,239
21 International affairs	2,180	4,831	6,083	2,522	2,896	2,904	387	324	−47
22 General science, space, and technology	1,161	4,677	4,721	2,108	2,318	2,395	403	367	412
23 Energy	794	4,172	6,045	....	....	2,487	933	821	792
24 Natural resources and environment	2,532	10,000	11,022	....	....	4,959	1,391	878	889
25 Agriculture	584	5,526	7,618	2,628	5,477	2,353	283	949	1,372
26 Commerce and housing credit	1,391	−31	3,340	....	....	−946	467	2,124	41
27 Transportation	3,306	14,636	15,461	....	....	7,723	1,572	1,695	1,414
28 Community and regional development	1,340	6,283	11,255	3,149	4,924	5,928	1,439	929	910
29 Education, training, employment, and social services	5,162	20,985	25,889	9,775	10,800	12,792	2,263	2,144	2,244
30 Health	8,720	38,785	44,529	18,654	19,422	21,391	3,595	4,037	3,957
31 Income security[1]	32,795	137,905	145,640	70,785	71,081	75,201	12,756	11,815	12,358
32 Veterans benefits and services	3,962	18,038	18,987	9,382	9,864	9,603	1,442	1,647	1,667
33 Administration of justice	859	3,600	3,786	1,783	1,723	1,946	324	328	392
34 General government	878	3,357	3,544	1,587	1,749	1,803	335	785	196
35 General-purpose fiscal assistance	2,092	9,499	9,377	4,333	4,926	4,665	127	2,019	160
36 Interest [6]	7,246	38,092	44,040	18,927	19,962	22,280	3,306	3,030	3,850
37 Undistributed offsetting receipts [6,7]	−2,567	−15,053	−15,772	−6,803	−8,506	−7,945	−1,089	−397	−713

1 Effective June 1978, earned income credit payments in excess of an individual's tax liability, formerly treated as income tax refunds, are classified as outlays retroactive to January 1976.

2 Old-age, disability and hospital insurance, and Railroad Retirement accounts.

3 Old-age, disability, and hospital insurance.

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

5 Deposits of earnings by Federal Reserve Banks and other miscellaneous receipts.

6 Effective September 1976, "Interest" and "Undistributed Offsetting Receipts" reflect the accounting conversion for the interest on special issues for U.S. Government accounts from an accrual basis to a cash basis.

7 Consists of interest received by trust funds, rents and royalties on the Outer Continental Shelf, and U.S. Government contributions for employee retirement.

8 For some types of outlays the categories are new or represent regroupings; data for these categories are from the *Budget of the United States Government, Fiscal Year 1979*; data are not available for half years or for months prior to February 1978.

Two categories have been renamed: "Law enforcement and justice" has become "Administration of justice" and "Revenue sharing and general purpose fiscal assistance" has become "General purpose fiscal assistance."

In addition, for some categories the table includes revisions in figures published earlier.

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

Item	1976			1977			1978		
	June 30	Sept. 30	Dec. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 20	Sept. 30
1 **Federal debt outstanding**	**631.9**	[2] **646.4**	**665.5**	**685.2**	**709.1**	**729.2**	**747.8**	**758.8**	**780.4**
2 *Public debt securities*	*620.4*	*634.7*	*653.5*	*674.4*	*698.8*	*718.9*	*738.0*	*749.0*	*771.5*
3 Held by public	470.8	488.6	506.4	523.2	543.4	564.1	585.2	587.9	603.6
4 Held by agencies	149.6	146.1	147.1	151.2	155.5	154.8	152.7	161.1	168.0
5 *Agency securities*	*11.5*	*11.6*	*12.0*	*10.8*	*10.3*	*10.2*	*9.9*	*9.8*	*8.9*
6 Held by public	9.5	[2] 9.7	10.0	9.0	8.5	8.4	8.1	8.0	7.4
7 Held by agencies	2.0	1.9	1.9	1.8	1.8	1.8	1.8	1.8	1.5
8 **Debt subject to statutory limit**	**621.6**	**635.8**	**654.7**	**675.6**	**700.0**	**720.1**	**739.1**	**750.2**	**772.7**
9 Public debt securities	619.8	634.1	652.9	673.8	698.2	718.3	737.3	748.4	770.9
10 Other debt[1]	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.8
11 MEMO: Statutory debt limit	636.0	636.0	682.0	700.0	700.0	752.0	752.0	752.0	798.0

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

2 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	1974	1975	1976	1977	1978				
					Aug.	Sept.	Oct.	Nov.	Dec.
1 **Total gross public debt**	**492.7**	**576.6**	**653.5**	**718.9**	**764.4**	**771.5**	**776.4**	**783.0**	**789.2**
By type:									
2 **Interest-bearing debt**	**491.6**	**575.7**	**652.5**	**715.2**	**763.4**	**767.0**	**775.5**	**782.0**	**782.4**
3 *Marketable*	*282.9*	*363.2*	*421.3*	*459.9*	*485.6*	*485.2*	*491.7*	*493.3*	*487.5*
4 Bills	119.7	157.5	164.0	161.1	160.6	160.9	161.2	161.5	161.7
5 Notes	129.8	167.1	216.7	251.8	268.5	267.9	272.6	271.7	265.8
6 Bonds	33.4	38.6	40.6	47.0	56.4	56.4	57.8	60.1	60.0
7 *Nonmarketable*[1]	*208.7*	*212.5*	*231.2*	*255.3*	*227.8*	*281.8*	*283.8*	*288.7*	*294.8*
8 Convertible bonds[2]	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
9 State and local government series	.6	1.2	4.5	13.9	24.2	24.2	24.1	24.1	24.3
10 Foreign issues[3]	22.8	21.6	22.3	22.2	22.2	21.7	24.0	26.6	28.0
11 Savings bonds and notes	63.8	67.9	72.3	77.0	79.9	80.2	80.5	80.7	80.9
12 Government account series[4]	119.1	119.4	129.7	139.8	149.0	153.3	152.7	154.8	157.5
13 Non-interest-bearing debt	1.1	1.0	1.1	3.7	1.0	4.6	.9	1.0	6.8
By holder:[5]									
14 U.S. Government agencies and trust funds	138.2	139.1	147.1	154.8	163.7	168.0	166.3	....	....
15 Federal Reserve Banks	80.5	89.8	97.0	102.5	111.7	114.8	115.3	....	....
16 **Private investors**	**271.0**	**349.4**	**409.5**	**461.3**	**489.0**	**488.3**	**494.7**	....	....
17 Commercial banks	55.6	85.1	103.8	101.4	95.8	95.3	94.3	....	....
18 Mutual savings banks	2.5	4.5	5.9	5.9	5.5	5.4	5.4	....	....
19 Insurance companies	6.2	9.5	12.7	15.1	15.1	15.1	15.3	....	....
20 Other corporations	11.0	20.2	27.7	22.7	22.4	21.5	21.0	....	....
21 State and local governments	29.2	34.2	41.6	55.2	69.2	67.8	67.1	....	....
Individuals:									
22 Savings bonds	63.4	67.3	72.0	76.7	79.7	79.8	80.2	....	....
23 Other securities	21.5	24.0	28.8	28.6	29.2	29.4	29.6	....	....
24 Foreign and international[6]	58.8	66.5	78.1	109.6	121.2	121.0	122.5	....	....
25 Other miscellaneous investors[7]	22.8	38.0	38.9	46.1	50.9	52.9	54.3	....	....

1 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.

2 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.

3 Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

4 Held almost entirely by U.S. Govt. agencies and trust funds.

5 Data for F.R. Banks and U.S. Govt. agencies and trust funds are actual holdings; data for other groups are Treasury estimates.

6 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.

7 Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain Govt. deposit accounts, and Govt.-sponsored agencies.

NOTE.—Gross public debt excludes guaranteed agency securities and, beginning in July 1974, includes Federal Financing Bank security issues.
Data by type of security from *Monthly Statement of the Public Debt of the United States* (U.S. Treasury 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	1976	1977	1978 Sept.	1978 Oct.	1976	1977	1978 Sept.	1978 Oct.
	All maturities				1 to 5 years			
1 **All holders**	**421,276**	**459,927**	**485,155**	**491,651**	**141,132**	**151,264**	**168,474**	**171,802**
2 U.S. government agencies and trust funds	16,485	14,420	13,886	13,885	6,141	4,788	3,705	3,705
3 Federal Reserve Banks	96,971	101,191	114,769	115,322	31,249	27,012	31,775	32,033
4 *Private investors*	*307,820*	*344,315*	*356,501*	*362,443*	*103,742*	*119,464*	*132,993*	*136,064*
5 Commercial banks	78,262	75,363	70,706	69,906	40,005	38,691	40,733	40,841
6 Mutual savings banks	4,072	4,379	3,740	3,744	2,010	2,112	2,062	2,080
7 Insurance companies	10,284	12,378	11,805	11,994	3,885	4,729	4,991	4,981
8 Nonfinancial corporations	14,193	9,474	9,092	8,791	2,618	3,183	4,793	4,522
9 Savings and loan associations	4,576	4,817	4,369	4,312	2,360	2,368	2,441	2,546
10 State and local governments	12,252	15,495	18,075	17,594	2,543	3,875	4,494	4,316
11 All others	184,182	222,409	238,714	246,102	50,321	64,505	73,479	76,777
	Total, within 1 year				5 to 10 years			
12 **All holders**	**211,035**	**230,691**	**225,396**	**227,101**	**43,045**	**45,328**	**49,273**	**49,271**
13 U.S. government agencies and trust funds	2,012	1,906	2,281	2,281	2,879	2,129	1,987	1,987
14 Federal Reserve Banks	51,569	56,702	59,296	59,483	9,148	10,404	13,786	13,807
15 *Private investors*	*157,454*	*172,084*	*163,819*	*165,337*	*31,018*	*32,795*	*33,500*	*33,476*
16 Commercial banks	31,213	29,477	20,007	19,116	6,278	6,162	7,423	7,354
17 Mutual savings banks	1,214	1,400	880	845	567	584	539	543
18 Insurance companies	2,191	2,398	1,685	1,788	2,546	3,204	2,931	2,970
19 Nonfinancial corporations	11,009	5,770	3,655	3,725	370	307	311	361
20 Savings and loan associations	1,984	2,236	1,726	1,563	155	143	129	131
21 State and local governments	6,622	7,917	7,699	7,202	1,465	1,283	1,519	1,595
22 All others	103,220	122,885	128,167	131,097	19,637	21,112	20,648	20,521
	Bills, within 1 year				10 to 20 years			
23 **All holders**	**163,992**	**161,081**	**160,936**	**161,227**	**11,865**	**12,906**	**16,573**	**18,052**
24 U.S. government agencies and trust funds	449	32	1	2	3,102	3,102	3,273	3,273
25 Federal Reserve Banks	41,279	42,004	48,160	48,450	1,363	1,510	1,917	2,033
26 *Private investors*	*122,264*	*119,035*	*112,775*	*112,775*	*7,400*	*8,295*	*11,383*	*12,746*
27 Commercial banks	17,303	11,996	5,862	4,545	339	456	1,060	1,212
28 Mutual savings banks	454	484	199	195	139	137	132	151
29 Insurance companies	1,463	1,187	750	818	1,114	1,245	1,304	1,354
30 Nonfinancial corporations	9,939	4,329	1,657	1,358	142	133	162	132
31 Savings and loan associations	1,266	806	373	290	64	54	56	55
32 State and local governments	5,556	6,092	5,280	4,774	718	890	1,080	1,133
33 All others	86,282	94,152	98,654	100,796	4,884	5,380	7,590	8,702
	Other, within 1 year				Over 20 years			
34 **All holders**	**47,043**	**69,610**	**64,460**	**65,874**	**14,200**	**19,738**	**25,439**	**25,425**
35 U.S. government agencies and trust funds	1,563	1,874	2,280	2,279	2,350	2,495	2,640	2,639
36 Federal Reserve Banks	10,290	14,698	11,136	11,033	3,642	5,564	7,994	7,966
37 *Private investors*	*35,190*	*53,039*	*51,044*	*52,561*	*8,208*	*11,679*	*14,805*	*14,820*
38 Commercial banks	13,910	15,482	14,145	14,571	427	578	1,483	1,383
39 Mutual savings banks	760	916	681	650	143	146	128	118
40 Insurance companies	728	1,211	934	970	548	802	894	900
41 Nonfinancial corporations	1,070	1,441	1,998	2,368	55	81	171	51
42 Savings and loan associations	718	1,430	1,353	1,273	13	16	18	17
43 State and local governments	1,066	r1,825	2,419	2,428	904	1,530	3,282	3,347
44 All others	16,938	28,733	29,513	30,301	6,120	8,526	8,830	9,003

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 Oct. 31, 1978: (1) 5,465 commercial banks 464 mutual savings banks, and 728 insurance companies, each about 80 per cent; (2) 435 nonfinancial corporations and 485 savings and loan associations, each about 50 per cent; and (3) 493 State and local governments, 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	1975	1976	1977	1978			1978, week ending Wednesday—					
				Sept.	Oct.	Nov.	Oct. 11	Oct. 18	Oct. 25	Nov. 1	Nov. 8	Nov. 15
1 **U.S. government securities**	**6,027**	**10,449**	**10,838**	**9,526**	**r9,817**	**11,844**	**9,347**	**10,244**	**9,989**	**12,220**	**12,871**	**13,354**
By maturity:												
2 Bills	3,889	6,676	6,746	5,552	r6,289	6,573	6,271	7,182	6,540	6,149	6,075	7,661
3 Other within 1 year	223	210	237	315	420	449	336	292	372	661	333	577
4 1–5 years	1,414	2,317	r2,320	1,863	1,520	2,301	1,233	1,234	1,545	3,265	2,508	2,081
5 5–10 years	363	1,019	1,148	802	691	1,207	640	690	618	991	1,709	1,518
6 Over 10 years	138	229	388	994	897	1,314	866	846	914	1,153	2,246	1,517
By type of customer:												
7 U.S. government securities dealers	885	1,360	1,267	921	983	908	1,132	965	1,019	911	949	1,045
8 U.S. government securities brokers	1,750	3,407	3,709	3,868	4,052	5,321	3,513	4,523	3,921	5,663	5,927	5,754
9 Commercial banks	1,451	2,426	2,295	1,473	1,404	1,834	1,255	1,432	1,342	1,962	1,920	2,115
10 All others[1]	1,941	3,257	r3,568	3,263	r3,377	3,780	3,446	3,325	3,706	3,684	4,075	4,440
11 **Federal agency securities**	**1,043**	**1,548**	**r1,729**	**2,172**	**r2,029**	**2,208**	**1,715**	**2,532**	**1,663**	**2,777**	**2,123**	**2,514**

1 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	1975	1976	1977	1978			1978, week ending Wednesday—					
				Sept.	Oct.	Nov.	Sept. 20	Sept. 27	Oct. 4	Oct. 11	Oct. 18	Oct. 25
	Positions[2]											
1 **U.S. government securities**	**5,884**	**7,592**	**5,172**	**2,948**	**r1,424**	**2,417**	**3,906**	**1,490**	**1,920**	**1,282**	**1,232**	**1,217**
2 Bills	4,297	6,290	4,772	2,824	r1,739	1,958	3,853	1,789	1,939	1,652	1,759	1,507
3 Other within 1 year	265	188	99	405	462	60	430	445	493	425	518	540
4 1–5 years	886	515	60	−320	−593	−228	−456	−480	−643	−695	−888	−660
5 5–10 years	300	402	92	11	−207	413	22	−194	−126	−153	−195	−247
6 Over 10 years	136	198	149	28	23	213	58	−70	258	53	38	78
7 **Federal agency securities**	**r939**	**729**	**693**	**977**	**234**	**217**	**1,161**	**800**	**577**	**387**	**204**	**82**
	Sources of financing[3]											
8 **All sources**	**6,666**	**8,715**	**9,877**	**11,558**	**10,430**	**11,396**	**12,814**	**10,122**	**9,734**	**10,337**	**10,426**	**10,275**
Commercial banks:												
9 New York City	1,621	1,896	1,313	997	385	347	1,213	626	696	463	234	460
10 Outside New York City	1,466	1,660	1,987	2,344	2,105	2,032	2,904	2,069	1,816	2,164	2,278	1,811
11 Corporations[1]	842	1,479	r2,423	2,287	2,396	3,007	2,295	2,096	1,855	2,214	2,530	2,632
12 All others	2,738	3,681	r4,155	5,930	5,543	6,010	6,402	5,331	5,367	5,496	5,384	5,371

1 All business corporations except commercial banks and insurance companies.

2 New 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.

3 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	1975	1976	1977	1978					
				May	June	July	Aug.	Sept.	Oct.
1 **Federal and Federally sponsored agencies**	**97,680**	**103,325**	**110,409**	**119,728**	**121,239**	**123,497**	**124,478**	**126,579**	**128,655**
2 *Federal agencies*	*19,046*	*21,896*	*23,245*	*23,864*	*23,983*	*24,145*	*23,686*	*24,321*	*24,466*
3 Defense Department[1]	1,220	1,113	983	935	926	916	906	897	897
4 Export-Import Bank[2,3]	7,188	7,801	9,156	9,416	9,455	9,455	9,455	9,891	9,891
5 Federal Housing Administration[4]	564	575	581	608	606	603	603	601	598
6 Government National Mortgage Association participation certificates[5]	4,200	4,120	3,743	3,701	3,701	3,666	3,166	3,166	3,166
7 Postal Service[6]	1,750	2,998	2,431	2,364	2,364	2,364	2,364	2,364	2,364
8 Tennessee Valley Authority	3,915	5,185	6,015	6,485	6,575	6,785	6,835	7,045	7,195
9 United States Railway Association[6]	209	104	336	355	356	356	357	357	355
10 *Federally sponsored agencies*	*78,634*	*81,429*	*87,164*	*95,864*	*97,256*	*99,352*	*100,792*	*102,258*	*104,189*
11 Federal home loan banks	18,900	16,811	18,345	22,217	22,306	23,430	24,360	25,025	25,395
12 Federal Home Loan Mortgage Corporation	1,550	1,690	1,686	1,637	1,937	1,937	1,937	2,063	2,063
13 Federal National Mortgage Association	29,963	30,565	31,890	35,297	36,404	36,900	37,518	38,353	39,776
14 Federal land banks	15,000	17,127	19,118	19,686	19,686	20,198	20,198	20,198	20,360
15 Federal intermediate credit banks	9,254	10,494	11,174	11,081	11,257	11,392	11,482	11,555	11,554
16 Banks for cooperatives	3,655	4,330	4,434	5,264	4,974	4,788	4,570	4,317	4,264
17 Student Loan Marketing Association[7]	310	410	515	680	690	705	725	745	775
18 Other	2	2	2	2	2	2	2	2	2
MEMO ITEMS:									
19 **Federal Financing Bank debt**[6,8]	**17,154**	**28,711**	**38,580**	**43,871**	**44,504**	**45,550**	**46,668**	**48,078**	**49,212**
Lending to Federal and Federally sponsored agencies:									
20 Export-Import Bank[3]	4,595	5,208	5,834	6,094	6,132	6,132	6,132	6,568	6,568
21 Postal Service[6]	1,500	2,748	2,181	2,114	2,114	2,114	2,114	2,114	2,114
22 Student Loan Marketing Association[7]	310	410	515	680	690	705	725	745	775
23 Tennessee Valley Authority	1,840	3,110	4,190	4,660	4,750	4,960	5,010	5,220	5,370
24 United States Railway Association[6]	209	104	336	355	356	356	357	357	355
Other lending:[9]									
25 Farmers Home Administration	7,000	10,750	16,095	20,090	20,910	21,580	22,275	22,275	23,050
26 Rural Electrification Administration	566	1,415	2,647	3,498	3,602	3,684	3,919	4,192	4,407
27 Other	1,134	4,966	6,782	6,380	5,950	6,019	6,136	6,607	6,573

1 Consists of mortgages assumed by the Defense Department between 1957 and 1963 under family housing and homeowners assistance programs.
2 Includes participation certificates reclassified as debt beginning Oct. 1, 1976.
3 Off-budget Aug. 17, 1974, through Sept. 30, 1976; on-budget thereafter.
4 Consists of debentures issued in payment of Federal Housing Administration insurance claims. Once issued, these securities may be sold privately on the securities market.
5 Certificates of participation issued prior to fiscal 1969 by the Government National Mortgage Association acting as trustee for the Farmers Home Administration; Department of Health, Education, and Welfare; Department of Housing and Urban Development; Small Business Administration; and the Veterans Administration.
6 Off-budget.
7 Unlike other Federally sponsored agencies, the Student Loan Marketing Association may borrow from the Federal Financing Bank (FFB) since its obligations are guaranteed by the Department of Health, Education, and Welfare.
8 The FFB, which began operations in 1974, is authorized to purchase or sell obligations issued, sold, or guaranteed by other Federal agencies. Since FFB incurs debt solely for the purpose of lending to other agencies, its debt is not included in the main portion of the table in order to avoid double counting.
9 Includes FFB purchases of agency assets and guaranteed loans; the latter contain loans guaranteed by numerous agencies with the guarantees of any particular agency being generally small. 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 of State and Local Governments

Millions of dollars

Type of issue or issuer, or use	1975	1976	1977	1978 June	July	Aug.	Sept.[r]	Oct.[r]	Nov.
1 **All issues, new and refunding** [1]	**30,607**	**35,313**	**46,769**	**4,363**	**[r]3,912**	**[r]6,397**	**2,296**	**3,138**	**4,083**
By type of issue:									
2 General obligation	16,020	18,040	18,042	1,986	[r]1,065	[r]2,158	702	1,146	1,156
3 Revenue	14,511	17,140	28,655	2,369	[r]2,844	[r]4,230	1,587	1,979	2,919
4 Housing Assistance Administration [2]	......	......	......	......	......	......	......	......	......
5 U.S. Government loans	76	133	72	8	3	9	7	13	8
By type of issuer:									
6 State	7,438	7,054	6,354	912	650	919	85	551	341
7 Special district and statutory authority	12,441	15,304	21,717	1,461	2,168	3,106	1,566	1,577	2,702
8 Municipalities, counties, townships, school districts	10,660	12,845	18,623	1,981	[r]1,090	[r]2,363	636	996	1,031
9 **Issues for new capital, total**	**29,495**	**32,108**	**36,189**	**[r]3,868**	**[r]3,487**	**[r]3,349**	**2,231**	**3,051**	**3,973**
By use of proceeds:									
10 Education	4,689	4,900	5,076	406	499	277	397	313	448
11 Transportation	2,208	2,586	2,951	[r]360	[r]292	632	302	422	258
12 Utilities and conservation	7,209	9,594	8,119	819	942	686	693	827	1,218
13 Social welfare	4,392	6,566	8,274	698	[r]1,237	[r]959	501	1,151	725
14 Industrial aid	445	483	4,676	421	238	338	97	165	197
15 Other purposes	10,552	7,979	7,093	[r]1,164	279	457	241	173	1,127

1 Par amounts of long-term issues based on date of sale.
2 Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.

SOURCE.—Public Securities Association.

1.48 NEW SECURITY ISSUES of Corporations

Millions of dollars

Type of issue or issuer, or use	1975	1976	1977	1978 Mar.	April	May	June	July	Aug.
1 **All issues** [1]	**53,619**	**53,488**	**54,205**	**4,442**	**3,285**	**4,035**	**5,215**	**4,226**	**3,311**
2 **Bonds**	**42,756**	**42,380**	**42,193**	**3,620**	**2,811**	**2,996**	**3,810**	**3,718**	**2,529**
By type of offering:									
3 Public	32,583	26,453	24,186	1,902	1,958	1,719	1,744	2,177	1,497
4 Private placement	10,172	15,927	18,007	1,718	853	1,277	2,066	1,541	1,032
By industry group:									
5 Manufacturing	16,980	13,264	12,510	1,155	534	837	1,105	675	485
6 Commercial and miscellaneous	2,750	4,372	5,887	428	421	314	562	417	414
7 Transportation	3,439	4,387	2,033	217	291	244	225	235	115
8 Public utility	9,658	8,297	8,261	631	505	885	815	768	521
9 Communication	3,464	2,787	3,059	291	35	......	344	326	546
10 Real estate and financial	6,469	9,274	10,438	898	1,027	714	761	1,296	448
11 **Stocks**	**10,863**	**11,108**	**12,013**	**822**	**474**	**1,039**	**1,405**	**508**	**782**
By type:									
12 Preferred	3,458	2,803	3,878	148	235	390	586	57	157
13 Common	7,405	8,305	8,135	674	239	649	819	451	625
By industry group:									
14 Manufacturing	1,670	2,237	1,265	74	15	41	366	167	236
15 Commercial and miscellaneous	1,470	1,183	1,838	94	183	90	245	167	110
16 Transportation	1	24	418	......	28	20	38	40	......
17 Public utility	6,235	6,121	6,058	627	238	800	429	31	354
18 Communication	1,002	776	1,379	......	......	......	5	27	6
19 Real estate and financial	488	771	1,054	28	10	88	320	76	75

1 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.

SOURCE.—Securities and Exchange Commission.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position

Millions of dollars

Item	1976	1977	1978 May	June	July	Aug.	Sept.	Oct.	Nov.
INVESTMENT COMPANIES excluding money market funds									
1 Sales of own shares[1]	4,226	6,401	558	487	474	638	519	463	478
2 Redemptions of own shares[2]	6,802	6,027	831	757	645	882	673	607	439
3 Net sales	−2,496	357	−273	−270	−181	−244	−154	−144	39
4 Assets[3]	47,537	45,049	46,969	46,106	47,975	49,299	48,151	43,462	44,134
5 Cash position[4]	2,747	3,274	4,642	4,493	4,285	3,948	3,703	r3,793	4,327
6 Other	44,790	41,775	42,327	41,613	43,690	45,351	44,448	r39,669	39,807

1 Includes reinvestment of investment income dividends. Excludes reinvestment of capital gains distributions and share issue of conversions from one fund to another in the same group.
2 Excludes share redemption resulting from conversions from one fund to another in the same group.
3 Market value at end of period, less current liabilities.
4 Also includes all U.S. Government securities and other short-term debt securities.

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

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

Account	1975	1976	1977	1977 Q1	Q2	Q3	Q4	1978 Q1	Q2	Q3
1 Profits before tax	**120.4**	**155.9**	**173.9**	**164.8**	**175.1**	**177.5**	**178.3**	**172.1**	**205.5**	**205.4**
2 Profits tax liability	49.8	64.3	71.8	68.3	72.3	72.8	73.9	70.0	85.0	86.2
3 Profits after tax	70.6	91.6	102.1	96.5	102.8	104.7	104.4	102.1	120.5	119.2
4 Dividends	31.9	37.9	43.7	41.5	42.7	44.1	46.3	47.0	48.1	50.1
5 Undistributed profits	38.7	53.7	58.4	55.0	60.1	60.6	58.1	55.1	72.4	69.1
6 Capital consumption allowances	89.2	97.1	106.0	102.0	105.0	107.6	109.3	111.3	113.3	115.4
7 Net cash flow	127.9	150.8	164.4	157.0	165.1	168.2	167.4	166.4	185.7	184.5

SOURCE.—*Survey of Current Business* (U.S. Dept. of Commerce).

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, except for ratio

Account	1974	1975	1976		1977				1978	
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2r
1 **Current assets**	**734.6**	**756.3**	**817.4**	**823.1**	**842.0**	**856.4**	**880.3**	**900.1**	**924.2**	**953.5**
2 Cash	73.0	80.0	79.5	86.8	80.8	83.1	83.4	94.2	88.5	90.9
3 U.S. Government securities	11.3	19.6	24.1	26.0	26.8	22.1	21.5	20.9	20.9	19.7
4 Notes and accounts receivable	265.5	272.1	297.9	292.4	304.1	312.8	326.9	325.7	338.3	356.8
5 Inventories	318.9	314.7	342.2	341.4	352.1	358.8	367.5	375.0	389.7	399.1
6 Other	65.9	69.9	73.6	76.4	78.3	79.6	81.0	84.3	86.8	87.0
7 **Current liabilities**	**451.8**	**446.9**	**484.0**	**487.5**	**502.6**	**509.5**	**528.9**	**543.2**	**570.4**	**590.8**
8 Notes and accounts payable	272.3	261.2	271.2	273.2	280.2	286.8	297.8	306.8	317.2	331.3
9 Other	179.5	185.7	212.8	214.2	222.4	222.7	231.1	236.3	253.2	259.4
10 **Net working capital**	**282.8**	**309.5**	**333.4**	**335.6**	**339.5**	**346.9**	**351.4**	**357.0**	**353.8**	**362.7**
11 MEMO: Current ratio[1]	1.626	1.693	1.689	1.688	1.675	1.681	1.664	1.657	1.620	1.614

1 (Total current assets)/(Total current liabilities).

NOTE.—For a description of this series see "Working Capital of Nonfinancial Corporations" in the July 1978 BULLETIN, pp. 533–37.

SOURCE.—Federal Trade Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

Industry	1977	1978[2]	1977				1978			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 **All industries**	**135.72**	**152.28**	**130.16**	**134.24**	**140.38**	**138.11**	**144.25**	**150.76**	**155.13**	**158.98**
Manufacturing										
2 Durable goods industries	27.75	31.53	26.30	27.26	29.23	28.19	28.72	31.40	32.11	33.89
3 Nondurable goods industries	32.33	36.23	30.13	32.19	33.79	33.22	32.86	35.80	36.54	39.72
Nonmanufacturing										
4 Mining	4.49	4.78	4.24	4.49	4.74	4.50	4.45	4.81	4.80	5.07
Transportation:										
5 Railroad	2.82	3.28	2.71	2.57	3.20	2.80	3.35	3.09	3.64	3.05
6 Air	1.63	2.45	1.62	1.43	1.69	1.76	2.67	2.08	2.97	2.08
7 Other	2.55	2.27	2.96	2.96	1.96	2.32	2.44	2.23	2.37	2.05
Public utilities:										
8 Electric	21.57	24.49	21.19	21.14	21.90	22.05	23.15	23.83	25.04	25.94
9 Gas and other	4.21	4.48	4.16	4.16	4.32	4.18	4.78	4.62	4.22	4.28
10 Communication	15.43	....	14.19	15.32	16.40	15.82	17.07	18.18	43.44	42.90
11 Commercial and other[1]	22.95	....	22.67	22.73	23.14	23.27	24.76	24.71		

1 Includes trade, service, construction, finance, and insurance.
2 Anticipated by business.

NOTE.—Estimates for corporate and noncorporate business, excluding agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

SOURCE.—*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 Q3	1977 Q4	1978 Q1	1978 Q2	1978 Q3
ASSETS										
Accounts receivable, gross										
1 Consumer	31.9	35.4	36.1	36.0	38.6	42.3	44.0	44.5	47.1	49.7
2 Business	27.4	32.3	37.2	39.3	44.7	50.6	55.2	57.6	59.5	58.3
3 *Total*	*59.3*	*67.7*	*73.3*	*75.3*	*83.4*	*92.9*	*99.2*	*102.1*	*106.6*	*108.0*
4 LESS: Reserves for unearned income and losses	7.4	8.4	9.0	9.4	10.5	11.7	12.7	12.8	14.1	14.3
5 Accounts receivable, net	51.9	59.3	64.2	65.9	72.9	81.2	86.5	89.3	92.6	93.7
6 Cash and bank deposits	2.8	2.6	3.0	2.9	2.6	2.5	2.6	2.2	2.9	2.7
7 Securities	.9	.8	.4	1.0	1.1	1.8	.9	1.2	1.3	1.8
8 All other	10.0	10.6	12.0	11.8	12.6	14.2	14.3	15.0	16.2	17.1
9 **Total assets**	**65.6**	**73.2**	**79.6**	**81.6**	**89.2**	**99.6**	**104.3**	**107.7**	**112.9**	**115.3**
LIABILITIES										
10 Bank loans	5.6	7.2	9.7	8.0	6.3	5.4	5.9	5.8	5.4	5.4
11 Commercial paper	17.3	19.7	20.7	22.2	23.7	25.7	29.6	29.9	31.3	29.3
Debt:										
12 Short-term, n.e.c.	4.3	4.6	4.9	4.5	5.4	5.4	6.2	5.3	6.6	6.8
13 Long-term, n.e.c.	22.7	24.6	26.5	27.6	32.3	34.8	36.0	38.0	40.1	41.3
14 Other	4.8	5.6	5.5	6.8	8.1	13.7	11.5	12.9	13.6	15.2
15 Capital, surplus, and undivided profits	10.9	11.5	12.4	12.5	13.4	14.6	15.1	15.7	16.0	17.3
16 **Total liabilities and capital**	**65.6**	**73.2**	**79.6**	**81.6**	**89.2**	**99.6**	**104.3**	**107.7**	**112.9**	**115.3**

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 Oct. 31, 1978[1]	Changes in accounts receivable during— 1978 Aug.	Sept.	Oct.	Extensions 1978 Aug.	Sept.	Oct.	Repayments 1978 Aug.	Sept.	Oct.
1 **Total**	**60,060**	**716**	**−234**	**704**	**15,417**	**15,530**	**15,078**	**14,701**	**15,764**	**14,374**
2 Retail automotive (commercial vehicles)	14,067	247	209	214	1,222	1,202	1,237	975	993	1,023
3 Wholesale automotive	11,099	−77	−506	103	6,314	6,119	6,171	6,391	6,625	6,068
4 Retail paper on business, industrial, and farm equipment	16,246	295	−154	160	1,225	1,198	1,041	930	1,352	881
5 Loans on commercial accounts receivable	4,080	−19	150	−202	3,269	3,454	3,233	3,288	3,304	3,435
6 Factored commercial accounts receivable	2,493	55	83	291	1,481	1,584	1,543	1,426	1,501	1,252
7 All other business credit	12,075	215	−16	138	1,906	1,973	1,853	1,691	1,989	1,715

[1] Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

	Item	1975	1976	1977	1978 June	July	Aug.	Sept.	Oct.	Nov.
		Terms and yields in primary and secondary markets								
	PRIMARY MARKETS									
	Conventional mortgages on new homes									
	Terms:[1]									
1	Purchase price (thous. dollars)	44.6	48.4	54.3	62.6	61.9	63.6	64.6	66.8	65.1
2	Amount of loan (thous. dollars)	33.3	35.9	40.5	45.9	45.3	46.4	46.7	48.6	47.5
3	Loan/price ratio (per cent)	74.7	74.2	76.3	75.6	75.3	75.3	74.1	74.4	74.4
4	Maturity (years)	26.8	27.2	27.9	28.3	28.2	28.0	27.8	28.0	27.9
5	Fees and charges (per cent of loan amount)[2]	1.54	1.44	1.33	1.40	1.40	1.43	1.36	1.37	1.40
6	Contract rate (per cent per annum)	8.75	8.76	8.80	9.23	9.34	9.45	9.50	r9.60	9.63
	Yield (per cent per annum):									
7	FHLBB series[3]	9.01	8.99	9.01	9.46	9.57	9.70	9.73	9.83	9.87
8	HUD series[4]	9.10	8.99	8.95	9.75	9.80	9.80	9.80	r9.95	10.10
	SECONDARY MARKETS									
	Yields (per cent per annum):									
9	FHA mortgages (HUD series)[5]	9.19	8.82	7.96	....	9.92	9.78	9.78	9.93	9.99
10	GNMA securities[6]	8.52	8.17	8.04	9.05	9.16	8.96	8.95	9.16	9.13
	FNMA auctions:[7]									
11	Government-underwritten loans	9.26	8.99	8.73	9.91	10.01	9.81	9.78	10.03	10.30
12	Conventional loans	9.37	9.11	8.98	10.10	10.19	10.11	10.02	10.19	10.56
		Activity in secondary markets								
	FEDERAL NATIONAL MORTGAGE ASSOCIATION									
	Mortgage holdings (end of period)									
13	**Total**	**31,824**	**32,904**	**34,370**	**38,753**	**39,409**	**40,325**	**41,189**	**41,957**	**42,590**
14	FHA-insured	19,732	18,916	18,457	19,608	19,763	20,034	20,325	20,625	20,929
15	VA-guaranteed	9,573	9,212	9,315	10,398	10,457	10,535	10,575	10,565	10,535
16	Conventional	2,519	4,776	6,597	8,747	9,189	9,752	10,289	10,767	11,126
	Mortgage transactions (during period)									
17	Purchases	4,263	3,606	497	1,148	945	1,230	1,132	1,053	920
18	Sales	2	86	....	....	....	....	....	....	....
	Mortgage commitments:[8]									
19	Contracted (during period)	6,106	6,247	1,333	1,517	927	527	882	1,900	1,275
20	Outstanding (end of period)	4,126	3,398	4,698	10,395	10,171	9,419	9,068	9,547	9,525
	Auction of 4-month commitments to buy—									
	Government-underwritten loans:									
21	Offered[9]	7,042.6	4,929.8	1,184.5	1,095.0	756.7	499.1	717.9	1,964.8	788.0
22	Accepted	3,848.3	2,787.2	794.0	636.6	471.5	277.2	335.9	832.4	321.8
	Conventional loans:									
23	Offered[9]	1,401.3	2,595.7	591.6	574.5	316.0	224.7	484.7	1,156.8	861.4
24	Accepted	765.0	1,879.2	359.4	342.0	178.9	128.5	283.7	495.6	386.8
	FEDERAL HOME LOAN MORTGAGE CORPORATION									
	Mortgage holdings (end of period)[10]									
25	**Total**	**4,987**	**4,269**	**3,276**	**2,255**	**2,024**	**2,448**	**2,486**	**2,867**	**3,022**
26	FHA/VA	1,824	1,618	1,395	1,338	1,321	1,304	1,287	1,594	1,257
27	Conventional	3,163	2,651	1,881	917	702	1,144	1,199	1,273	1,766
	Mortgage transactions (during period)									
28	Purchases	1,716	1,175	489	500	520	742	670	791	763
29	Sales	1,020	1,396	477	1,093	725	299	594	369	581
	Mortgage commitments:[11]									
30	Contracted (during period)	982	1,477	361	762	737	838	760	547	706
31	Outstanding (end of period)	111	333	1,063	1,870	2,055	2,142	2,130	1,716	1,617

1 Weighted averages based on sample surveys of mortgages originated by major institutional lender groups. Compiled by the Federal Home Loan Bank Board in cooperation with the Federal Deposit Insurance Corporation.

2 Includes all fees, commissions, discounts, and "points" paid (by the borrower or the seller) in order to obtain a loan.

3 Average effective interest rates on loans closed, assuming prepayment at the end of 10 years.

4 Average contract rates on new commitments for conventional first mortgages, rounded to the nearest 5 basis points; from Dept. of Housing and Urban Development.

5 Average gross yields on 30-year, minimum-downpayment, Federal Housing Administration-insured first mortgages for immediate delivery in the private secondary market. Any gaps in data are due to periods of adjustment to changes in maximum permissible contract rates.

6 Average net yields to investors on Government National Mortgage Association-guaranteed, mortgage-backed, fully-modified pass-through securities, assuming prepayment in 12 years on pools of 30-year FHA/VA mortgages carrying the prevailing ceiling rate. Monthly figures are unweighted averages of Monday quotations for the month.

7 Average gross yields (before deduction of 38 basis points for mortgage servicing) on accepted bids in Federal National Mortgage Association's auctions of 4-month commitments to purchase home mortgages, assuming prepayment in 12 years for 30-year mortgages. No adjustments are made for FNMA commitment fees or stock related requirements. Monthly figures are unweighted averages for auctions conducted within the month.

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

9 Mortgage amounts offered by bidders are total bids received.

10 Includes participations as well as whole loans.

11 Includes conventional and Government-underwritten loans.

1.54 MORTGAGE DEBT OUTSTANDING

Millions of dollars, end of period

	Type of holder, and type of property	1973	1974	1975	1976	1977	1978		
						Q4	Q1	Q2	Q3[p]
1	**All holders**	**682,321**	**742,512**	**801,537**	**889,327**	**1,023,417**	**1,052,307**	**1,090,234**	**1,128,398**
2	1- to 4-family	416,211	449,371	490,761	556,557	656,116	675,514	701,392	727,096
3	Multifamily	93,132	99,976	100,601	104,516	111,804	114,202	116,793	119,422
4	Commercial	131,725	146,877	159,298	171,223	189,829	194,545	201,054	208,017
5	Farm	41,253	46,288	50,877	57,031	65,668	68,046	71,004	73,863
6	**Major financial institutions**	**505,400**	**542,560**	**581,193**	**647,650**	**745,011**	**764,614**	**792,762**	**819,264**
7	*Commercial banks*[1]	*119,068*	*132,105*	*136,186*	*151,326*	*178,979*	*184,423*	*193,223*	*202,423*
8	1- to 4-family	67,998	74,758	77,018	86,234	105,115	108,699	113,886	119,308
9	Multifamily	6,932	7,619	5,915	8,082	9,215	9,387	9,816	10,283
10	Commercial	38,696	43,679	46,882	50,289	56,898	58,407	61,194	64,107
11	Farm	5,442	6,049	6,371	6,721	7,751	7,930	8,327	8,725
12	*Mutual savings banks*	*73,230*	*74,920*	*77,249*	*81,639*	*88,104*	*89,800*	*91,535*	*93,511*
13	1- to 4-family	48,811	49,213	50,025	53,089	57,637	58,747	59,882	61,175
14	Multifamily	12,343	12,923	13,792	14,177	15,304	15,398	15,900	16,243
15	Commercial	12,012	12,722	13,373	14,313	15,110	15,401	15,698	16,037
16	Farm	64	62	59	60	53	54	55	56
17	*Savings and loan associations*	*231,733*	*249,301*	*278,590*	*323,130*	*381,163*	*392,479*	*407,964*	*420,947*
18	1- to 4-family	187,078	200,987	223,903	260,895	310,686	319,910	332,532	343,114
19	Multifamily	22,779	23,808	25,547	28,436	32,513	33,478	34,779	35,907
20	Commercial	21,876	24,506	29,140	33,799	37,964	39,091	40,633	41,926
21	*Life insurance companies*	*81,369*	*86,234*	*89,168*	*91,555*	*96,765*	*97,963*	*100,040*	*102,383*
22	1- to 4-family	20,426	19,026	17,590	16,088	14,727	14,476	14,129	13,929
23	Multifamily	18,451	19,625	19,629	19,178	18,807	18,851	18,745	18,945
24	Commercial	36,496	41,256	45,196	48,864	54,388	55,426	57,463	59,309
25	Farm	5,996	6,327	6,753	7,425	8,843	9,210	9,703	10,200
26	**Federal and related agencies**	**46,721**	**58,320**	**66,891**	**66,753**	**70,006**	**72,014**	**73,991**	**77,919**
27	*Government National Mortgage Assn.*	*4,029*	*4,846*	*7,438*	*4,241*	*3,660*	*3,291*	*3,283*	*3,523*
28	1- to 4-family	1,455	2,248	4,728	1,970	1,548	948	922	989
29	Multifamily	2,574	2,598	2,710	2,271	2,112	2,343	2,361	2,534
30	*Farmers Home Admin.*	*1,366*	*1,432*	*1,109*	*1,064*	*1,353*	*1,179*	*618*	*668*
31	1- to 4-family	743	759	208	454	626	202	124	135
32	Multifamily	29	167	215	218	275	408	102	110
33	Commercial	218	156	190	72	149	218	104	112
34	Farm	376	350	496	320	303	351	288	311
35	*Federal Housing and Veterans Admin.*	*3,476*	*4,015*	*4,970*	*5,150*	*5,212*	*5,219*	*5,225*	*5,295*
36	1- to 4-family	2,013	2,009	1,990	1,676	1,627	1,585	1,543	1,565
37	Multifamily	1,463	2,006	2,980	3,474	3,585	3,634	3,682	3,730
38	*Federal National Mortgage Assn.*	*24,175*	*29,578*	*31,824*	*32,904*	*34,369*	*36,029*	*38,753*	*41,189*
39	1- to 4-family	20,370	23,778	25,813	26,934	28,504	30,208	32,974	35,437
40	Multifamily	3,805	5,800	6,011	5,970	5,865	5,821	5,779	5,752
41	*Federal land banks*	*11,071*	*13,863*	*16,563*	*19,125*	*22,136*	*22,925*	*23,857*	*24,758*
42	1- to 4-family	123	406	549	601	670	691	727	819
43	Farm	10,948	13,457	16,014	18,524	21,466	22,234	23,130	23,939
44	*Federal Home Loan Mortgage Corp.*	*2,604*	*4,586*	*4,987*	*4,269*	*3,276*	*3,371*	*2,255*	*2,486*
45	1- to 4-family	2,446	4,217	4,588	3,889	2,738	2,785	1,856	1,994
46	Multifamily	158	369	399	380	538	586	399	492
47	**Mortgage pools or trusts**[2]	**18,040**	**23,799**	**34,138**	**49,801**	**70,289**	**74,080**	**78,602**	**82,325**
48	*Government National Mortgage Assn.*	*7,890*	*11,769*	*18,257*	*30,572*	*44,896*	*46,357*	*48,032*	*50,844*
49	1- to 4-family	7,561	11,249	17,538	29,583	43,555	44,906	46,515	49,276
50	Multifamily	329	520	719	989	1,341	1,451	1,517	1,568
51	*Federal Home Loan Mortgage Corp.*	*766*	*757*	*1,598*	*2,671*	*6,610*	*7,471*	*9,423*	*9,934*
52	1- to 4-family	617	608	1,349	2,282	5,621	6,286	7,797	8,358
53	Multifamily	149	149	249	389	989	1,185	1,626	1,576
54	*Farmers Home Admin.*	*9,384*	*11,273*	*14,283*	*16,558*	*18,783*	*20,252*	*21,147*	*21,547*
55	1- to 4-family	5,458	6,782	9,194	10,219	11,379	12,235	12,742	12,943
56	Multifamily	138	116	295	532	759	732	1,128	1,154
57	Commercial	1,124	1,473	1,948	2,440	2,945	3,528	3,301	3,380
58	Farm	2,664	2,902	2,846	3,367	3,682	3,757	3,976	4,070
59	**Individuals and others**[3]	**112,160**	**117,833**	**119,315**	**125,123**	**138,111**	**141,599**	**144,888**	**148,890**
60	1- to 4-family	51,112	53,331	56,268	62,643	71,665	73,878	75,763	78,054
61	Multifamily	23,982	24,276	22,140	20,420	20,501	20,732	20,939	21,128
62	Commercial	21,303	23,085	22,569	21,446	22,375	22,479	22,661	23,146
63	Farm	15,763	17,141	18,338	20,614	23,570	24,510	25,525	26,562

1 Includes loans held by nondeposit trust companies but not bank trust departments.

2 Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

3 Other holders include mortgage companies, real estate investment trusts, State and local credit agencies, State and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT[1] Total Outstanding, and Net Change▲

Millions of dollars

	Holder, and type of credit	1975	1976	1977	1978 May	June	July	Aug.	Sept.	Oct.	Nov.
		Amounts outstanding (end of period)									
1	**Total**	**172,353**	**193,977**	**230,829**	**243,371**	**249,865**	**253,897**	**259,614**	**263,387**	**r265,821**	**269,445**
	By major holder:										
2	Commercial banks	829,936	93,728	112,373	120,440	124,080	126,619	129,622	131,403	r132,702	133,908
3	Finance companies	35,995	38,919	44,868	47,580	48,637	49,502	50,558	51,280	51,984	53,099
4	Credit unions	25,666	31,169	37,605	40,481	41,936	42,355	43,499	44,325	44,635	45,305
5	Retailers[2]	18,201	19,260	23,490	21,744	21,813	21,828	22,093	22,302	22,464	23,006
6	Savings and loans	5,162	6,246	7,354	7,727	7,764	7,793	7,947	8,055	8,177	8,291
7	Gasoline companies	2,706	2,830	2,963	3,069	3,185	3,309	3,354	3,416	3,276	3,173
8	Mutual savings banks	1,687	1,825	2,176	2,330	2,450	2,491	2,541	2,606	2,583	2,663
	By major type of credit:										
9	*Automobile*	*57,242*	*67,707*	*82,911*	*90,359*	*93,261*	*95,289*	*97,687*	*99,062*	*100,159*	*101,565*
10	Commercial banks	33,287	39,621	49,577	54,078	55,754	57,071	58,453	59,085	59,778	60,347
11	Indirect paper	19,332	22,072	27,379	30,169	31,128	31,907	32,667	33,067	33,415	33,709
12	Direct loans	13,955	17,549	22,198	23,909	24,626	25,164	25,786	26,018	26,363	26,638
13	Credit unions	12,741	15,238	18,099	19,357	20,054	20,254	20,801	21,196	21,344	21,664
14	Finance companies	11,214	12,848	15,235	16,924	17,453	17,964	18,433	18,781	19,037	19,554
15	*Revolving*	*15,019*	*17,189*	*39,274*	*38,967*	*40,001*	*40,553*	*41,629*	*42,420*	*42,579*	*43,523*
16	Commercial banks	12,313	14,359	18,374	19,378	20,135	20,566	21,314	21,935	22,165	22,724
17	Retailers	....	....	17,937	16,520	16,681	16,678	16,961	17,069	17,138	17,626
18	Gasoline companies	2,706	2,830	2,963	3,069	3,185	3,309	3,354	3,416	3,276	3,173
19	*Mobile home*	*14,434*	*14,573*	*15,141*	*15,396*	*15,532*	*15,663*	*15,799*	*15,910*	*15,925*	*16,017*
20	Commercial banks	8,667	8,737	9,124	9,275	9,386	9,483	9,539	9,591	9,548	9,572
21	Finance companies	3,445	3,263	3,077	3,060	3,065	3,085	3,101	3,114	3,127	3,150
22	Savings and loans	2,050	2,241	2,538	2,629	2,634	2,644	2,696	2,733	2,775	2,813
23	Credit unions	272	332	402	432	447	451	463	472	475	482
24	*Other*	*85,658*	*94,508*	*93,503*	*98,649*	*101,071*	*102,392*	*104,499*	*105,995*	*r107,158*	*108,340*
25	Commercial banks	28,669	31,011	35,298	37,709	38,805	39,499	40,316	40,792	r41,211	41,265
26	Finance companies	21,336	22,808	26,556	27,596	28,119	28,453	29,024	29,385	29,820	30,395
27	Credit unions	12,653	15,599	19,104	20,692	21,435	21,650	22,235	22,657	r22,816	23,159
28	Retailers	18,201	19,260	5,553	5,224	5,132	5,150	5,132	5,233	5,326	5,380
29	Savings and loans	3,112	4,005	4,816	5,098	5,130	5,149	5,251	5,322	5,402	5,478
30	Mutual savings banks	1,687	1,825	2,176	2,330	2,450	2,491	2,541	2,606	2,583	2,663
		Net change (during period)[3]									
31	**Total**	**7,765**	**21,647**	**35,278**	**4,280**	**4,207**	**3,466**	**3,632**	**3,680**	**r3,374**	**4,099**
	By major holder:										
32	Commercial banks	2,881	10,792	18,645	2,260	2,387	2,100	1,785	1,714	r1,617	1,925
33	Finance companies	−82	2,946	5,948	861	624	671	736	847	863	1,018
34	Credit unions	3,766	5,503	6,436	849	797	513	613	639	644	779
35	Retailers[1]	87	1,059	2,654	135	234	144	342	328	115	186
36	Savings and loans	829	1,085	1,111	67	57	10	107	94	r127	88
37	Gasoline companies	104	124	132	22	20	−19	−1	9	16	−1
38	Mutual savings banks	180	138	352	86	88	47	50	49	−8	104
	By major type of credit:										
39	*Automobile*	*2,976*	*10,465*	*15,204*	*1,877*	*1,642*	*1,711*	*1,604*	*1,532*	*r1,375*	*1,755*
40	Commercial banks	513	6,334	9,956	1,036	1,029	1,041	957	848	r759	839
41	Indirect paper	−392	2,742	5,307	646	587	626	515	517	354	440
42	Direct loans	905	3,592	4,649	390	442	415	442	331	r405	399
43	Credit unions	1,872	2,497	2,861	377	349	275	287	313	301	364
44	Finance companies	591	1,634	2,387	464	264	395	360	371	315	552
45	*Revolving*	*1,340*	*2,170*	*6,248*	*644*	*955*	*600*	*737*	*622*	*346*	*665*
46	Commercial banks	1,236	2,046	4,015	489	601	498	358	380	337	556
47	Retailers	....	....	2,101	133	334	121	380	233	−7	110
48	Gasoline companies	104	124	132	22	20	−19	−1	9	16	−1
49	*Mobile home*	*−208*	*140*	*565*	*101*	*70*	*83*	*79*	*72*	*25*	*75*
50	Commercial banks	−330	70	387	77	50	65	20	31	−25	19
51	Finance companies	−76	−182	−189	2	1	11	7	6	−2	15
52	Savings and loans	161	192	297	14	12	2	46	27	46	34
53	Credit unions	37	60	70	8	7	5	6	8	6	7
54	*Other*	*3,657*	*8,872*	*13,261*	*1,658*	*1,540*	*1,072*	*1,212*	*1,454*	*r1,628*	*1,604*
55	Commercial banks	1,462	2,342	4,287	658	707	496	450	455	r546	511
56	Finance companies	−597	1,494	3,750	395	359	265	369	470	550	451
57	Credit unions	1,857	2,946	3,505	464	441	233	320	318	337	408
58	Retailers	87	1,059	553	2	−100	23	−38	95	122	76
59	Savings and loans	668	893	814	53	45	8	61	67	r81	54
60	Mutual savings banks	180	138	352	86	88	47	50	49	−8	104

1 The Board's series cover most short- and intermediate-term credit extended to individuals through regular business channels, usually to finance the purchase of consumer goods and services or to refinance debts incurred for such purposes, and scheduled to be repaid (or with the option of repaying in two or more instalments).

2 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.

3 Net change equals extensions minus liquidations (repayments, charge-offs, and other 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 $58.2 billion at the end of 1977, $55.0 billion at the end of 1976, $50.8 billion at the end of 1975, and $48.4 billion at the end of 1974. Comparable data for Dec. 31, 1978 will be published in the February 1979 BULLETIN.

▲ Consumer instalment credit series have been revised from 1943, effective Dec. 7, 1978. Information is available from Mortgage and Consumer Finance Section, Division of Research and Statistics.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations▲

Millions of dollars

	Holder, and type of credit	1975	1976	1977	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.	1978 Nov.
		Extensions[2]									
1	**Total**	**180,441**	**211,028**	**254,071**	**25,104**	**25,565**	**25,022**	**25,669**	**25,536**	**r25,785**	**26,214**
	By major holder:										
2	Commercial banks	80,797	97,397	117,896	12,067	12,382	12,187	12,255	12,123	r12,182	12,476
3	Finance companies	31,183	36,129	41,989	4,179	4,223	4,261	4,348	4,372	4,605	4,512
4	Credit unions	24,094	29,259	34,028	3,484	3,445	3,271	3,379	3,360	3,401	3,530
5	Retailers[1]	27,302	29,447	39,133	3,408	3,552	3,477	3,725	3,718	3,518	3,571
6	Savings and loans	3,116	3,898	4,485	383	379	327	435	403	r566	489
7	Gasoline companies	12,497	13,387	14,617	1,356	1,351	1,299	1,317	1,346	1,335	1,376
8	Mutual savings banks	1,452	1,511	1,923	227	233	200	210	215	151	260
	By major type of credit:										
9	*Automobile*	*52,420*	*63,743*	*75,641*	*7,592*	*7,595*	*7,652*	*7,744*	*7,542*	*r7,501*	*7,787*
10	Commercial banks	30,095	37,886	46,363	4,547	4,541	4,639	4,660	4,479	r4,345	4,503
11	Indirect paper	16,578	20,576	25,149	2,550	2,505	2,554	2,562	2,519	2,384	2,422
12	Direct loans	13,517	17,310	21,214	1,997	2,036	2,085	2,098	1,960	r1,961	2,081
13	Credit unions	12,683	14,688	16,616	1,680	1,667	1,629	1,632	1,641	1,643	1,718
14	Finance companies	9,642	11,169	12,662	1,365	1,387	1,384	1,452	1,422	1,513	1,566
15	*Revolving*	*36,956*	*43,934*	*86,756*	*8,563*	*9,062*	*8,700*	*9,028*	*9,006*	*8,846*	*9,176*
16	Commercial banks	24,459	30,547	38,256	4,191	4,451	4,320	4,346	4,457	4,475	4,702
17	Retailers	....	....	33,883	3,016	3,260	3,081	3,365	3,203	3,036	3,098
18	Gasoline companies	12,497	13,387	14,617	1,356	1,351	1,299	1,317	1,346	1,335	1,376
19	*Mobile home*	*4,328*	*4,859*	*5,425*	*527*	*510*	*509*	*531*	*494*	*604*	*486*
20	Commercial banks	2,625	3,064	3,466	346	327	335	310	297	352	280
21	Finance companies	767	702	643	69	73	78	75	77	73	77
22	Savings and loans	815	929	1,120	92	90	78	127	100	154	108
23	Credit unions	121	164	196	20	20	18	19	20	25	21
24	*Other*	*86,737*	*98,492*	*86,249*	*8,422*	*8,398*	*8,161*	*8,366*	*8,495*	*r8,807*	*8,765*
25	Commercial banks	23,618	25,900	29,811	2,983	3,063	2,893	2,939	2,890	r3,010	2,991
26	Finance companies	20,774	24,258	28,684	2,745	2,763	2,799	2,821	2,873	3,019	2,869
27	Credit unions	11,290	14,407	17,216	1,784	1,758	1,624	1,728	1,699	1,733	1,791
28	Retailers	27,302	29,447	5,250	392	292	396	360	515	482	473
29	Savings and loans	2,301	2,969	3,365	291	289	249	308	303	r412	381
30	Mutual savings banks	1,452	1,511	1,923	227	233	200	210	215	151	260
		Liquidations[2]									
31	**Total**	**172,676**	**189,381**	**218,793**	**20,824**	**21,358**	**21,556**	**22,037**	**21,857**	**r22,384**	**22,115**
	By major holder:										
32	Commercial banks	77,916	86,605	99,251	9,807	9,995	10,087	10,470	10,409	10,565	10,551
33	Finance companies	31,265	33,183	36,041	3,318	3,599	3,590	3,612	3,525	3,742	3,494
34	Credit unions	20,328	23,756	27,592	2,635	2,648	2,758	2,766	2,721	2,757	2,751
35	Retailers[1]	27,215	28,388	36,479	3,273	3,318	3,333	3,383	3,390	3,403	3,385
36	Savings and loans	2,287	2,813	3,374	316	322	317	328	309	439	401
37	Gasoline companies	12,393	13,263	14,485	1,334	1,331	1,318	1,318	1,337	r1,319	1,377
38	Mutual savings banks	1,272	1,373	1,571	141	145	153	160	166	159	156
	By major type of credit:										
39	*Automobile*	*49,444*	*53,278*	*60,437*	*5,715*	*5,953*	*5,941*	*6,140*	*6,010*	*6,126*	*6,032*
40	Commercial banks	29,582	31,552	36,407	3,511	3,512	3,598	3,703	3,631	3,586	3,664
41	Indirect paper	16,970	17,834	19,842	1,904	1,918	1,928	2,047	2,002	2,030	1,982
42	Direct loans	12,612	13,718	16,565	1,607	1,594	1,670	1,656	1,629	1,556	1,682
43	Credit unions	10,811	12,191	13,755	1,303	1,318	1,354	1,345	1,328	r1,342	1,354
44	Finance companies	9,051	9,535	10,275	901	1,123	989	1,092	1,051	1,198	1,014
45	*Revolving*	*35,616*	*41,764*	*80,508*	*7,919*	*8,107*	*8,100*	*8,291*	*8,384*	*8,500*	*8,511*
46	Commercial banks	23,223	28,501	34,241	3,702	3,850	3,822	3,988	4,077	4,138	4,146
47	Retailers	....	....	31,782	2,883	2,926	2,960	2,985	2,970	3,043	2,988
48	Gasoline companies	12,393	13,263	14,485	1,334	1,331	1,318	1,318	1,337	1,319	1,377
49	*Mobile home*	*4,536*	*4,719*	*4,860*	*426*	*440*	*426*	*452*	*422*	*579*	*411*
50	Commercial banks	2,955	2,994	3,079	269	277	270	290	266	377	261
51	Finance companies	843	884	832	67	72	67	68	71	75	62
52	Savings and loans	654	737	823	78	78	76	81	73	108	74
53	Credit unions	84	104	126	12	13	13	13	12	19	14
54	*Other*	*83,080*	*89,620*	*72,988*	*6,764*	*6,858*	*7,089*	*7,154*	*7,041*	*r7,179*	*7,161*
55	Commercial banks	22,156	23,558	25,524	2,325	2,356	2,397	2,489	2,435	2,464	2,480
56	Finance companies	21,371	22,764	24,934	2,350	2,404	2,534	2,452	2,403	2,469	2,418
57	Credit unions	9,433	11,461	13,711	1,320	1,317	1,391	1,408	1,381	1,396	1,383
58	Retailers	27,215	28,388	4,697	390	392	373	398	420	360	397
59	Savings and loans	1,633	2,076	2,551	238	244	241	247	236	r331	327
60	Mutual savings banks	1,272	1,373	1,571	141	145	153	160	166	159	156

1 Includes auto dealers and excludes 30-day charge credit held by travel and entertainment companies.
2 Monthly figures are seasonally adjusted.

▲ Consumer instalment credit series have been revised from 1943, effective Dec. 7, 1978. Information is available from Mortgage and Consumer Finance Section, Division of Research and Statistics.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

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

	Transaction category, or sector	1973	1974	1975	1976	1977	1975		1976		1977		1978
							H1	H2	H1	H2	H1	H2	H1
							Nonfinancial sectors						
1	**Total funds raised**	**203.8**	**188.8**	**208.1**	**272.5**	**340.5**	**177.5**	**238.9**	**259.6**	**285.6**	**302.2**	**378.9**	**371.4**
2	*Excluding equities*	*196.1*	*184.9*	*198.0*	*261.7*	*337.4*	*167.0*	*229.2*	*245.9*	*277.5*	*301.0*	*373.8*	*371.3*
	By sector and instrument:												
3	**U.S. government**	**8.3**	**11.8**	**85.4**	**69.0**	**56.8**	**78.3**	**92.5**	**73.5**	**64.5**	**42.6**	**71.0**	**58.8**
4	Public debt securities	7.9	12.0	85.8	69.1	57.6	79.1	92.6	73.4	64.9	43.1	72.2	59.7
5	Agency issues and mortgages	.4	−.2	−.4	−.1	−.9	−.8	−.1	.1	−.3	−.6	−1.2	−.9
6	**All other nonfinancial sectors**	**195.5**	**177.0**	**122.7**	**203.5**	**283.8**	**99.2**	**146.4**	**186.0**	**221.0**	**259.6**	**307.9**	**312.6**
7	Corporate equities	7.7	3.8	10.1	10.8	3.1	10.5	9.7	13.6	8.1	1.2	5.1	.1
8	Debt instruments	187.9	173.1	112.6	192.6	280.6	88.7	136.6	172.4	213.0	258.5	302.8	312.5
9	**Private domestic nonfinancial sectors**	**189.3**	**161.6**	**109.5**	**182.8**	**271.4**	**89.1**	**130.0**	**168.5**	**197.2**	**252.1**	**290.7**	**298.8**
10	Corporate equities	7.9	4.1	9.9	10.5	2.7	10.3	9.5	13.3	7.7	.5	4.9	.9
11	*Debt instruments*	*181.4*	*157.5*	*99.6*	*172.3*	*268.7*	*78.8*	*120.5*	*155.2*	*189.5*	*251.6*	*285.8*	*297.9*
12	*Debt capital instruments*	*105.0*	*98.0*	*97.8*	*126.8*	*181.1*	*93.7*	*101.9*	*117.8*	*135.9*	*163.4*	*198.9*	*182.7*
13	State and local obligations	14.7	16.5	15.6	19.0	29.2	11.1	20.0	19.3	18.7	29.3	29.0	29.0
14	Corporate bonds	9.2	19.7	27.2	22.8	21.0	34.5	19.9	22.2	23.5	16.0	26.0	18.4
	Mortgages:												
15	Home	46.4	34.8	39.5	63.7	96.4	33.9	45.1	56.9	70.5	88.5	104.2	91.4
16	Multifamily residential	10.4	6.9	*	1.8	7.4	.1	−.1	.6	3.1	6.4	8.4	9.7
17	Commercial	18.9	15.1	11.0	13.4	18.4	9.1	12.9	13.8	12.9	14.2	22.6	24.5
18	Farm	5.5	5.0	4.6	6.1	8.8	5.1	4.1	4.9	7.3	8.9	8.7	9.8
19	*Other debt instruments*	*76.4*	*59.6*	*1.8*	*45.5*	*87.6*	*−14.9*	*18.6*	*37.4*	*53.6*	*88.2*	*86.9*	*115.2*
20	Consumer credit	23.8	10.2	9.4	23.6	35.0	2.2	16.6	22.9	24.3	35.7	34.4	44.8
21	Bank loans n.e.c.	39.8	29.0	−14.0	3.5	30.6	−23.7	−4.3	−2.7	9.6	34.0	27.2	47.1
22	Open market paper	2.5	6.6	−2.6	4.0	2.9	−1.9	−3.2	5.6	2.4	3.5	2.4	5.2
23	Other	10.3	13.7	9.0	14.4	19.0	8.5	9.5	11.6	17.3	15.0	23.0	18.1
24	*By borrowing sector*	*189.3*	*161.6*	*109.5*	*182.8*	*271.4*	*89.1*	*130.0*	*168.5*	*197.2*	*252.1*	*290.7*	*298.8*
25	State and local governments	13.2	15.5	13.2	18.5	25.9	8.8	17.5	17.6	19.5	22.7	29.0	22.1
26	Households	80.9	49.2	48.6	89.9	139.6	37.1	60.2	82.7	97.1	131.2	148.0	147.7
27	Farm	9.7	7.9	8.7	11.0	14.7	8.5	9.0	9.9	12.1	15.5	13.8	15.8
28	Nonfarm noncorporate	12.8	7.4	2.0	5.2	12.6	−1.0	5.1	4.0	6.4	12.8	12.3	20.7
29	Corporate	72.7	81.8	37.0	58.2	78.7	35.8	38.2	54.3	62.2	69.8	87.6	92.5
30	**Foreign**	**6.2**	**15.3**	**13.2**	**20.7**	**12.3**	**10.0**	**16.4**	**17.5**	**23.8**	**7.5**	**17.2**	**13.8**
31	Corporate equities	−.2	−.2	.2	.3	.4	.1	.2	.3	.3	.6	.2	−.8
32	*Debt instruments*	*6.4*	*15.6*	*13.0*	*20.4*	*11.9*	*9.9*	*16.2*	*17.2*	*23.5*	*6.9*	*17.0*	*14.6*
33	Bonds	1.0	2.1	6.2	8.5	5.0	5.7	6.8	7.4	9.7	4.4	5.6	4.9
34	Bank loans n.e.c.	2.8	4.7	3.7	6.6	1.6	1.6	5.9	5.4	7.9	−3.2	6.4	2.9
35	Open market paper	.9	7.3	.3	1.9	2.4	−.8	1.4	1.5	2.4	2.7	2.2	3.6
36	U.S. government loans	1.7	1.5	2.8	3.3	3.0	3.4	2.2	2.9	3.6	3.1	2.9	3.2
							Financial sectors						
37	**Total funds raised**	**57.6**	**36.4**	**11.7**	**29.2**	**58.8**	**12.4**	**10.9**	**27.9**	**30.5**	**61.5**	**56.2**	**101.5**
	By instrument:												
38	*U.S. government related*	*19.9*	*23.1*	*13.5*	*18.6*	*26.3*	*14.2*	*12.9*	*18.2*	*19.0*	*25.0*	*27.5*	*40.1*
39	Sponsored credit agency securities	16.3	16.6	2.3	3.3	7.0	1.6	3.1	4.1	2.6	9.5	4.4	24.1
40	Mortgage pool securities	3.6	5.8	10.3	15.7	20.5	11.5	9.2	14.2	17.2	17.9	23.1	16.0
41	Loans from U.S. government	....	.7	.9	−.4	−1.2	1.1	.6	*	−.7	−2.3	....	....
42	*Private financial sectors*	*37.7*	*13.3*	*−1.9*	*10.6*	*32.6*	*−1.8*	*−2.0*	*9.7*	*11.5*	*36.5*	*28.7*	*61.4*
43	Corporate equities	1.5	.3	.6	1.0	.6	.6	.6	−.2	2.3	.5	.7	1.1
44	*Debt instruments*	*36.2*	*13.0*	*−2.5*	*9.6*	*32.0*	*−2.4*	*−2.6*	*10.0*	*9.2*	*36.0*	*28.0*	*60.3*
45	Corporate bonds	3.5	2.1	2.9	5.8	10.1	1.9	4.0	6.4	5.2	10.1	10.1	8.5
46	Mortgages	−1.2	−1.3	2.3	2.1	3.1	1.4	3.1	1.5	2.7	3.3	2.9	2.4
47	Bank loans n.e.c.	8.9	4.6	−3.6	−3.7	*	−4.3	−2.9	−2.6	−4.8	−2.3	2.3	.4
48	Open market paper and RPs	17.8	.9	−.1	7.3	14.4	5.1	−5.4	6.2	8.5	21.4	7.4	35.0
49	Loans from FHLBs	7.2	6.7	−4.0	−2.0	4.3	−6.5	−1.4	−1.5	−2.5	3.4	5.2	14.1
	By sector:	57.6	36.4	11.7	29.2	58.8	12.4	10.9	27.9	30.5	61.5	56.2	101.5
50	Sponsored credit agencies	16.3	17.3	3.2	2.9	5.8	2.7	3.8	4.0	1.8	7.1	4.4	24.1
51	Mortgage pools	3.6	5.8	10.3	15.7	20.5	11.5	9.2	14.2	17.2	17.9	23.1	16.0
52	*Private financial sectors*	*37.7*	*13.3*	*−1.9*	*10.6*	*32.6*	*−1.8*	*−2.0*	*9.7*	*11.5*	*36.5*	*28.7*	*61.4*
53	Commercial banks	14.1	−5.6	−1.4	7.5	4.8	3.9	−6.7	9.0	6.0	10.0	−.4	12.2
54	Bank affiliates	2.2	3.5	.3	−.8	1.3	.9	−.3	−1.3	−.3	1.3	1.2	5.8
55	Savings and loan associations	6.0	6.3	−2.2	*	11.9	−7.2	2.7	.1	−.1	10.6	13.1	19.6
56	Other insurance companies	.5	.9	1.0	.9	.9	.9	1.0	.9	.9	.9	1.0	1.0
57	Finance companies	9.4	6.0	.6	6.4	16.9	−2.2	3.4	6.0	6.9	17.4	16.4	18.7
58	REITs	6.5	.6	−1.4	−2.4	−2.4	−1.5	−1.2	−2.1	−2.7	−2.5	−2.2	−1.2
59	Open-end investment companies	−1.2	−.7	−.1	−1.0	−1.0	.8	−1.0	−2.4	.4	−.8	−1.2	−.6
60	Money market funds	....	2.4	1.3	*	.2	2.6	.1	−.5	.5	−.5	.9	5.9
							All sectors						
61	**Total funds raised, by instrument**	**261.4**	**225.1**	**219.8**	**301.7**	**399.4**	**189.8**	**249.8**	**287.5**	**316.0**	**363.7**	**435.0**	**472.9**
62	Investment company shares	−1.2	−.7	−.1	−1.0	−1.0	.8	−1.0	−2.4	.4	−.8	−1.2	−.6
63	Other corporate equities	10.4	4.8	10.8	12.9	4.8	10.3	11.3	15.8	9.9	2.5	7.0	1.7
64	*Debt instruments*	*252.3*	*221.0*	*209.1*	*289.8*	*395.6*	*178.8*	*239.5*	*274.1*	*305.7*	*362.0*	*429.2*	*471.7*
65	U.S. government securities	28.3	34.3	98.2	88.1	84.3	91.5	104.9	91.9	84.3	70.0	98.6	99.0
66	State and local obligations	14.7	16.5	15.6	19.0	29.2	11.1	20.0	19.3	18.7	29.3	29.0	29.0
67	Corporate and foreign bonds	13.6	23.9	36.4	37.2	36.1	42.1	30.7	36.1	38.4	30.5	41.7	31.8
68	Mortgages	79.9	60.5	57.2	87.1	134.0	49.4	65.0	77.7	96.4	121.2	146.7	137.6
69	Consumer credit	23.8	10.2	9.4	23.6	35.0	2.2	16.6	22.9	24.3	35.7	34.4	44.8
70	Bank loans n.e.c.	51.6	38.3	−13.9	6.4	32.2	−26.4	−1.3	.1	12.6	28.4	35.9	50.4
71	Open market paper and RPs	21.2	14.8	−2.4	13.3	19.8	2.4	−7.3	13.3	13.3	27.6	11.9	43.7
72	Other loans	19.1	22.6	8.7	15.3	25.1	6.5	10.9	12.9	17.7	19.2	31.0	35.4

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; quarterly data are at seasonally adjusted annual rates.

	Transaction category, or sector	1973	1974	1975	1976	1977	1975 H1	1975 H2	1976 H1	1976 H2	1977 H1	1977 H2	1978 H1
1	**Total funds advanced in credit markets to nonfinancial sectors**	**196.1**	**184.9**	**198.0**	**261.7**	**337.4**	**167.0**	**229.2**	**245.9**	**277.5**	**301.0**	**373.8**	**371.3**
	By public agencies and foreign:												
2	*Total net advances*	*34.1*	*52.6*	*44.3*	*54.5*	*85.4*	*51.9*	*36.7*	*49.7*	*59.3*	*69.3*	*101.6*	*102.9*
3	U.S. government securities	9.5	11.9	22.5	26.8	40.2	31.2	13.7	24.4	29.3	27.2	53.2	42.6
4	Residential mortgages	8.2	14.7	16.2	12.8	20.4	16.8	15.7	11.8	13.7	20.0	20.9	22.9
5	FHLB advances to S&Ls	7.2	6.7	−4.0	−2.0	4.3	−6.5	−1.4	−1.5	−2.5	3.4	5.2	14.1
6	Other loans and securities	9.2	19.4	9.5	16.9	20.5	10.4	8.7	15.0	18.8	18.6	22.4	23.4
	Totals advanced, by sector												
7	U.S. government	2.8	9.7	15.1	8.9	11.8	15.8	14.3	6.3	11.5	6.1	17.6	19.2
8	Sponsored credit agencies	21.4	25.6	14.5	20.6	26.9	16.0	13.1	20.0	21.2	26.7	27.2	44.3
9	Monetary authorities	9.2	6.2	8.5	9.8	7.1	7.0	10.1	13.7	6.0	10.2	4.1	12.9
10	Foreign	.6	11.2	6.1	15.2	39.5	13.0	−.8	9.7	20.6	26.4	52.7	26.5
11	Agency borrowing not included in line 1	19.9	23.1	13.5	18.6	26.3	14.2	12.9	18.2	19.0	25.0	27.5	40.1
	Private domestic funds advanced												
12	*Total net advances*	*182.0*	*155.3*	*167.3*	*225.7*	*278.2*	*129.3*	*205.4*	*214.4*	*237.1*	*256.8*	*299.7*	*308.5*
13	U.S. government securities	18.8	22.4	75.7	61.3	44.1	60.2	91.2	67.5	55.1	42.8	45.4	56.4
14	State and local obligations	14.7	16.5	15.6	19.0	29.2	11.1	20.0	19.3	18.7	29.3	29.0	29.0
15	Corporate and foreign bonds	10.0	20.9	32.8	30.5	22.3	40.0	25.6	28.6	32.3	17.2	27.3	21.7
16	Residential mortgages	48.4	26.9	23.2	52.7	83.2	17.1	29.2	45.6	59.7	74.9	91.6	78.0
17	Other mortgages and loans	97.2	75.4	16.1	60.4	103.7	−5.7	37.9	51.9	68.9	96.0	111.5	137.4
18	LESS: FHLB advances	7.2	6.7	−4.0	−2.0	4.3	−6.5	−1.4	−1.5	−2.5	3.4	5.2	14.1
	Private financial intermediation												
19	*Credit market funds advanced by private financial institutions*	*165.4*	*126.2*	*119.9*	*191.2*	*249.6*	*101.2*	*138.7*	*174.4*	*207.9*	*241.1*	*258.0*	*279.8*
20	Commercial banking	86.5	64.5	27.6	58.0	85.8	14.8	40.5	46.6	69.4	81.1	90.5	115.8
21	Savings institutions	36.9	26.9	52.0	71.4	84.8	49.3	54.6	70.5	72.4	85.3	84.3	77.1
22	Insurance and pension funds	23.9	30.0	41.5	51.7	62.0	38.1	44.9	53.2	50.2	60.3	63.7	69.3
23	Other finance	18.0	4.7	−1.1	10.1	16.9	−.9	−1.3	4.2	15.9	14.5	19.4	17.7
24	*Sources of funds*	*165.4*	*126.2*	*119.9*	*191.2*	*249.6*	*101.2*	*138.7*	*174.4*	*207.9*	*241.1*	*258.0*	*279.8*
25	Private domestic deposits	86.6	69.4	90.6	121.5	136.0	89.9	91.3	108.3	134.6	127.0	145.0	119.4
26	Credit market borrowing	36.2	13.0	−2.5	9.6	32.0	−2.4	−2.6	10.0	9.2	36.0	28.0	60.3
27	*Other sources*	*42.5*	*43.8*	*31.9*	*60.1*	*81.6*	*13.7*	*50.0*	*56.1*	*64.1*	*78.2*	*85.1*	*100.1*
28	Foreign funds	5.8	16.8	.9	5.1	11.6	−.5	2.4	.7	9.5	.7	22.4	2.1
29	Treasury balances	−1.0	−5.1	−1.7	−.1	4.3	−3.8	.4	2.3	−2.5	−1.8	10.4	−.8
30	Insurance and pension reserves	18.4	26.0	29.6	34.8	48.0	27.4	31.7	35.8	33.8	45.5	50.4	55.4
31	Other, net	19.4	6.0	3.1	20.3	17.8	−9.4	15.6	17.2	23.4	33.7	1.9	43.4
	Private domestic nonfinancial investors												
32	*Direct lending in credit markets*	*52.8*	*42.2*	*44.9*	*44.1*	*60.6*	*25.7*	*64.1*	*50.0*	*38.4*	*51.6*	*69.6*	*89.0*
33	U.S. government securities	19.2	17.5	23.0	19.6	24.6	6.0	39.9	25.0	14.1	14.1	35.2	35.8
34	State and local obligations	5.4	9.3	8.3	6.8	9.1	5.8	10.8	7.6	6.0	8.2	10.1	11.6
35	Corporate and foreign bonds	1.3	4.7	8.0	2.1	1.1	10.7	5.3	2.9	1.3	.4	1.8	−2.5
36	Commercial paper	18.3	2.4	−.8	4.1	9.5	−1.8	.2	4.8	3.4	13.0	6.0	28.6
37	Other	8.6	8.2	6.4	11.5	16.2	4.9	7.8	9.7	13.5	15.9	16.5	17.6
38	*Deposits and currency*	*90.6*	*75.7*	*96.8*	*128.8*	*144.3*	*96.4*	*97.2*	*114.3*	*143.3*	*132.6*	*156.0*	*129.5*
39	*Time and savings accounts*	*76.1*	*66.7*	*84.8*	*112.2*	*120.1*	*75.6*	*93.9*	*99.5*	*125.0*	*110.5*	*129.7*	*110.9*
40	Large negotiable CDs	18.1	18.8	−14.1	−14.4	9.3	−27.8	−.3	−19.8	−9.1	−4.4	22.9	11.5
41	Other at commercial banks	29.6	26.1	39.4	58.1	41.7	40.5	38.2	52.0	64.3	45.3	38.2	44.5
42	At savings institutions	28.5	21.8	59.4	68.5	69.1	62.9	56.0	67.3	69.8	69.6	68.7	54.9
43	*Money*	*14.4*	*8.9*	*12.0*	*16.6*	*24.2*	*20.8*	*3.3*	*14.8*	*18.3*	*22.1*	*26.3*	*18.6*
44	Demand deposits	10.5	2.6	5.8	9.3	15.9	14.3	−2.6	8.9	9.6	16.5	15.3	8.5
45	Currency	3.9	6.3	6.2	7.3	8.3	6.5	5.9	6.0	8.6	5.6	11.0	10.1
46	**Total of credit market instruments, deposits and currency**	**143.4**	**117.8**	**141.6**	**172.9**	**204.9**	**122.1**	**161.3**	**164.3**	**181.6**	**184.2**	**225.6**	**218.5**
47	Public support rate (in per cent)	17.4	28.5	22.4	20.8	25.3	31.1	16.0	20.2	21.4	23.0	27.2	27.7
48	Private financial intermediation (in per cent)	90.9	81.3	71.7	84.7	89.7	78.3	67.5	81.3	87.7	93.9	86.1	90.7
49	Total foreign funds	6.4	28.0	7.1	20.3	51.1	12.5	1.6	10.4	30.1	27.1	75.1	28.5
	MEMO: Corporate equities not included above												
50	**Total net issues**	**9.2**	**4.1**	**10.7**	**11.9**	**3.8**	**11.1**	**10.3**	**13.4**	**10.4**	**1.7**	**5.8**	**1.1**
51	Mutual fund shares	−1.2	−.7	−.1	−1.0	−1.0	.8	−1.0	−2.4	.4	−.8	−1.2	−.6
52	Other equities	10.4	4.8	10.8	12.9	4.8	10.3	11.3	15.8	9.9	2.5	7.0	1.7
53	Acquisitions by financial institutions	13.3	5.8	9.7	12.5	6.2	11.5	7.8	13.1	12.0	6.1	6.3	1.6
54	Other net purchases	−4.1	−1.6	1.0	−.7	−2.4	−.4	2.5	.3	−1.6	−4.4	−.5	−.5

NOTES BY LINE NUMBER.

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. Sum of lines 39 and 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. Sum of lines 10 and 28.
50, 52. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

Measure	1975	1976	1977	1978 May	June	July	Aug.	Sept. r	Oct.	Nov. p	Dec. e
1 **Industrial production**	**117.8**	**129.8**	**137.1**	**143.9**	**144.9**	**146.1**	**147.1**	**147.8**	**148.6**	**149.5**	**150.4**
Market groupings:											
2 *Products, total*	*119.3*	*129.3*	*137.1*	*143.1*	*144.0*	*145.0*	*146.2*	*146.5*	*146.8*	*147.8*	*148.8*
3 Final, total	118.2	127.2	134.9	140.5	141.1	142.2	143.3	143.7	143.9	144.8	145.6
4 Consumer goods	124.0	136.2	143.4	147.0	147.0	147.7	148.4	149.0	149.1	149.8	150.5
5 Equipment	110.2	114.6	123.2	131.6	133.0	134.7	136.3	136.4	136.9	137.7	138.8
6 Intermediate	123.1	137.2	145.1	152.6	154.7	155.6	156.4	157.0	158.1	159.2	160.5
7 Materials	115.5	130.6	136.9	145.1	146.4	147.9	148.6	149.7	151.3	152.2	152.9
Industry groupings:											
8 Manufacturing	116.3	129.5	137.1	144.3	145.5	146.7	147.6	148.7	149.4	150.3	151.2
Capacity utilization (per cent)[1]											
9 Manufacturing	73.6	80.2	82.4	83.9	84.3	84.7	85.0	85.3	85.5	85.7	85.9
10 Industrial materials industries	73.6	80.4	81.9	84.5	85.1	85.7	85.9	86.3	87.0	87.4	87.6
11 Construction contracts[2]	162.3	190.2	253.0	332.0	249.0	286.0	289.0	300.0	319.0	285.0	....
12 **Nonagricultural employment, total**[3]	**117.0**	**120.7**	**125.0**	**130.1**	**130.7**	**130.8**	**130.9**	**131.0**	**131.6**	**132.3**	**132.6**
13 Goods-producing, total	97.0	100.4	104.2	108.7	109.3	109.4	109.2	109.3	110.1	111.0	111.7
14 Manufacturing, total	94.2	97.7	101.0	104.4	104.5	104.4	104.3	104.3	105.1	105.9	106.6
15 Manufacturing, production-worker	91.2	95.3	98.6	102.1	102.0	101.8	101.6	101.6	102.4	103.5	104.3
16 Service-producing	127.9	131.9	136.4	141.9	142.5	142.5	142.8	142.9	143.4	143.9	144.1
17 **Personal income, total**[4]	**200.4**	**220.4**	**244.0**	**268.4**	**270.6**	**274.4**	**276.3**	**278.4**	**282.0**	**284.8**	....
18 Wages and salary disbursements	188.5	208.2	230.1	254.6	256.9	259.2	260.0	262.0	265.9	268.6	....
19 Manufacturing	157.3	177.1	198.6	220.7	222.3	224.9	224.5	226.4	230.2	234.1	....
20 Disposable personal income	199.6	217.5	239.3	265.5	....	....	267.7	....	....	....	....
21 Retail sales[5]	184.6	203.5	224.4	245.4	246.3	244.9	251.7	253.5	247.5	260.5	263.2
Prices:[6]											
22 Consumer[7]	161.2	170.5	r181.5	193.3	195.3	196.7	197.8	199.3	200.9	....	....
23 Producer finished goods[8]	163.4	170.3	180.6	193.1	194.5	r196.0	195.3	196.9	199.7	200.6	....

1 Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

2 Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Informations Systems Company, F. W. Dodge Division.

3 The establishment survey data in this table have been revised to conform to the industry definitions of the 1972 Standard Industrial Classification (SIC) Manual and to reflect employment benchmark levels for March 1977. In addition, seasonal factors for these data have been revised, based on experience through May 1978. Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

4 Based on data in *Survey of Current Business* U.S. Dept. of Commerce). Series for disposable income is quarterly.

5 Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce)

6 Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

7 Beginning Jan. 1978, based on new index for all urban consumers.

8 Beginning with the November 1978 BULLETIN, producer price data in this table have been changed to the BLS series for producer finished goods. The previous data were producer prices for all commodities.

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	Output (1967 = 100) 1978 Q1	Q2	Q3 r	Q4	Capacity (per cent of 1967 output) 1978 Q1	Q2	Q3	Q4	Utilization rate (per cent) 1978 Q1	Q2	Q3 r	Q4
1 **Manufacturing**	**139.8**	**144.4**	**147.7**	**150.3**	**170.3**	**172.0**	**173.7**	**175.4**	**82.1**	**84.0**	**85.0**	**85.7**
2 Primary processing	148.2	154.1	158.2	161.0	176.8	178.5	180.2	181.9	83.8	86.3	87.8	88.6
3 Advanced processing	135.4	139.3	142.1	144.7	166.9	168.5	170.2	171.8	81.1	82.7	83.5	84.2
4 **Materials**	**139.2**	**145.1**	**148.7**	**152.1**	**170.4**	**171.7**	**173.0**	**174.2**	**81.7**	**84.5**	**86.0**	**87.3**
5 Durable goods	137.9	144.0	150.4	154.7	174.0	175.2	176.3	177.4	79.3	82.2	85.3	87.2
6 Basic metal	110.5	117.5	124.6	....	145.8	146.1	146.5	....	75.8	80.4	85.1	....
7 Nondurable goods	158.0	163.2	163.2	166.2	182.3	184.4	186.5	188.5	86.7	88.5	87.5	88.2
8 Textile, paper, and chemical	163.1	167.7	168.4	171.1	190.8	193.1	195.4	197.5	85.5	86.8	86.2	86.6
9 Textile	115.3	117.1	117.3	....	143.5	144.1	144.7	....	80.3	81.2	81.0	....
10 Paper	136.5	139.7	134.8	....	153.6	154.8	155.8	....	88.9	90.3	86.5	....
11 Chemical	194.9	201.4	204.4	....	226.6	230.1	233.5	....	86.0	87.5	87.5	....
12 Energy	119.1	125.5	127.0	128.6	147.2	147.8	148.4	148.9	80.9	84.9	85.6	86.4

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

Category	1975	1976	1977	1978 June	July	Aug.	Sept.	Oct.	Nov.	Dec.
				Household survey data						
1 **Noninstitutional population**[1]	**153,449**	**156,048**	**158,559**	**160,928**	**161,148**	**161,348**	**161,570**	**161,829**	**162,033**	**162,250**
2 **Labor force (including Armed Forces)**[1]	**94,793**	**96,917**	**99,534**	**102,671**	**102,734**	**102,672**	**102,993**	**103,184**	**103,764**	**103,975**
3 Civilian labor force	92,613	94,773	97,401	100,573	100,618	100,550	100,870	101,062	101,647	95,855
Employment:										
4 Nonagricultural industries[2]	81,403	84,188	87,302	91,346	91,038	91,221	91,457	91,811	92,470	92,468
5 Agriculture	3,380	3,297	3,244	3,473	3,387	3,360	3,411	3,380	3,265	3,387
Unemployment:										
6 Number	7,830	7,288	6,855	5,754	6,193	5,968	6,002	5,870	5,912	6,012
7 *Rate (per cent of civilian labor force)*	*8.5*	*7.7*	*7.0*	*5.7*	*6.2*	*5.9*	*6.0*	*5.8*	*5.8*	*5.9*
8 **Not in labor force**	**58,655**	**59,130**	**59,025**	**58,257**	**58,414**	**58,677**	**58,577**	**58,645**	**58,269**	**58,275**
				Establishment survey data[4]						
9 **Nonagricultural payroll employment**[3]	**76,945**	**79,382**	**82,256**	**85,996**	**86,033**	**86,149**	**86,163**	**r86,573**	**87,020**	**p87,270**
10 Manufacturing	18,323	18,997	19,647	20,316	20,302	20,278	20,286	r20,436	20,600	p20,724
11 Mining	752	779	809	879	882	887	887	r893	902	p902
12 Contract construction	3,525	3,576	3,833	4,278	4,317	4,298	4,298	r4,341	4,368	p4,413
13 Transportation and public utilities	4,542	4,582	4,696	4,881	4,827	4,846	4,855	r4,922	4,945	p4,965
14 Trade	17,060	17,755	18,492	19,412	19,469	19,523	19,546	r19,632	19,697	p19,687
15 Finance	4,165	4,271	4,452	4,670	4,690	4,707	4,719	r4,737	4,775	p4,788
16 Service	13,892	14,551	15,249	15,963	15,989	16,074	16,127	r16,169	16,261	p16,296
17 Government	14,686	14,871	15,079	15,597	15,557	15,536	15,445	r15,443	15,472	p15,495

1 Persons 16 years of age and over. Monthly figures, which are based on sample data, relate to the calendar week that contains the 12th day; annual data are averages of monthly figures. By definition, seasonality does not exist in population figures. Based on data from *Employment and Earnings* (U.S. Dept. of Labor).

2 Includes self-employed, unpaid family, and domestic service workers.

3 Data include all full- and part-time employees who worked during, or received pay for, the pay period that includes the 12th day of the month, and exclude proprietors, self-employed persons, domestic servants, unpaid family workers, and members of the Armed Forces. Data are adjusted to the February 1977 benchmark. Based on data from *Employment and Earnings* (U.S. Dept of Labor).

4 The establishment survey data in this table have been revised to conform to the industry definitions of the 1972 Standard Industrial Classification (SIC) Manual and to reflect employment benchmark levels for March 1977. In addition, seasonal factors for these data have been revised, based on experience through May 1978.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

	Grouping	1967 proportion	1977 average	1977 Oct.	1977 Nov.	1977 Dec.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.r	1978 Oct.	1978 Nov.p	1978 Dec.e
							Index (1967 = 100)							
	MAJOR MARKET													
1	**Total index**	**100.00**	**137.1**	**138.9**	**139.3**	**139.7**	**143.9**	**144.9**	**146.1**	**147.1**	**147.8**	**148.6**	**149.5**	**150.4**
2	**Products**	**60.71**	**137.1**	**138.9**	**139.5**	**140.3**	**143.1**	**144.0**	**145.0**	**146.2**	**146.5**	**146.8**	**147.8**	**148.8**
3	*Final products*	*47.82*	*134.9*	*136.5*	*137.0*	*137.6*	*140.5*	*141.1*	*142.2*	*143.3*	*143.7*	*143.9*	*144.8*	*145.6*
4	Consumer goods	27.68	143.4	144.9	145.2	145.8	147.0	147.0	147.7	148.4	149.0	149.1	149.8	150.5
5	Equipment	20.14	123.2	125.0	125.8	126.2	131.6	133.0	134.7	136.3	136.4	136.9	137.7	138.8
6	Intermediate products	12.89	145.1	147.8	148.4	150.4	152.6	154.7	155.6	156.4	157.0	158.1	159.2	160.5
7	**Materials**	**39.29**	**136.9**	**138.9**	**139.0**	**138.8**	**145.1**	**146.4**	**147.9**	**148.6**	**149.7**	**151.3**	**152.2**	**152.9**
	Consumer goods													
8	*Durable consumer goods*	*7.89*	*153.1*	*156.8*	*155.2*	*155.8*	*160.2*	*160.6*	*160.9*	*161.5*	*160.3*	*162.0*	*162.6*	*162.8*
9	Automotive products	2.83	174.2	179.4	173.6	172.4	180.0	179.9	182.2	182.1	178.3	186.2	189.6	186.3
10	Autos and utility vehicles	2.03	169.2	176.1	167.6	165.5	175.6	173.4	176.7	175.6	170.0	181.3	185.7	180.9
11	Autos	1.90	148.4	154.3	147.5	143.6	151.6	149.8	152.7	151.1	144.4	155.0	159.8	151.9
12	Auto parts and allied goods	.80	186.8	187.6	188.9	190.4	191.5	193.9	196.1	198.0	199.8	199.1	199.5	200.0
13	Home goods	5.06	141.3	144.2	145.0	146.6	148.9	149.7	148.9	150.0	150.2	148.5	147.6	149.6
14	Appliances, A/C, and TV	1.40	127.3	128.6	131.4	132.8	138.3	139.0	133.7	133.9	134.4	128.7	124.1	127.9
15	Appliances and TV	1.33	130.5	131.6	133.0	134.6	140.7	141.0	136.8	135.6	136.9	129.9	125.2	......
16	Carpeting and furniture	1.07	152.2	160.5	160.0	161.5	163.4	166.0	168.5	167.9	169.0	169.3	169.4	......
17	Miscellaneous home goods	2.59	144.3	145.8	146.3	147.7	148.8	148.8	149.1	151.3	150.8	150.6	151.4	152.9
18	*Nondurable consumer goods*	*19.79*	*139.6*	*140.1*	*141.2*	*141.8*	*141.7*	*141.6*	*142.4*	*143.1*	*144.4*	*144.0*	*144.8*	*145.5*
19	Clothing	4.29	125.2	128.0	126.4	126.9	125.4	124.8	125.1	126.6	128.9	128.3	......	......
20	Consumer staples	15.50	143.6	143.5	145.3	145.9	146.2	146.3	147.3	147.8	148.8	148.3	148.9	149.9
21	Consumer foods and tobacco	8.33	135.5	135.2	136.7	137.9	139.9	139.0	140.2	140.8	141.2	140.0	140.9	......
22	Nonfood staples	7.17	152.9	153.4	155.1	155.2	153.4	154.8	155.5	155.9	157.4	158.0	158.4	159.4
23	Consumer chemical products	2.63	180.5	183.7	186.9	186.5	182.0	185.5	186.7	188.0	190.1	191.9	192.5	......
24	Consumer paper products	1.92	117.1	117.6	118.5	119.8	117.9	118.0	117.5	117.3	118.2	117.0	117.3	......
25	Consumer energy products	2.62	151.4	149.1	149.9	149.7	150.7	150.8	151.9	152.0	153.3	154.0	154.7	......
26	Residential utilities	1.45	159.0	155.8	155.6	158.5	157.2	159.0	159.9	160.1	160.9	......	......	......
	Equipment													
27	*Business equipment*	*12.63*	*149.2*	*152.6*	*153.5*	*154.0*	*160.2*	*161.8*	*163.8*	*165.4*	*165.8*	*166.9*	*167.9*	*169.3*
28	Industrial equipment	6.77	138.5	141.8	142.6	143.0	149.7	150.9	151.9	152.8	152.7	153.2	152.9	153.4
29	Building and mining equipment	1.44	202.5	205.7	206.7	208.3	226.0	227.3	228.9	228.1	226.3	227.1	225.0	224.2
30	Manufacturing equipment	3.85	113.9	118.5	118.7	118.2	121.3	122.8	122.6	123.9	124.4	125.3	125.1	126.0
31	Power equipment	1.47	140.2	139.8	142.1	143.7	149.2	149.2	152.8	154.6	154.8	154.0	154.4	155.7
32	Commercial transit, farm equipment	5.86	161.6	165.1	165.9	166.9	172.3	174.4	177.5	179.9	180.8	182.7	185.3	187.8
33	Commercial equipment	3.26	191.6	195.4	197.4	198.8	204.2	206.9	210.6	212.2	214.1	215.1	216.8	219.3
34	Transit equipment	1.93	117.8	123.3	118.9	121.1	132.2	132.3	134.9	138.5	138.6	142.3	146.1	149.5
35	Farm equipment	.67	142.3	142.1	147.8	144.5	131.9	137.3	138.5	141.3	142.0	142.2	143.9	......
36	*Defense and space equipment*	*7.51*	*79.6*	*78.9*	*79.3*	*79.5*	*83.6*	*84.6*	*85.9*	*87.1*	*87.1*	*86.7*	*87.1*	*87.6*
	Intermediate products													
37	Construction supplies	6.42	140.8	144.9	146.5	148.3	150.4	152.1	153.5	154.7	155.6	156.6	157.7	159.1
38	Business supplies	6.47	149.5	150.5	150.1	152.6	155.0	157.0	157.6	158.2	158.4	159.6	160.7	......
39	Commercial energy products	1.14	164.6	163.0	160.9	165.6	162.7	163.0	164.1	167.4	169.9	170.5	171.0	......
	Materials													
40	*Durable goods materials*	*20.35*	*134.5*	*137.1*	*137.2*	*138.7*	*143.9*	*145.4*	*148.7*	*150.4*	*152.1*	*153.7*	*154.6*	*155.8*
41	Durable consumer parts	4.58	132.0	135.4	136.5	135.7	137.9	138.7	142.0	142.2	144.8	147.3	147.3	148.3
42	Equipment parts	5.44	143.1	147.6	147.2	149.2	155.8	157.4	161.7	162.9	164.6	166.0	167.3	168.9
43	Durable materials n.e.c.	10.34	131.1	132.4	132.3	134.3	140.3	141.8	144.7	147.6	148.7	150.1	151.1	152.2
44	Basic metal materials	5.57	110.9	110.0	107.9	110.3	117.5	118.2	121.7	125.4	126.7	128.0	129.0	......
45	*Nondurable goods materials*	*10.47*	*153.5*	*154.4*	*155.4*	*155.3*	*163.5*	*164.1*	*162.5*	*162.7*	*164.4*	*165.4*	*166.5*	*166.8*
46	Textile, paper, and chemical materials	7.62	158.3	160.0	159.3	159.3	167.9	168.8	168.3	167.0	170.0	170.5	171.4	171.4
47	Textile materials	1.85	113.0	118.5	117.8	117.3	116.7	118.0	117.1	116.0	118.7	118.7	118.6	......
48	Paper materials	1.62	133.5	134.4	132.2	130.2	140.1	139.9	135.1	131.5	137.7	137.3	137.3	......
49	Chemical materials	4.15	188.2	188.5	188.6	189.5	201.7	202.9	204.0	203.7	205.5	206.7	208.2	......
50	Containers, nondurable	1.70	150.9	148.9	156.7	154.4	161.9	162.8	155.4	161.8	161.1	163.4	165.6	......
51	Nondurable materials n.e.c.	1.14	125.3	125.4	128.5	129.9	135.8	135.0	135.7	134.8	131.8	134.3	135.7	......
52	Energy materials	8.48	122.4	124.0	123.0	118.7	125.2	127.5	127.9	127.0	126.0	128.1	128.6	129.2
53	Primary energy	4.65	107.3	112.2	111.6	103.0	114.4	116.1	116.7	115.4	111.8	116.1	117.0	......
54	Converted fuel materials	3.82	140.7	138.4	136.9	137.7	138.6	141.4	141.6	141.3	143.4	142.7	142.7	......
	Supplementary groups													
55	Home goods and clothing	9.35	133.9	136.8	136.5	137.5	138.2	138.3	138.0	139.2	140.3	139.1	139.2	140.6
56	Energy, total	12.23	132.5	133.0	132.3	129.7	134.2	135.9	136.4	136.1	135.9	137.6	138.1	138.8
57	Products	3.76	155.4	153.3	153.2	154.5	154.3	154.6	155.6	156.7	158.3	159.0	159.7	......
58	Materials	8.48	122.4	124.0	123.0	118.7	125.2	127.5	127.9	127.0	126.0	128.1	128.6	129.2

For NOTE see opposite page.

2.13 Continued

	Grouping	SIC code	1967 pro-portion	1977 average	1977 Oct.	1977 Nov.	1977 Dec.	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.[r]	1978 Oct.	1978 Nov.[p]	1978 Dec.[e]
	MAJOR INDUSTRY		Index (1967 = 100)												
1	*Mining and utilities*	......	*12.05*	*136.2*	*135.8*	*135.5*	*133.9*	*140.9*	*142.5*	*142.6*	*142.5*	*142.1*	*144.1*	*144.2*	*144.7*
2	Mining	......	6.36	117.8	119.6	118.8	113.4	126.7	128.0	127.1	126.0	124.1	127.7	127.9	128.0
3	Utilities	......	5.69	156.5	154.0	154.2	156.7	157.0	158.6	159.9	160.8	162.3	162.4	162.6	163.3
4	Electric	......	3.88	175.5	173.6	173.3	175.9	177.1	180.1	182.1	183.2	184.4	......	......	......
5	*Manufacturing*	......	*87.95*	*137.1*	*139.4*	*139.9*	*140.5*	*144.3*	*145.5*	*146.7*	*147.6*	*148.7*	*149.4*	*150.3*	*151.2*
6	Nondurable	......	35.97	148.1	149.6	150.1	150.9	154.0	154.9	155.0	155.6	157.1	157.5	158.1	158.9
7	Durable	......	51.98	129.5	132.4	132.7	133.4	137.6	139.0	141.1	142.2	142.8	143.9	145.0	145.9
	Mining														
8	Metal mining	10	.51	105.4	80.0	84.8	104.3	120.0	121.1	117.0	117.9	115.6	122.1	125.3	......
9	Coal	11, 12	.69	118.0	141.4	140.6	74.6	131.7	136.4	131.7	124.9	114.7	144.0	145.6	147.2
10	Oil and gas extraction	13	4.40	118.0	119.4	117.8	118.4	126.3	127.1	126.8	126.2	124.9	124.7	124.5	124.2
11	Stone and earth minerals	14	.75	124.9	128.1	127.2	126.5	130.1	130.7	131.3	131.6	133.8	134.0	133.3	......
	Nondurable manufactures														
12	Foods	20	8.75	137.9	137.3	139.4	140.4	142.8	141.8	142.9	144.0	144.4	143.5	144.1	......
13	Tobacco products	21	.67	114.3	113.8	117.5	120.6	120.2	122.7	120.8	118.6	120.6	119.0	......	......
14	Textile mill products	22	2.68	137.1	142.4	141.6	143.7	138.5	140.4	141.0	139.5	142.2	142.1	143.0	......
15	Apparel products	23	3.31	124.2	129.0	125.1	125.8	125.8	126.8	124.5	127.2	130.9	130.6	......	......
16	Paper and products	26	3.21	137.4	137.9	137.8	138.6	146.6	148.0	140.5	141.9	142.3	145.8	145.3	146.2
17	Printing and publishing	27	4.72	124.9	125.7	126.2	127.5	128.2	128.7	130.3	129.5	131.0	130.3	131.9	132.9
18	Chemicals and products	28	7.74	180.7	182.3	183.1	183.0	188.1	191.1	192.3	192.2	194.2	195.8	196.8	......
19	Petroleum products	29	1.79	141.0	141.4	140.5	139.3	143.4	142.8	144.3	144.1	147.1	146.7	147.2	149.0
20	Rubber & plastic products	30	2.24	232.2	236.3	238.5	240.1	252.7	255.5	259.1	261.1	263.1	264.1	263.7	......
21	Leather and products	31	.86	75.3	77.0	78.1	77.3	75.7	75.1	74.5	74.0	74.1	73.8	74.5	......
	Durable manufactures														
22	Ordnance, private & government	19, 91	3.64	73.9	74.4	74.1	73.8	74.3	74.7	75.2	75.2	74.3	73.9	73.6	73.8
23	Lumber and products	24	1.64	133.4	135.7	137.5	138.1	136.5	138.7	138.1	136.9	139.2	140.2	141.6	......
24	Furniture and fixtures	25	1.37	140.9	146.6	146.0	146.6	152.8	156.2	158.1	159.0	160.7	161.3	161.2	......
25	Clay, glass, stone products	32	2.74	146.1	148.0	152.8	152.1	157.9	159.8	158.8	159.5	160.9	162.1	164.1	......
26	Primary metals	33	6.57	110.2	113.5	111.2	111.0	115.5	117.5	123.0	126.0	127.9	128.4	128.9	129.3
27	Iron and steel	331, 2	4.21	103.4	107.7	104.3	103.8	110.5	114.5	119.0	120.9	123.2	123.8	123.9	......
28	Fabricated metal products	34	5.93	130.9	133.8	135.8	136.4	140.4	142.3	144.0	145.8	146.3	146.3	146.8	147.9
29	Nonelectrical machinery	35	9.15	144.8	148.9	149.7	151.7	152.9	154.6	156.1	157.3	158.7	159.8	160.7	162.2
30	Electrical machinery	36	8.05	141.9	144.2	146.0	147.3	152.9	154.1	157.9	156.9	158.3	157.9	159.2	160.9
31	Transportation equipment	37	9.27	121.1	124.3	122.0	122.2	130.1	130.4	132.1	133.4	132.8	136.9	139.3	138.6
32	Motor vehicles & parts	371	4.50	159.7	168.4	163.0	161.8	168.3	167.7	169.7	171.0	168.9	177.1	181.3	178.5
33	Aerospace & misc. trans. eq	372–9	4.77	84.7	82.8	83.3	84.9	93.9	95.0	96.5	98.3	98.9	99.2	99.8	101.1
34	Instruments	38	2.11	159.1	162.2	163.1	164.7	169.8	170.9	172.2	175.4	174.6	175.3	177.2	180.1
35	Miscellaneous mfrs	39	1.51	149.1	151.0	151.8	152.5	152.7	153.5	153.2	153.8	154.1	153.9	153.9	155.5
	MAJOR MARKET		Gross value (billions of 1972 dollars, annual rates)												
36	**Products, total**	......	**[1]507.4**	**583.9**	**591.3**	**591.3**	**594.7**	**606.8**	**608.9**	**610.3**	**613.3**	**613.6**	**621.9**	**625.8**	**627.6**
37	*Final products*	......	*[1]390.9*	*452.1*	*457.8*	*457.3*	*458.7*	*468.2*	*468.9*	*469.6*	*472.2*	*471.8*	*478.3*	*482.0*	*482.8*
38	Consumer goods	......	[1]277.5	317.5	319.5	320.0	320.4	324.0	323.0	323.4	324.7	324.4	327.8	330.8	331.8
39	Equipment	......	[1]113.4	134.6	138.1	137.3	138.2	144.2	146.0	146.4	147.5	147.7	150.6	151.4	151.0
40	Intermediate products	......	[1]116.6	131.9	133.8	134.1	135.9	138.6	140.3	140.7	141.4	141.9	143.5	143.9	144.9

1 1972 dollars.

NOTE.—Published groupings include some series and subtotals not shown separately. For description and historical data, see *Industrial Production—1976 Revision* (Board of Governors of the Federal Reserve System: Washington, D.C.), Dec. 1977.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates except as noted.

	Item	1975	1976	1977	1978 May	1978 June	1978 July r	1978 Aug.	1978 Sept. r	1978 Oct. r	1978 Nov.
					Private residential real estate activity (thousands of units)						
	NEW UNITS										
1	*Permits authorized*	*927*	*1,296*	*18,133*	*1,597*	*1,821*	*1,632*	*1,563*	*1,731*	*1,719*	*1,691*
2	1-family	669	894	12,265	1,058	1,123	1,035	1,020	1,092	1,127	1,114
3	2-or-more-family	278	402	5,861	539	698	597	543	639	592	577
4	*Started*	*1,160*	*1,538*	*1,986*	*2,054*	*2,124*	*2,119*	*2,025*	*2,075*	*2,095*	*2,104*
5	1-family	892	1,163	1,451	1,478	1,441	1,453	1,440	1,463	1,459	1,498
6	2-or-more-family	268	377	535	576	683	666	585	612	636	606
7	*Under construction, end of period* [1]	*1,003*	*1,147*	*1,442*	*1,282*	*1,296*	*1,298*	*r1,298*	*1,308*	*1,326*	....
8	1-family	531	655	829	770	774	779	786	784	785	....
9	2-or-more-family	472	492	613	513	522	520	r513	524	540	....
10	*Completed*	*1,297*	*1,362*	*1,652*	*1,854*	*1,890*	*1,943*	*r1,967*	*1,971*	*1,842*	....
11	1-family	866	1,026	1,254	1,426	1,344	1,289	r1,364	1,447	1,397	....
12	2-or-more-family	430	336	398	428	546	654	603	524	445	....
13	Mobile homes shipped	213	246	277	258	263	232	283	272	300	304
	Merchant builder activity in 1-family units:										
14	Number sold	544	639	819	846	831	789	r785	793	975	811
15	Number for sale, end of period [1]	383	433	407	412	418	418	r419	420	411	418
	Price (thous. of dollars) [2]										
	Median:										
16	Units sold	39.3	44.2	48.9	55.7	56.7	54.8	r56.1	57.5	58.5	58.7
17	Units for sale	38.9	41.6	48.2	....	....	....	....	....	....	....
	Average:										
18	Units sold	42.5	48.1	54.4	62.3	63.2	62.9	63.0	64.8	66.1	66.4
	EXISTING UNITS (1-family)										
19	Number sold	2,452	3,002	3,572	3,770	3,780	3,890	4,080	3,950	4,290	4,350
	Price of units sold (thous. of dollars): [2]										
20	Median	35.3	38.1	42.9	47.8	48.4	49.4	50.3	50.2	50.1	50.7
21	Average	39.0	42.2	47.9	54.8	55.1	56.5	57.5	57.7	57.3	57.4
					Value of new construction [4] (millions of dollars)						
	CONSTRUCTION										
22	**Total put in place**	**r134,535**	**r148,778**	**r172,552**	**r201,287**	**r206,314**	**210,192**	**r208,724**	**209,227**	**209,874**	**212,779**
23	*Private*	*r93,650*	*r110,416*	*r134,723*	*r156,188*	*r161,064*	*161,804*	*r160,562*	*161,258*	*161,935*	*165,477*
24	Residential	46,472	60,519	r80,957	r94,275	r95,357	95,888	r95,011	94,249	93,594	95,784
25	Nonresidential, total	r47,178	r49,897	r53,766	r61,913	r65,707	65,916	r65,551	67,009	68,341	69,693
	Buildings:										
26	Industrial	8,017	7,182	r7,713	8,735	11,335	11,170	12,043	12,634	12,627	12,667
27	Commercial	12,804	12,757	r14,789	18,546	19,246	19,463	18,835	18,926	19,410	19,938
28	Other	5,585	6,155	r6,200	6,935	6,761	7,036	6,721	6,686	6,667	6,774
29	Public utilities and other	r20,772	r23,803	r25,064	r27,697	r28,365	28,247	r27,952	28,763	29,637	30,314
30	*Public*	*r40,883*	*r38,312*	*r37,828*	*45,099*	*45,249*	*48,388*	*r43,162*	*47,970*	*47,939*	*47,303*
31	Military	r1,391	r1,521	r1,517	1,446	1,358	1,493	r1,520	1,615	1,449	1,434
32	Highway	r10,548	r9,439	r9,280	10,556	10,338	9,833	11,427	10,862	11,428	....
33	Conservation and development	3,256	r3,751	r3,882	4,172	3,508	4,989	5,231	5,660	3,851	....
34	Other [3]	r25,688	r23,601	r23,149	28,925	30,045	32,073	29,984	29,833	31,211	....

1 Not at annual rates.
2 Not seasonally adjusted.
3 Beginning Jan. 1977 Highway imputations are included in Other.
4 Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports* (C-30-76-5), issued by the Bureau in July 1976.

NOTE.—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND PRODUCER PRICES

Percentage changes based on seasonally adjusted data, except as noted.

Item	12 months to—		3 months (at annual rate) to—				1 month to—					Index level Nov. 1978 (1967 = 100)[2]
	1977 Nov.	1978 Nov.	1977	1978			1978					
			Dec.	Mar.	June	Sept.	July	Aug.	Sept.	Oct.	Nov.	
	Consumer prices[3]											
1 **All items**	**6.7**	**9.0**	**4.9**	**9.3**	**11.4**	**7.8**	**.5**	**.6**	**.8**	**.8**	**.5**	**202.0**
2 *Commodities*	*6.1*	*8.4*	*4.9*	*9.3*	*11.2*	*6.3*	*.4*	*.4*	*.7*	*.7*	*.6*	*192.9*
3 Food	8.0	11.3	4.2	16.4	20.4	3.0	.0	.3	.5	.8	.3	217.8
4 Commodities less food	4.9	7.3	5.4	6.1	7.2	7.8	.6	.5	.9	.7	.8	180.3
5 Durable	4.7	8.8	5.2	8.7	9.0	8.3	.7	.5	.9	.8	.8	180.0
6 Nondurable	5.1	5.3	5.1	3.1	5.5	7.3	.5	.5	.8	.5	.6	179.1
7 *Services*	*7.8*	*9.6*	*4.9*	*9.1*	*11.8*	*10.3*	*.8*	*.8*	*.8*	*.8*	*.4*	*218.6*
8 Rent	6.4	7.3	6.3	6.2	8.5	7.5	.5	.5	.8	.6	.7	168.5
9 Services less rent	8.0	9.9	4.8	9.6	12.2	10.8	.9	.9	.9	.8	.3	227.8
Other groupings:												
10 All items less food	6.4	8.4	5.0	8.1	9.3	9.1	.7	.7	.8	.8	.6	197.8
11 All items less food and energy	6.1	8.6	5.3	8.0	9.9	8.3	.7	.6	.7	.8	.6	195.3
12 Homeownership	8.6	12.9	7.1	12.2	14.5	14.7	1.2	1.0	1.3	1.2	.7	238.8
	Producer prices, formerly Wholesale prices											
13 Finished goods	7.1	8.7	7.2	9.6	11.4	5.0	.5	r.0	r.7	.9	.8	200.6
14 Consumer	6.9	9.0	5.4	10.9	12.5	4.2	.5	r−.2	r.8	1.0	.7	198.3
15 Foods	8.3	11.2	7.4	21.2	14.6	−1.0	−.5	−1.4	1.7	1.7	.6	212.0
16 Excluding foods	6.2	7.8	4.7	5.3	11.2	7.6	1.0	r.5	r.4	.6	.7	189.5
17 Capital Equiptment	7.4	7.9	10.9	7.1	8.7	r6.4	.6	.4	r.5	.6	1.0	205.9
18 Materials	5.5	10.1	8.3	13.9	9.0	5.2	.2	.1	.9	1.6	.9	226.5
19 Intermediate[1]	6.4	8.1	4.2	9.2	6.6	6.7	.4	.6	.6	1.1	.8	222.7
Crude:												
20 Nonfood	1.9	16.6	20.1	16.2	11.6	12.2	2.4	−.5	1.0	2.1	1.8	300.6
21 Food	3.7	19.3	27.6	40.3	28.1	−9.4	−2.5	−1.8	1.9	3.6	1.3	221.3

1 Excludes intermediate materials for food manufacturing and manufactured animal feeds.
2 Not seasonally adjusted.

3 Beginning Jan. 1978 figures for consumer prices are those for all urban consumers.

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	1975	1976	1977	1977			1978		
					Q2	Q3	Q4	Q1	Q2	Q3[r]
		Gross national product								
1	**Total**	**1,528.8**	**1,700.1**	**1,887.2**	**1,867.0**	**1,916.8**	**1,958.1**	**1,992.0**	**2,087.5**	**2,136.1**
	By source:									
2	*Personal consumption expenditures*	*979.1*	*1,090.2*	*1,206.5*	*1,188.6*	*1,214.5*	*1,255.2*	*1,276.7*	*1,322.9*	*1,356.9*
3	Durable goods	132.6	156.6	178.4	175.6	177.4	187.2	183.5	197.8	199.5
4	Nondurable goods	408.9	442.6	479.0	473.6	479.7	496.9	501.4	519.3	531.7
5	Services	437.5	491.0	549.2	539.4	557.5	571.1	591.8	605.8	625.8
6	*Gross private domestic investment*	*190.9*	*243.0*	*297.8*	*295.6*	*309.7*	*313.5*	*322.7*	*345.4*	*350.1*
7	Fixed investment	201.6	232.8	282.3	278.6	287.8	300.5	306.0	325.3	336.5
8	*Nonresidential*	*150.2*	*164.6*	*190.4*	*187.2*	*193.5*	*200.3*	*205.6*	*220.1*	*227.5*
9	Structures	53.8	57.3	63.9	63.4	65.4	67.4	68.5	76.6	80.9
10	Producers' durable equipment	96.4	107.3	126.5	123.8	128.1	132.8	137.1	143.5	146.6
11	Residential structures	51.5	68.2	91.9	91.4	94.3	100.2	100.3	105.3	109.0
12	Nonfarm	49.5	65.8	88.9	88.4	91.2	97.5	97.3	102.1	105.7
13	Change in business inventories	−10.7	10.2	15.6	17.0	21.9	13.1	16.7	20.1	13.6
14	Nonfarm	−14.3	12.2	15.0	16.5	22.0	10.4	16.9	22.1	14.6
15	*Net exports of goods and services*	*20.4*	*7.4*	*−11.1*	*−5.9*	*−7.0*	*−23.2*	*−24.1*	*−5.5*	*−10.7*
16	Exports	147.3	163.2	175.5	178.1	180.8	172.1	181.7	205.4	210.1
17	Imports	126.9	155.7	186.6	184.0	187.8	195.2	205.8	210.9	220.8
18	*Government purchases of goods and services*	*338.4*	*359.5*	*394.0*	*388.8*	*399.5*	*412.5*	*416.7*	*424.7*	*439.8*
19	Federal	123.1	129.9	145.1	142.9	146.8	152.2	151.5	147.2	154.0
20	State and local	215.4	229.6	248.9	245.9	252.7	260.3	265.2	277.6	285.8
	By major type of product:									
21	Final sales, total	1,539.6	1,689.9	1,871.6	1,850.0	1,894.9	1,945.0	1,975.3	2,067.4	2,122.5
22	*Goods*	*686.6*	*760.3*	*832.6*	*825.8*	*844.7*	*859.6*	*861.8*	*912.2*	*927.3*
23	Durable	259.0	304.6	341.3	339.1	346.5	347.4	351.2	375.8	380.1
24	Nondurable	427.5	455.7	491.3	486.7	498.2	512.2	510.6	536.4	547.2
25	Services	697.6	778.0	862.8	850.0	875.3	893.6	926.4	952.0	973.7
26	Structures	144.7	161.9	191.8	191.3	196.8	204.9	203.8	223.4	235.0
27	Change in business inventories	−10.7	10.2	15.6	17.0	21.9	13.1	16.7	20.1	13.6
28	Durable goods	−8.9	5.3	8.4	9.1	11.9	6.3	14.8	10.8	10.2
29	Nondurable goods	−1.8	4.9	7.2	7.6	10.0	6.8	1.9	9.3	3.4
30	**MEMO: Total GNP in 1972 dollars**	**1,202.3**	**1,271.0**	**1,332.7**	**1,325.5**	**1,343.9**	**1,354.5**	**1,354.2**	**1,382.6**	**1,391.4**
		National income								
31	**Total**	**1,215.0**	**1,359,2**	**1,515.3**	**1,499.3**	**1,537.6**	**1,576.9**	**1,603.1**	**1,688.1**	**1,728.4**
32	Compensation of employees	931.1	1,036.8	1,153.4	1,140.5	1,165.8	1,199.7	1,241.0	1,287.8	1,317.1
33	*Wages and salaries*	*805.9*	*890.1*	*983.6*	*973.4*	*993.6*	*1,021.2*	*1,050.8*	*1,090.2*	*1,113.4*
34	Government and Government enterprises	175.4	187.6	200.8	198.1	201.7	208.1	211.4	213.9	216.8
35	Other	630.4	702.5	782.9	775.3	791.9	813.1	839.3	876.3	896.6
36	*Supplement to wages and salaries*	*125.2*	*146.7*	*169.8*	*167.1*	*172.2*	*178.4*	*190.2*	*197.6*	*203.6*
37	Employer contributions for social insurance	60.1	69.7	79.4	78.6	79.9	82.4	90.2	93.6	95.7
38	Other labor income	65.1	77.0	90.4	88.5	92.2	96.1	100.0	104.0	107.9
39	*Proprietors' income*[1]	*87.0*	*88.6*	*99.8*	*98.9*	*97.2*	*107.3*	*105.0*	*110.1*	*114.5*
40	Business and professional[1]	63.5	70.2	79.5	78.9	80.8	82.3	83.1	86.1	89.6
41	Farm[1]	23.5	18.4	20.3	20.0	16.5	25.1	21.9	24.0	25.0
42	Rental income of persons[2]	22.4	22.5	22.5	22.4	22.4	22.7	22.8	22.2	24.3
43	Corporate profits[1]	95.9	127.0	144.2	143.7	154.8	148.2	132.6	163.4	165.2
44	Profits before tax[3]	120.4	155.9	173.9	175.1	177.5	178.3	172.1	205.5	205.4
45	Inventory valuation adjustment	−12.4	−14.5	−14.8	−16.6	−7.7	−14.8	−23.5	−24.9	−20.9
46	Capital consumption adjustment	−12.0	−14.4	−14.9	−14.8	−15.0	−15.3	−16.1	−17.2	−19.3
47	Net interest	78.6	84.3	95.4	93.7	97.3	99.0	101.7	104.6	107.4

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustments.
3 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	1975	1976	1977	1977			1978		
				Q2	Q3	Q4	Q1	Q2	Q3r
	Personal income and saving								
1 **Total personal income**	**1,255.5**	**1,380.9**	**1,529.0**	**1,508.6**	**1,543.7**	**1,593.0**	**1,628.9**	**1,682.4**	**1,731.7**
2 *Wage and salary disbursements*	*805.9*	*890.1*	*983.6*	*973.4*	*993.6*	*1,021.2*	*1,050.8*	*1,090.2*	*1,113.2*
3 Commodity-producing industries	275.0	307.5	343.7	342.0	348.3	357.1	365.9	387.0	396.4
4 Manufacturing	211.0	237.5	266.3	264.1	269.3	277.3	286.9	296.1	302.0
5 Distributive industries	195.3	216.4	239.1	236.5	241.2	247.5	257.0	266.4	271.6
6 Service industries	160.1	178.6	200.1	196.8	202.3	208.5	216.5	222.8	228.5
7 Government and government enterprises	175.4	187.6	200.8	198.1	201.7	208.1	211.4	213.9	216.7
8 Other labor income	65.1	77.0	90.4	88.5	92.2	96.1	100.0	104.0	107.9
9 *Proprietors' income*[1]	*87.0*	*88.6*	*99.8*	*98.9*	*97.2*	*107.3*	*105.0*	*110.1*	*114.5*
10 Business and professional[1]	63.5	70.2	79.5	78.9	80.8	82.3	83.1	86.1	89.6
11 Farm[1]	23.5	18.4	20.3	20.0	16.5	25.1	21.9	24.0	25.0
12 Rental income of persons[2]	22.4	22.5	22.5	22.4	22.4	22.7	22.8	22.2	24.3
13 Dividends	31.9	37.9	43.7	42.7	44.1	46.3	47.0	48.1	50.1
14 Personal interest income	115.5	126.3	141.2	139.1	143.6	146.0	151.4	156.3	161.7
15 Transfer payments	178.2	193.9	208.8	204.0	211.9	215.9	219.2	220.6	230.4
16 Old-age survivors, disability, and health insurance benefits	81.4	92.9	105.0	101.8	108.5	110.1	112.1	113.7	121.1
17 Less: Personal contributions for social insurance	50.5	55.5	61.0	60.5	61.4	62.6	67.2	69.2	70.5
18 Equals: Personal income	1,255.5	1,380.9	1,529.0	1,508.6	1,543.7	1,593.0	1,628.9	1,682.4	1,731.7
19 Less: Personal tax and nontax payments	168.8	196.5	226.0	223.3	224.6	233.3	237.3	249.1	263.2
20 Equals: Disposable personal income	1,086.7	1,184.4	1,303.0	1,285.3	1,319.1	1,359.6	1,391.6	1,433.3	1,468.4
21 Less: Personal outlays	1,003.0	1,116.3	1,236.1	1,217.8	1,244.8	1,285.9	1,309.2	1,357.0	1,392.5
22 Equals: Personal saving	83.6	68.0	66.9	67.5	74.3	73.7	82.4	76.3	76.0
Memo items:									
Per capita (1972 dollars):									
23 Gross national product	5,629	5,906	6,144	6,120	6,191	6,226	6,215	r6,334	6,359
24 Personal consumption expenditures	3,626	3,808	3,954	3,922	3,953	4,030	4,009	4,060	4,091
25 Disposable personal income	4,025	4,136	4,271	4,241	4,293	4,365	4,370	4,399	4,428
26 Saving rate (per cent)	7.7	5.7	5.1	5.3	5.6	5.4	5.9	5.3	5.2
	Gross saving								
27 **Gross private saving**	**259.8**	**270.7**	**290.8**	**288.6**	**310.7**	**304.3**	**305.4**	**319.9**	**325.7**
28 Personal saving	83.6	68.0	66.9	67.5	74.3	73.7	82.4	76.3	76.0
29 Undistributed corporate profits[1]	14.2	24.8	28.7	28.7	38.0	28.0	15.6	30.3	29.0
30 Corporate inventory valuation adjustment	−12.4	−14.5	−14.8	−16.6	−7.7	−14.8	−23.5	−24.9	−20.9
Capital consumption allowances:									
31 Corporate	101.3	111.5	120.9	119.8	122.6	124.6	127.4	130.5	134.7
32 Noncorporate	60.7	66.3	74.3	72.6	75.9	77.9	79.9	82.8	86.1
33 Wage accruals less disbursements	...	...	...	...	...	...	...	...	...
34 *Government surplus, or deficit (−), national income and product accounts*	*−64.4*	*−33.2*	*−18.6*	*−11.8*	*−25.2*	*−29.6*	*−21.1*	*6.2*	*.6*
35 Federal	−70.6	−53.8	−48.1	−40.3	−56.4	−58.6	−52.6	−23.6	−22.8
36 State and local	6.2	20.7	29.6	28.5	31.2	29.0	31.5	29.8	23.4
37 Capital grants received by the United States, net	...	...	...	...	...	...	...	...	...
38 *Investment*	*202.8*	*241.7*	*276.9*	*280.4*	*292.6*	*279.5*	*286.4*	*326.6*	*326.6*
39 Gross private domestic	190.9	243.0	297.8	295.6	309.7	313.5	322.7	345.4	350.1
40 Net foreign	11.9	−1.2	−20.9	−15.2	−17.1	−34.1	−36.3	−18.9	−23.5
41 Statistical discrepancy	7.4	4.2	4.7	3.7	7.1	4.8	2.2	.5	.4

1 With inventory valuation and capital consumption adjustments.
2 With capital consumption adjustment.

Source.—*Survey of Current Business* (U.S. Dept. of Commerce).

3.10 U.S. INTERNATIONAL TRANSACTIONS Summary

Millions of dollars; quarterly data are seasonally adjusted except as noted.[1]

Item credits or debits	1975	1976	1977	1977 Q3	1977 Q4	1978 Q1	1978 Q2r	1978 Q3
1 Merchandise exports	107,088	114,694	r120,576	r31,009	r29,461	30,664	35,067	36,930
2 Merchandise imports	98,041	124,047	r151,706	r38,277	r39,664	41,865	42,869	44,975
3 Merchandise trade balance[2]	9,047	−9,353	r−31,130	r−7,268	r−10,203	−11,201	−7,802	−8,045
4 Military transactions, net	−876	312	1,334	467	5	210	592	177
5 Investment income, net[3]	12,795	15,933	17,507	4,609	3,813	4,877	4,583	4,550
6 Other service transactions, net	2,095	2,469	1,705	583	482	538	842	761
7 Balance on goods and services[3,4]	**23,060**	**9,361**	**r−10,585**	**r−1,609**	**r−5,903**	**−5,576**	**−1,785**	**−2,557**
8 Remittances, pensions, and other transfers	−1,721	−1,878	−1,932	−490	−473	−504	−536	−493
9 U.S. government grants (excluding military)	−2,894	−3,145	−2,776	−787	−591	−778	−781	−774
10 Balance on current account[3]	**18,445**	**4,339**	**r−15,292**	**r−2,886**	**r−6,967**	**−6,858**	**−3,102**	**−3,824**
11 *Not seasonally adjusted[3]*	....	....	....	*r−5,196*	*r−5,245*	*−6,382*	*−2,656*	*−6,341*
12 Change in U.S. government assets, other than official reserve assets, net (increase, −)	−3,470	−4,213	−3,679	−1,098	−838	−896	−1,176	−1,494
13 *Change in U.S. official reserve assets (increase, −)*	*−607*	*−2,530*	*−231*	*151*	....	*246*	*329*	*180*
14 Gold	....	....	−118	....	−60	....	....	....
15 Special Drawing Rights (SDRs)	−66	−78	−121	−9	−29	−16	−104	−43
16 Reserve position in International Monetary Fund (IMF)	−466	−2,212	−294	133	42	324	437	165
17 Foreign currencies	−75	−240	302	27	47	−62	−4	58
18 Change in U.S. private assets abroad (increase, −)[3]	**−35,368**	**−43,865**	**−30,740**	**−5,668**	**−13,862**	**−14,386**	**−5,287**	**−9,692**
19 Bank-reported claims	−13,532	−21,368	−11,427	−1,779	−8,750	−6,270	−503	−7,137
20 *Nonbank-reported claims*	*−1,357*	*−2,030*	*−1,700*	*1,389*	*−1,184*	*−2,222*	*267*	*275*
21 Long-term	−366	5	25	205	−279	−57	80	−11
22 Short-term	−991	−2,035	−1,725	1,184	−905	−2,165	187	286
23 U.S. purchase of foreign securities, net	−6,235	−8,852	−5,398	−2,165	−731	−949	−1,103	−467
24 U.S. direct investments abroad, net[3]	−14,244	−11,614	−12,215	−3,113	−3,197	−4,945	−3,948	−2,363
25 *Change in foreign official assets in the United States (increase, +)*	*6,907*	*18,073*	*37,124*	*8,246*	*15,543*	*15,760*	*−5,685*	*4,904*
26 U.S. Treasury securities	4,408	9,333	30,294	6,948	12,900	12,965	−5,728	3,146
27 Other U.S. government obligations	905	573	2,308	627	973	117	211	443
28 Other U.S. government liabilities[5]	1,647	4,993	1,644	332	390	804	−312	350
29 Other U.S. liabilities reported by U.S. banks	−2,158	969	773	−163	909	1,456	−493	881
30 Other foreign official assets[6]	2,104	2,205	2,105	502	371	418	637	84
31 Change in foreign private assets in the United States (increase, +)[3]	**8,643**	**18,897**	**13,746**	**6,005**	**4,522**	**2,336**	**6,090**	**9,708**
32 U.S. bank-reported liabilities	628	10,990	6,719	2,640	3,143	−314	1,836	8,044
33 *U.S. nonbank-reported liabilities*	*319*	*−507*	*257*	*590*	*425*	*495*	*248*	*482*
34 Long-term	406	−958	−620	18	−242	38	−68	91
35 Short-term	−87	451	877	572	667	457	316	391
36 Foreign private purchases of U.S. Treasury securities, net	2,590	2,783	563	1,251	−299	881	847	−1,053
37 Foreign purchases of other U.S. securities, net	2,503	1,284	2,869	513	803	462	1,308	442
38 Foreign direct investments in the United States, net[3]	2,603	4,347	3,338	1,012	450	812	1,852	1,793
39 Allocation of SDRs	....	....	....	....	....	....	....	....
40 *Discrepancy*	*5,449*	*9,300*	*r−927*	*r−4,751*	*r1,602*	*3,798*	*8,830*	*218*
41 Owing to seasonal adjustments	....	....	....	r−2,229	r2,276	160	−1	−2,411
42 Statistical discrepancy in recorded data before seasonal adjustment	5,449	9,300	r−927	r−2,522	r−674	3,638	8,831	2,629
MEMO ITEMS:								
Changes in official assets:								
43 U.S. official reserve assets (increase, −)	−607	−2,530	−231	151	....	246	329	180
44 Foreign official assets in the United States (increase, +)	5,259	13,080	35,480	7,914	15,153	14,956	−5,373	4,554
45 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the Unites States (part of line 25 above)	7,092	9,581	6,733	1,438	1,024	1,963	−2,838	−1,593
46 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)	2,207	373	194	31	71	75	57	69

1 Seasonal factors are no longer calculated for lines 13 through 46.

2 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.

3 Includes reinvested earnings of incorporated affiliates.

4 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition excludes certain military sales to Israel from exports and excludes U.S. Government interest payments from imports.

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

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

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

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

Item	1975	1976	1977	1978 May	June	July	Aug.	Sept.	Oct.	Nov.
1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments	107,589	115,156	121,151	11,754	12,126	11,793	12,469	13,429	13,011	13,262
2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses	96,573	121,009	147,685	13,992	13,723	14,779	14,090	15,120	15,138	15,207
3 **Trade balance**	**11,016**	**−5,853**	**−26,534**	**−2,238**	**−1,597**	**−2,987**	**−1,621**	**−1,691**	**−2,127**	**−1,946**

NOTE.—Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Effective January 1978, major changes were made in coverage, reporting, and compiling procedures. The international-accounts-basis data 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	1975	1976	1977	1978 June	July	Aug.	Sept.	Oct.	Nov.	Dec.[p]
1 **Total**	**16,226**	**18,747**	**19,312**	**18,864**	**18,832**	**18,783**	**18,850**	**18,935**	**17,967**	[3] **18,650**
2 Gold stock, including Exchange Stabilization Fund[1]	11,599	11,598	11,719	11,706	11,693	11,679	11,668	11,655	11,642	11,671
3 Special Drawing Rights[2]	2,335	2,395	2,629	2,804	2,860	2,885	2,942	3,097	1,522	[3] 1,558
4 Reserve position in International Monetary Fund	2,212	4,434	4,946	4,270	4,177	4,196	4,214	4,147	1,099	[3] 1,047
5 Convertible foreign currencies[4]	80	320	18	84	102	23	26	36	3,704	[4] 4,374

1 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.

2 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.

3 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.

4 Beginning November 1978, valued at current market exchange rates.

3.13 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

	Asset account	1975	1976	1977	1978 Apr.	1978 May[2]	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.[p]
					All foreign countries						
1	**Total, all currencies**	**176,493**	**219,420**	**258,897**	**260,558**	**259,442**	**271,696**	**269,542**	**275,065**	**287,369**	**292,312**
2	*Claims on United States*	*6,743*	*7,889*	*11,623*	*13,754*	*8,727*	*10,891*	*9,254*	*r10,154*	*14,976*	*12,180*
3	Parent bank	3,665	4,323	7,806	9,348	4,863	6,750	5,096	r5,948	10,693	7,901
4	Other	3,078	3,566	3,817	4,406	3,864	4,141	4,158	4,283	4,206	4,279
5	*Claims on foreigners*	*163,391*	*204,486*	*238,848*	*237,447*	*241,774*	*251,783*	*250,700*	*r254,779*	*262,063*	*269,110*
6	Other branches of parent bank	34,508	45,955	55,772	51,817	52,713	55,357	55,236	58,746	63,493	67,634
7	Banks	69,206	83,765	91,883	92,370	91,912	96,638	94,659	92,854	95,222	98,221
8	Public borrowers[1]	5,792	10,613	14,634	15,207	21,139	r22,654	r23,242	23,311	23,852	23,937
9	Nonbank foreigners	53,886	64,153	76,560	78,053	76,010	r77,134	r77,563	r79,868	79,496	79,318
10	Other assets	6,359	7,045	8,425	9,357	8,941	9,022	9,588	10,132	10,330	11,022
11	**Total payable in U.S. dollars**	**132,901**	**167,695**	**193,764**	**194,168**	**192,466**	**202,792**	**198,205**	**200,915**	**212,063**	**210,939**
12	*Claims on United States*	*6,408*	*7,595*	*11,049*	*12,952*	*8,035*	*10,107*	*8,473*	*9,349*	*14,168*	*11,339*
13	Parent bank	3,628	4,264	7,692	9,158	4,712	6,580	4,906	5,758	10,535	7,710
14	Other	2,780	3,332	3,357	3,795	3,323	3,527	3,567	3,591	3,633	3,629
15	*Claims on foreigners*	*123,496*	*156,896*	*178,896*	*176,877*	*180,331*	*188,590*	*185,425*	*187,038*	*193,457*	*194,870*
16	Other branches of parent bank	28,478	37,909	44,256	40,628	41,209	43,544	43,447	46,326	50,880	52,866
17	Banks	55,319	66,331	70,786	70,504	70,124	74,842	71,592	69,594	71,892	72,667
18	Public borrowers[1]	4,864	9,022	12,632	13,232	18,275	r19,674	r20,257	20,221	20,474	20,290
19	Nonbank foreigners	34,835	43,634	51,222	52,513	50,723	r50,530	r50,129	50,897	50,211	49,047
20	Other assets	2,997	3,204	3,820	4,339	4,100	4,095	4,307	4,528	4,438	4,730
					United Kingdom						
21	**Total, all currencies**	**74,883**	**81,466**	**90,933**	**87,100**	**89,645**	**93,538**	**92,989**	**93,341**	**99,084**	**101,895**
22	*Claims on United States*	*2,392*	*3,354*	*4,341*	*2,506*	*2,333*	*3,142*	*2,615*	*r2,626*	*2,940*	*3,127*
23	Parent bank	1,449	2,376	3,518	1,548	1,476	2,279	1,515	r1,597	2,014	2,238
24	Other	943	978	823	958	857	863	1,100	1,029	926	889
25	*Claims on foreigners*	*70,331*	*75,859*	*84,016*	*81,871*	*84,700*	*87,808*	*87,479*	*r87,769*	*93,364*	*95,774*
26	Other branches of parent bank	17,557	19,753	22,017	19,514	19,550	19,944	20,438	21,661	24,691	26,396
27	Banks	35,904	38,089	39,899	40,436	40,807	43,044	42,462	40,401	42,677	44,046
28	Public borrowers[1]	881	1,274	2,206	2,020	4,150	r4,559	r4,591	4,532	4,505	4,695
29	Nonbank foreigners	15,990	16,743	19,895	19,901	20,193	r20,261	r19,988	r21,175	21,491	20,637
30	Other assets	2,159	2,253	2,576	2,724	2,612	2,588	2,895	2,946	2,780	2,994
31	**Total payable in U.S. dollars**	**57,361**	**61,587**	**66,635**	**62,330**	**63,565**	**67,016**	**65,452**	**64,457**	**70,008**	**70,217**
32	*Claims on United States*	*2,273*	*3,275*	*4,100*	*2,312*	*2,163*	*2,870*	*2,321*	*2,337*	*2,598*	*2,885*
33	Parent bank	1,445	2,374	3,431	1,520	1,452	2,178	1,386	1,483	1,895	2,195
34	Other	828	902	669	793	711	692	935	854	703	690
35	*Claims on foreigners*	*54,121*	*57,488*	*61,408*	*58,845*	*60,277*	*63,043*	*61,938*	*60,907*	*66,242*	*66,132*
36	Other branches of parent bank	15,645	17,249	18,947	16,531	16,406	17,025	17,438	18,305	20,934	21,351
37	Banks	28,224	28,983	28,530	28,177	28,324	30,686	29,455	27,310	29,859	29,706
38	Public borrowers[1]	648	846	1,669	1,631	3,254	r3,525	r3,626	3,502	3,440	3,586
39	Nonbank foreigners	9,604	10,410	12,263	12,507	12,293	r11,807	r11,419	11,790	12,009	11,489
40	Other assets	967	824	1,126	1,173	1,125	1,103	1,193	1,213	1,168	1,200
					Bahamas and Caymans						
41	**Total, all currencies**	**45,203**	**66,774**	**79,052**	**84,409**	**82,083**	**84,692**	**82,145**	**85,654**	**88,755**	**86,290**
42	*Claims on United States*	*3,229*	*3,508*	*5,782*	*9,908*	*5,237*	*6,441*	*5,132*	*5,620*	*10,053*	*7,250*
43	Parent bank	1,477	1,141	3,051	6,710	2,502	3,449	2,381	2,751	7,090	4,255
44	Other	1,752	2,367	2,731	3,198	2,735	2,992	2,751	2,869	2,963	2,995
45	*Claims on foreigners*	*41,040*	*62,048*	*71,671*	*72,720*	*74,846*	*76,282*	*74,988*	*77,949*	*76,651*	*76,863*
46	Other branches of parent bank	5,411	8,144	11,120	9,565	10,580	10,803	10,292	12,134	12,348	12,618
47	Banks	16,298	25,354	27,939	28,712	29,045	30,307	29,302	29,749	29,472	30,314
48	Public borrowers[1]	3,576	7,105	9,109	9,362	11,424	12,394	12,599	12,461	12,362	12,092
49	Nonbank foreigners	15,756	21,445	23,503	25,082	23,797	22,778	22,795	23,605	22,469	21,839
50	Other assets	933	1,217	1,599	1,781	2,000	1,969	2,025	2,085	2,051	2,177
51	**Total payable in U.S. dollars**	**41,887**	**62,705**	**73,987**	**79,324**	**76,660**	**79,277**	**76,494**	**79,701**	**83,007**	**80,222**

For notes see opposite page.

3.13 Continued

	Liability account	1975	1976	1977	1978 Apr.	May[2]	June	July	Aug.	Sept.	Oct.[p]
					All foreign countries						
52	**Total, all currencies**	**176,493**	**219,420**	**258,897**	**260,558**	**259,442**	**271,696**	**269,542**	**275,065**	**287,369**	**292,312**
53	*To United States*	*20,221*	*32,719*	*44,154*	*49,088*	*49,907*	*50,534*	*r51,583*	*52,565*	*49,191*	*51,548*
54	Parent bank	12,165	19,773	24,542	26,643	28,422	25,199	27,722	29,051	24,590	27,617
55	Other banks in United States	8,057	12,946	19,613	22,445	9,003	10,371	8,608	7,659	10,064	8,365
56	Nonbanks					12,482	14,964	r15,253	15,855	14,537	15,566
57	*To foreigners*	*149,815*	*179,954*	*206,579*	*202,946*	*202,232*	*213,670*	*r209,810*	*213,978*	*228,866*	*231,074*
58	Other branches of parent bank	34,111	44,370	53,244	48,850	50,368	53,547	53,788	56,955	61,599	65,063
59	Banks	72,259	83,880	94,140	91,699	87,567	93,413	88,364	r89,234	97,628	95,955
60	Official institutions	22,773	25,829	28,110	28,568	29,776	31,414	31,831	r31,455	33,077	32,237
61	Nonbank foreigners	20,672	25,877	31,085	33,830	34,521	35,296	r35,827	36,334	36,562	37,819
62	Other liabilities	6,456	6,747	8,163	8,524	7,303	7,492	8,149	8,522	9,312	9,690
63	**Total payable in U.S. dollars**	**135,907**	**173,071**	**198,572**	**197,575**	**196,746**	**207,117**	**r202,407**	**205,074**	**215,496**	**215,503**
64	*To United States*	*19,503*	*31,932*	*42,881*	*47,811*	*48,278*	*48,820*	*49,668*	*50,457*	*47,037*	*49,304*
65	Parent bank	11,939	19,559	24,213	26,348	27,787	24,477	26,951	28,159	23,640	26,682
66	Other banks in United States	7,564	12,373	18,669	21,463	8,704	10,078	8,286	7,286	9,724	8,011
67	Nonbanks					11,787	14,265	r14,431	15,012	13,673	14,611
68	*To foreigners*	*112,879*	*137,612*	*151,363*	*145,350*	*144,758*	*154,513*	*r148,630*	*150,474*	*163,759*	*161,475*
69	Other branches of parent bank	28,217	37,098	43,268	39,214	40,099	42,682	42,852	r45,620	49,978	52,022
70	Banks	51,583	60,619	64,872	61,665	57,871	62,434	56,273	55,285	63,270	58,911
71	Official institutions	19,982	22,878	23,972	23,865	25,124	26,587	26,843	r26,178	27,358	26,332
72	Nonbank foreigners	13,097	17,017	19,251	20,606	21,664	22,810	r22,662	23,391	23,153	24,210
73	Other liabilities	3,526	3,527	4,328	4,414	3,710	3,784	4,109	4,143	4,700	4,724
					United Kingdom						
74	**Total, all currencies**	**74,883**	**81,466**	**90,933**	**87,100**	**89,645**	**93,538**	**92,989**	**93,341**	**99,084**	**101,895**
75	*To United States*	*5,646*	*5,997*	*7,753*	*7,266*	*6,758*	*8,174*	*8,011*	*6,978*	*8,033*	*8,386*
76	Parent bank	2,122	1,198	1,451	1,983	1,636	1,822	1,959	1,905	1,872	2,174
77	Other banks in United States	3,523	4,798	6,302	5,283	2,346	3,273	2,987	2,290	3,150	2,949
78	Nonbanks					2,776	3,079	3,065	2,783	3,011	3,263
79	*To foreigners*	*67,240*	*73,228*	*80,736*	*77,169*	*80,108*	*82,703*	*81,847*	*82,991*	*87,678*	*89,901*
80	Other branches of parent bank	6,494	7,092	9,376	8,014	9,009	9,700	10,098	11,708	12,006	12,228
81	Banks	32,964	36,259	37,893	34,940	35,980	36,856	34,662	35,293	37,677	39,276
82	Official institutions	16,553	17,273	18,318	18,817	19,087	20,074	20,863	19,863	21,493	21,193
83	Nonbank foreigners	11,229	12,605	15,149	15,399	16,032	16,073	16,224	16,127	16,502	17,204
84	Other liabilities	1,997	2,241	2,445	2,665	2,779	2,661	3,131	3,372	3,373	3,608
85	**Total payable in U.S. dollars**	**57,820**	**63,174**	**67,573**	**62,662**	**64,025**	**67,936**	**65,671**	**64,926**	**70,227**	**71,166**
86	*To United States*	*5,415*	*5,849*	*7,480*	*6,938*	*6,446*	*7,852*	*7,652*	*6,606*	*7,650*	*8,013*
87	Parent bank	2,083	1,182	1,416	1,953	1,609	1,794	1,926	1,852	1,805	2,114
88	Other banks in United States	3,332	4,667	6,064	4,985	2,281	3,176	2,904	2,209	3,092	2,902
89	Nonbanks					2,556	2,882	2,822	2,545	2,753	2,997
90	*To foreigners*	*51,447*	*56,372*	*58,977*	*54,498*	*56,274*	*58,856*	*56,636*	*57,015*	*61,231*	*61,735*
91	Other branches of parent bank	5,442	5,874	7,505	6,202	6,696	7,259	7,696	9,163	9,317	9,271
92	Banks	23,330	25,527	25,608	22,115	22,554	23,472	20,527	20,601	22,936	23,259
93	Official institutions	14,498	15,423	15,482	15,672	15,908	16,866	17,397	16,113	17,659	17,106
94	Nonbank foreigners	8,176	9,547	10,382	10,509	11,116	11,259	11,016	11,138	11,319	12,099
95	Other liabilities	959	953	1,116	1,227	1,305	1,228	1,383	1,305	1,346	1,418
					Bahamas and Caymans						
96	**Total, all currencies**	**45,203**	**66,774**	**79,052**	**84,409**	**82,083**	**84,692**	**82,145**	**85,654**	**88,755**	**86,290**
97	*To United States*	*11,147*	*22,721*	*32,176*	*37,256*	*37,350*	*35,185*	*r37,041*	*39,532*	*34,244*	*35,679*
98	Parent bank	7,628	16,161	20,956	22,289	23,255	19,078	21,755	23,187	18,410	20,179
99	Other banks in United States	3,520	6,560	11,220	14,967	5,625	5,514	4,587	4,509	5,511	4,418
100	Nonbanks					8,470	10,593	r10,699	11,836	10,323	11,082
101	*To foreigners*	*32,949*	*42,899*	*45,292*	*45,610*	*43,394*	*48,088*	*r43,649*	*44,597*	*52,707*	*48,955*
102	Other branches of parent bank	10,569	13,801	12,816	10,288	11,250	11,657	11,165	11,436	14,762	15,635
103	Banks	16,825	21,760	24,717	25,847	21,452	25,752	21,951	21,884	27,371	22,471
104	Official institutions	3,308	3,573	3,000	3,489	4,419	4,583	4,221	4,598	4,468	4,440
105	Nonbank foreigners	2,248	3,765	4,759	5,986	6,273	6,096	r6,312	6,679	6,106	6,409
106	Other liabilities	1,106	1,154	1,584	1,543	1,339	1,419	1,455	1,525	1,804	1,656
107	**Total payable in U.S. dollars**	**42,197**	**63,417**	**74,463**	**80,243**	**78,254**	**80,650**	**78,131**	**81,314**	**84,317**	**81,323**

1 In May 1978 a broader category of claims on foreign public borrowers, including corporations that are majority owned by foreign governments, replaced the previous, more narrowly defined claims on foreign official institutions.

2 In May 1978 the exemption level for branches required to report was increased, which reduced the number of reporting branches.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

Item	1975	1976	1977	1978						
				May	June	July	Aug.	Sept.	Oct.p	Nov.p
	A. By type									
1 **Total**[1]	**82,572**	**95,634**	**131,090**	**140,955**	**140,571**	**144,138**	**146,084**	**145,210**	**152,856**	**156,850**
2 Liabilities reported by banks in the United States[2]	16,262	17,231	18,003	19,054	18,808	19,445	20,049	19,752	22,696	21,988
3 U.S. Treasury bills and certificates[3]	34,199	37,725	47,820	56,447	55,594	56,842	56,299	55,014	57,976	62,943
U.S. Treasury bonds and notes:										
4 Marketable	6,671	11,788	32,157	32,314	32,836	34,149	34,860	35,564	36,141	36,210
5 Nonmarketable[4]	19,976	20,648	20,443	19,355	19,284	19,214	20,375	20,304	21,426	20,993
6 U.S. securities other than U.S. Treasury securities[5]	5,464	8,242	12,667	13,785	14,049	14,488	14,501	14,576	14,617	14,716
	B. By area									
7 **Total**	**82,572**	**95,634**	**131,090**	**140,955**	**140,571**	**144,138**	**146,084**	**145,210**	**152,856**	**156,850**
8 Western Europe[1]	45,701	45,882	70,748	72,777	74,455	75,739	79,723	80,267	85,302	88,903
9 Canada	3,132	3,406	2,334	2,680	2,593	2,490	2,071	1,497	2,618	2,446
10 Latin America and Caribbean	4,461	4,926	4,649	5,425	4,668	4,629	4,621	3,898	4,611	4,495
11 Asia	24,411	37,767	50,693	57,219	56,199	58,081	56,848	56,808	57,407	57,918
12 Africa	2,983	1,893	1,742	1,945	1,689	2,220	2,036	2,006	2,184	2,301
13 Other countries[6]	1,884	1,760	924	909	967	979	785	734	734	787

1 Includes the Bank for International Settlements.
2 Principally demand deposits, time deposits, bankers acceptances, commercial paper, negotiable time certificates of deposit, and borrowings under repurchase agreements.
3 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
4 Excludes notes issued to foreign official nonreserve agencies. Includes bonds and notes payable in foreign currencies.
5 Debt securities of U.S. Govt. corporations and Federally sponsored agencies, and U.S. corporate stocks and bonds.
6 Includes countries in Oceania and Eastern Europe.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve Banks) and securities dealers in the United States.

For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.15 LIABILITIES TO FOREIGNERS Reported by Banks in the United States
Payable in U.S. dollars
Millions of dollars, end of period

Item	1975	1976	1977	1978						
				May	June	July	Aug.	Sept.	Oct.p	Nov.p
	A. By holder and type of liability									
1 **All foreigners**	**95,590**	**110,657**	**126,168**	**137,133**	**135,926**	**137,293**	**140,532**	**144,084**	**150,872**	**158,373**
2 Banks' own liabilities	......	......	......	61,315	60,671	61,429	63,931	68,488	71,391	74,860
3 Demand deposits	13,564	16,803	18,996	17,823	17,189	17,953	16,104	17,204	17,557	18,264
4 Time deposits[1]	10,267	11,347	11,521	11,542	11,635	11,921	12,634	12,503	12,308	12,514
5 Other[2]	......	......	......	7,156	6,477	6,876	7,238	6,697	10,260	8,737
6 Own foreign offices[3]	......	......	......	24,795	25,369	24,679	27,955	32,085	31,267	35,346
7 Banks' custody liabilities[4]	......	......	......	75,818	75,255	75,864	76,601	75,596	79,482	83,513
8 U.S. Treasury bills and certificates[5]	37,414	40,744	48,906	58,260	57,126	57,629	57,264	56,665	59,077	63,434
9 Other negotiable and readily transferable instruments[6]	......	......	......	14,958	15,506	15,512	16,691	16,057	17,619	17,683
10 Other	......	......	......	2,600	2,623	2,722	2,646	2,874	2,786	2,397
11 **Nonmonetary international and regional organizations[7]**	**5,699**	**5,714**	**3,274**	**3,129**	**2,942**	**2,678**	**2,823**	**3,406**	**2,929**	**2,190**
12 Banks' own liabilities	......	......	......	501	480	1,017	808	767	336	417
13 Demand deposits	139	290	231	286	265	257	142	144	133	153
14 Time deposits[1]	148	205	139	61	119	116	97	99	116	102
15 Other[2]	......	......	......	154	97	644	569	523	87	161
16 Banks' custody liabilities[4]	......	......	......	2,627	2,462	1,662	2,014	2,639	2,593	1,774
17 U.S. Treasury bills and certificates	2,554	2,701	706	1,153	922	228	368	1,036	403	183
18 Other negotiable and readily transferable instruments[6]	......	......	......	1,473	1,537	1,432	1,645	1,603	2,189	1,590
19 Other	......	......	......	1	3	1	1	1	1	1
20 **Official institutions[8]**	**50,461**	**54,956**	**65,822**	**75,501**	**74,402**	**76,286**	**76,348**	**74,766**	**80,663**	**84,623**
21 Banks' own liabilities	......	......	......	9,017	8,453	9,422	9,085	9,455	11,870	10,820
22 Demand deposits	2,644	3,394	3,528	3,092	2,611	3,473	2,643	3,307	3,046	3,414
23 Time deposits[1]	3,423	2,321	1,797	1,982	1,981	2,277	2,595	2,563	2,399	2,345
24 Other[2]	......	......	......	3,943	3,862	3,673	3,848	3,585	6,426	5,060
25 Banks' custody liabilities[4]	......	......	......	66,483	65,949	66,864	67,263	65,311	68,793	73,803
26 U.S. Treasury bills and certificates[5]	34,199	37,725	47,820	56,447	55,594	56,842	56,299	55,014	57,967	62,635
27 Other negotiable and readily transferable instruments[6]	......	......	......	9,453	9,857	9,498	10,326	9,703	10,616	11,062
28 Other	......	......	......	583	498	524	638	594	210	107
29 **Banks[9]**	**29,330**	**37,174**	**42,335**	**43,338**	**43,363**	**42,921**	**45,532**	**50,410**	**51,243**	**54,934**
30 Banks' own liabilities	......	......	......	38,960	38,824	38,358	41,028	45,640	46,288	50,133
31 Unaffiliated foreign banks	......	......	......	14,165	13,454	13,680	13,073	13,555	15,022	14,788
32 Demand deposits	7,534	9,104	10,933	10,338	10,164	10,240	9,229	9,713	10,156	10,068
33 Time deposits[1]	1,873	2,297	2,040	1,325	1,255	1,321	1,390	1,618	1,552	1,735
34 Other[2]	......	......	......	2,502	2,035	2,119	2,454	2,223	3,315	2,985
35 Own foreign offices[3]	......	......	......	24,795	25,369	24,679	27,955	32,085	31,267	35,346
36 Banks' custody liabilities[4]	......	......	......	4,378	4,540	4,562	4,504	4,771	4,955	4,801
37 U.S. Treasury bills and certificates	335	119	141	363	300	269	296	307	381	371
38 Other negotiable and readily transferable instruments[6]	......	......	......	2,251	2,355	2,416	2,381	2,534	2,447	2,528
39 Other	......	......	......	1,764	1,885	1,877	1,828	1,930	2,126	1,902
40 **Other foreigners**	**10,100**	**12,814**	**14,736**	**15,166**	**15,218**	**15,407**	**15,829**	**15,502**	**16,037**	**16,625**
41 Banks' own liabilities	......	......	......	12,836	12,914	12,631	13,009	12,627	12,896	13,490
42 Demand deposits	3,248	4,015	4,304	4,106	4,149	3,983	4,090	4,039	4,222	4,628
43 Time deposits[1]	4,823	6,524	7,546	8,173	8,281	8,208	8,552	8,222	8,242	8,331
44 Other[2]	......	......	......	557	484	441	368	365	433	531
45 Banks' custody liabilities[4]	......	......	......	2,330	2,304	2,776	2,819	2,875	3,141	3,135
46 U.S. Treasury bills and certificates	325	198	240	297	310	290	301	308	326	245
47 Other negotiable and readily transferable instruments[6]	......	......	......	1,780	1,757	2,165	2,339	2,218	2,367	2,503
48 Other	......	......	......	253	237	320	179	349	448	387
49 MEMO: Negotiable time certificates of deposit held in custody for foreigners	......	......	......	9,290	9,428	9,385	9,964	9,822	10,977	10,823

1 Excludes negotiable time certificates of deposit, which are included in "Other negotiable and readily transferable instruments."
2 Includes borrowings under repurchase agreements.
3 U.S. banks: includes amounts due to own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due to head office or parent foreign bank, and foreign branches, agencies or wholly-owned subsidiaries of head office or parent foreign bank.
4 Financial claims on residents of the United States, other than long-term securities, held by or through reporting banks.
5 Includes nonmarketable certificates of indebtedness (including those payable in foreign currencies through 1974) and Treasury bills issued to official institutions of foreign countries.
6 Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.
7 Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.
8 Foreign central banks and foreign central governments and the Bank for International Settlements.
9 Excludes central banks, which are included in "Official institutions."

NOTE.—Data for time deposits prior to April 1978 represent short-term only.

For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.15 Continued

Item	1975	1976	1977	1978 May	1978 June	1978 July	1978 Aug.	1978 Sept.	1978 Oct.[p]	1978 Nov.[p]
	B. By area and country									
1 **Total**	**95,590**	**110,657**	**126,168**	**137,133**	**135,926**	**137,293**	**140,532**	**144,084**	**150,872**	**158,373**
2 **Foreign countries**	**89,891**	**104,943**	**122,893**	**134,005**	**132,983**	**134,615**	**137,709**	**140,678**	**147,943**	**156,183**
3 *Europe*	*44,072*	*47,076*	*60,295*	*62,984*	*64,302*	*64,662*	*67,339*	*69,099*	*73,367*	*78,417*
4 Austria	759	346	318	352	351	372	424	431	473	514
5 Belgium-Luxembourg	2,893	2,187	2,531	2,893	2,756	2,277	2,174	2,368	2,464	2,501
6 Denmark	329	356	770	1,110	1,335	1,542	1,593	1,673	1,734	1,827
7 Finland	391	416	323	396	352	407	416	415	424	388
8 France	7,726	4,876	5,269	6,276	6,550	7,353	7,989	8,060	8,402	8,519
9 Germany	4,543	6,241	7,239	9,537	10,029	9,727	10,766	11,206	13,374	15,652
10 Greece	284	403	603	563	597	646	826	865	887	907
11 Italy	1,059	3,182	6,857	6,364	6,869	7,036	8,055	7,394	7,346	7,761
12 Netherlands	3,407	3,003	2,869	2,993	3,118	3,078	3,240	2,756	2,523	2,540
13 Norway	994	782	944	1,643	1,869	1,737	1,516	1,208	1,210	1,102
14 Portugal	193	239	273	288	191	227	324	521	386	379
15 Spain	423	559	619	717	688	709	752	765	702	885
16 Sweden	2,277	1,692	2,712	3,302	3,385	3,340	3,355	3,341	3,187	3,216
17 Switzerland	8,476	9,460	12,343	12,534	12,415	11,888	12,102	13,077	14,262	15,810
18 Turkey	118	166	130	200	110	147	137	226	164	163
19 United Kingdom	6,867	10,018	14,125	11,609	11,471	11,770	10,956	11,802	12,438	13,071
20 Yugoslavia	126	189	232	168	229	192	149	167	158	190
21 Other Western Europe[1]	2,970	2,673	1,804	1,731	1,666	1,935	2,311	2,497	2,887	2,719
22 U.S.S.R.	40	51	98	96	66	55	46	65	82	73
23 Other Eastern Europe[2]	197	236	236	211	255	222	210	262	262	198
24 *Canada*	*2,919*	*4,659*	*4,607*	*6,600*	*5,816*	*5,623*	*5,890*	*5,122*	*7,418*	*8,001*
25 *Latin America and Caribbean*	*15,028*	*19,132*	*23,670*	*25,049*	*25,425*	*24,831*	*27,259*	*29,284*	*28,466*	*31,021*
26 Argentina	1,146	1,534	1,416	2,260	1,692	1,550	1,453	1,393	1,650	1,504
27 Bahamas	1,874	2,770	3,596	3,327	3,954	3,629	4,601	7,249	4,877	6,209
28 Bermuda	184	218	321	339	396	383	372	409	387	425
29 Brazil	1,219	1,438	1,396	1,298	1,220	1,295	1,382	1,350	1,441	1,232
30 British West Indies	1,311	1,877	3,998	3,949	4,769	4,009	5,474	5,380	5,916	6,689
31 Chile	319	337	360	361	376	380	346	351	333	347
32 Colombia	417	1,021	1,221	1,300	1,424	1,429	1,486	1,431	1,483	1,612
33 Cuba	6	6	6	7	7	9	10	7	7	7
34 Ecuador	120	320	330	318	325	378	347	405	369	348
35 Guatemala[3]	......	......	......	552	448	415	419	347	368	357
36 Jamaica[3]	......	......	......	46	66	75	59	78	57	43
37 Mexico	2,070	2,870	2,876	2,970	2,776	2,921	3,171	3,112	3,101	3,413
38 Netherlands Antilles[4]	129	158	196	289	320	435	288	317	353	368
39 Panama	1,115	1,167	2,331	2,609	2,386	2,639	2,628	2,741	2,396	2,749
40 Peru	243	257	287	274	282	309	311	321	323	396
41 Uruguay	172	245	243	208	220	218	185	197	210	230
42 Venezuela	3,309	3,118	2,929	3,298	3,157	3,229	3,208	2,560	3,696	3,531
43 Other Latin America and Caribbean	1,393	1,797	2,167	1,643	1,606	1,530	1,517	1,637	1,498	1,563
44 *Asia*	*22,384*	*29,766*	*30,488*	*35,463*	*33,665*	*35,171*	*33,463*	*33,438*	*34,963*	*34,921*
45 China, People's Republic of (Mainland)	123	48	53	47	53	47	44	46	49	57
46 China, Republic of (Taiwan)	1,025	990	1,013	1,060	1,053	1,195	1,262	1,280	1,318	1,247
47 Hong Kong	605	894	1,094	1,489	1,085	1,191	1,211	1,230	1,348	1,189
48 India	115	638	961	962	899	798	762	833	899	843
49 Indonesia	369	340	410	451	330	597	309	348	575	439
50 Israel	387	392	559	568	476	519	440	432	453	469
51 Japan	10,207	14,363	14,616	19,731	19,020	20,374	19,755	19,890	19,901	21,355
52 Korea	390	438	602	817	748	714	736	776	784	750
53 Philippines	700	628	687	688	595	640	566	623	594	578
54 Thailand	252	277	264	304	297	320	296	290	352	279
55 Middle East oil-exporting countries[5]	7,355	9,360	8,979	8,059	7,894	7,267	6,719	6,350	6,911	6,469
56 Other Asia	856	1,398	1,250	1,285	1,213	1,510	1,364	1,341	1,780	1,246
57 *Africa*	*3,369*	*2,298*	*2,535*	*2,643*	*2,360*	*3,013*	*2,578*	*2,645*	*2,540*	*2,636*
58 Egypt	342	333	404	461	402	594	463	417	322	312
59 Morocco	68	87	66	29	28	28	67	74	84	30
60 South Africa	166	141	174	185	226	175	160	238	266	294
61 Zaire	62	36	39	49	44	73	52	45	39	43
62 Oil-exporting countries[6]	2,240	1,116	1,155	1,244	979	1,365	1,198	1,270	1,230	1,335
63 Other Africa	491	585	698	676	681	778	638	601	600	622
64 *Other countries*	*2,119*	*2,012*	*1,297*	*1,267*	*1,414*	*1,315*	*1,180*	*1,090*	*1,189*	*1,187*
65 Australia	2,006	1,905	1,140	1,129	1,211	1,158	1,051	899	975	950
66 All other	113	107	158	138	203	157	130	191	213	236
67 **Nonmonetary international and regional organizations**	**5,699**	**5,714**	**3,274**	**3,129**	**2,942**	**2,678**	**2,823**	**3,406**	**2,929**	**2,190**
68 International	5,415	5,157	2,752	2,430	2,311	2,027	2,157	2,339	1,789	998
69 Latin American regional	188	267	278	430	395	411	437	799	856	870
70 Other regional[7]	96	290	245	269	236	241	228	269	284	323

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Asian, African, Middle Eastern, and European regional organizations, except the Bank for International Settlements, which is included in "Other Western Europe."

NOTE.—For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.16 BANKS' OWN CLAIMS ON FOREIGNERS Reported by Banks in the United States
Payable in U.S. Dollars

Millions of dollars, end of period

Area and country	1975	1976	1977	1978 May	June	July	Aug.	Sept.	Oct.^p	Nov.^p
1 **Total**	**58,308**	**79,301**	**90,206**	**87,832**	**87,212**	**87,349**	**91,844**	**94,399**	**96,527**	**104,975**
2 **Foreign countries**	**58,275**	**79,261**	**90,163**	**87,797**	**87,180**	**87,313**	**91,806**	**94,360**	**96,487**	**104,933**
3 *Europe*	*11,109*	*14,776*	*18,114*	*15,811*	*16,249*	*15,762*	*16,829*	*18,301*	*19,197*	*20,459*
4 Austria	35	63	65	94	105	116	107	95	111	143
5 Belgium-Luxembourg	286	482	561	793	731	634	823	949	1,036	1,222
6 Denmark	104	133	173	185	145	129	146	147	160	193
7 Finland	180	199	172	184	182	190	216	221	232	260
8 France	1,565	1,549	2,082	1,679	1,891	1,813	2,523	2,786	2,708	2,705
9 Germany	380	509	644	751	787	689	632	742	808	838
10 Greece	290	279	206	279	204	190	125	126	161	134
11 Italy	443	993	1,334	1,184	965	1,078	1,027	1,016	1,353	1,452
12 Netherlands	305	315	338	468	383	436	405	379	494	602
13 Norway	131	136	162	209	217	210	163	263	238	282
14 Portugal	30	88	175	132	126	140	105	99	106	180
15 Spain	424	745	722	699	706	669	714	770	927	981
16 Sweden	198	206	218	184	219	244	290	325	348	465
17 Switzerland	199	379	564	390	685	631	1,013	871	781	1,045
18 Turkey	164	249	360	306	309	313	305	305	293	283
19 United Kingdom	5,170	7,033	8,964	6,951	7,270	6,961	6,933	7,827	8,000	8,324
20 Yugoslavia	210	234	311	285	320	300	280	306	293	302
21 Other Western Europe[1]	76	85	86	137	153	165	125	128	147	115
22 U.S.S.R.	406	485	413	362	319	305	343	370	387	321
23 Other Eastern Europe[2]	513	613	566	536	534	548	553	575	617	612
24 *Canada*	*2,834*	*3,319*	*3,355*	*2,412*	*2,493*	*3,116*	*3,343*	*3,448*	*3,584*	*4,537*
25 *Latin America and Caribbean*	*23,863*	*38,879*	*45,850*	*46,942*	*45,990*	*46,974*	*49,469*	*50,397*	*49,215*	*54,299*
26 Argentina	1,377	1,192	1,478	1,595	1,556	1,572	1,566	1,690	1,448	1,698
27 Bahamas	7,583	15,464	19,858	21,041	18,725	19,643	22,172	20,031	19,205	23,510
28 Bermuda	104	150	232	345	145	145	194	141	357	141
29 Brazil	3,385	4,901	4,629	4,443	4,659	4,599	4,858	5,252	5,591	6,141
30 British West Indies	1,464	5,082	6,481	6,272	7,412	6,872	6,885	8,397	7,171	6,421
31 Chile	494	597	675	717	745	745	809	742	832	862
32 Colombia	751	675	671	578	615	648	690	727	793	935
33 Cuba	14	13	10	1	1	1	1	1	*	4
34 Ecuador	252	375	517	529	562	546	560	646	623	681
35 Guatemala[3]	....	....	....	79	90	83	115	79	83	90
36 Jamaica[3]	....	....	....	42	53	49	44	46	66	49
37 Mexico	3,745	4,822	4,909	4,505	4,865	5,068	5,004	5,007	4,852	5,255
38 Netherlands Antilles[4]	72	140	224	206	212	206	198	230	213	241
39 Panama	1,138	1,372	1,410	2,147	1,901	2,278	1,625	2,280	2,482	2,526
40 Peru	805	933	962	920	930	918	928	966	945	931
41 Uruguay	57	42	80	58	53	52	56	51	63	58
42 Venezuela	1,319	1,828	2,318	2,233	2,240	2,337	2,515	2,745	3,105	3,367
43 Other Latin America and Caribbean	1,302	1,293	1,394	1,233	1,227	1,212	1,250	1,367	1,387	1,389
44 *Asia*	*17,706*	*19,204*	*19,236*	*19,448*	*19,317*	*18,326*	*18,918*	*18,994*	*21,249*	*22,436*
45 China, People's Republic of (Mainland)	22	3	10	22	13	5	31	8	10	6
46 China, Republic of (Taiwan)	1,053	1,344	1,719	1,456	1,343	1,193	1,177	1,241	1,289	1,338
47 Hong Kong	289	316	543	754	769	698	666	705	1,320	1,242
48 India	57	69	53	70	80	46	73	76	66	46
49 Indonesia	246	218	232	137	146	139	125	152	144	188
50 Israel	721	755	584	494	468	445	504	544	555	719
51 Japan	10,944	11,040	9,839	9,741	10,023	9,779	9,876	10,205	10,505	11,884
52 Korea	1,791	1,978	2,336	1,801	2,328	1,937	1,925	1,930	1,779	1,741
53 Philippines	534	719	594	751	680	641	743	730	732	717
54 Thailand	520	442	633	730	711	725	693	633	741	758
55 Middle East oil-exporting countries[5]	744	1,459	1,746	2,521	1,575	1,551	1,951	1,656	2,096	2,181
56 Other Asia	785	863	947	970	1,181	1,167	1,155	1,113	2,012	1,617
57 *Africa*	*1,933*	*2,311*	*2,518*	*2,218*	*2,136*	*2,133*	*2,267*	*2,158*	*2,218*	*2,163*
58 Egypt	123	126	119	72	70	79	62	67	56	68
59 Morocco	8	27	43	37	38	36	42	38	40	36
60 South Africa	657	957	1,066	1,055	1,054	1,036	1,058	1,022	990	906
61 Zaire	181	112	98	80	79	79	79	82	161	162
62 Oil-exporting countries[6]	382	524	510	441	383	340	459	406	438	439
63 Other	581	565	682	533	512	563	566	544	533	551
64 *Other countries*	*830*	*772*	*1,090*	*965*	*995*	*1,002*	*980*	*1,063*	*1,023*	*1,041*
65 Australia	700	597	905	798	828	836	835	894	879	894
66 All other	130	175	186	166	167	167	145	168	145	147
67 **Nonmonetary International and Regional Organizations**[7]	33	40	43	34	31	36	38	39	41	42

1 Includes the Bank for International Settlements. Beginning April 1978, also includes Eastern European countries not listed in line 23.

2 Beginning April 1978 comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, and Romania.

3 Included in "Other Latin America and Caribbean" through March 1978.

4 Includes Surinam through December 1975.

5 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

6 Comprises Algeria, Gabon, Libya, and Nigeria.

7 Excludes the Bank for International Settlements, which is included in "Other Western Europe."

NOTE.—Data for period prior to April 1978 include claims of banks' domestic customers on foreigners. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.17 BANKS' OWN AND DOMESTIC CUSTOMERS' CLAIMS ON FOREIGNERS Reported by Banks in the United States

Payable in U.S. Dollars

Millions of dollars, end of period

Type of claim	1975	1976	1977	1978						
				May	June	July	Aug.	Sept.	Oct.[p]	Nov.[p]
1 **Total**	**58,308**	**79,301**	**90,206**		**96,184**			**103,495**		
2 Banks' own claims on foreigners				87,832	87,212	87,349	91,844	94,399	96,527	104,975
3 Foreign public borrowers				5,739	6,036	6,858	7,292	7,708	7,949	9,176
4 Own foreign offices[1]				35,882	31,590	33,813	37,325	34,828	36,402	40,330
5 Unaffiliated foreign banks				27,772	30,166	27,499	27,400	31,467	31,031	33,582
6 Deposits				4,656	5,116	4,623	4,352	4,482	3,965	4,004
7 Other				23,115	25,050	22,876	23,049	26,985	27,066	29,578
8 All other foreigners				18,439	19,419	19,179	19,826	20,396	21,145	21,887
9 Claims of banks' domestic customers[2]					8,973			9,095		
10 Deposits					389			563		
11 Negotiable and readily transferable instruments[3]					3,694			3,717		
12 Outstanding collections and other claims[4]	5,467	5,756	6,176		4,889			4,816		
13 Memo: Customer liability on acceptances					11,995			13,091		

1 U.S. banks: includes amounts due from own foreign branches and foreign subsidiaries consolidated in "Consolidated Report of Condition" filed with bank regulatory agencies. Agencies, branches, and majority-owned subsidiaries of foreign banks: principally amounts due from head office or parent foreign bank, and foreign branches, agencies, or wholly-owned subsidiaries of head office or parent foreign bank.

2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the account of their domestic customers.

3 Principally negotiable time certificates of deposit and bankers acceptances.

4 Data for March 1978 and for period prior to that are outstanding collections only.

Note.—Beginning April 1978, data for banks' own claims are given on a monthly basis, but the data for claims of banks' domestic customers are available on a quarterly basis only.

For a description of the changes in the International Statistics tables, see July 1978 Bulletin, p. 612.

3.18 BANKS' OWN CLAIMS ON UNAFFILIATED FOREIGNERS Reported by Banks in the United States Payable in U.S. Dollars

Millions of dollars, end of period

Maturity; by borrower and area	1978	1979	1978 June[p]	1978 Sept.[p]	1978 Dec.	1979 Mar.	1979 June	1979 Sept.
1 Total			55,128	59,516				
By borrower:								
2 Maturity of 1 year or less[1]			43,682	46,684				
3 Foreign public borrowers			2,919	3,640				
4 All other foreigners			40,763	43,044				
5 Maturity of over 1 year[1]			11,445	12,832				
6 Foreign public borrowers			3,162	3,928				
7 All other foreigners			8,283	8,904				
By area:								
Maturity of 1 year or less[1]								
8 Europe			9,532	10,386				
9 Canada			1,615	1,943				
10 Latin America and Caribbean			17,036	18,518				
11 Asia			13,515	13,712				
12 Africa			1,461	1,535				
13 All other[2]			523	591				
Maturity of over 1 year[1]								
14 Europe			2,979	3,104				
15 Canada			330	793				
16 Latin America and Caribbean			5,979	6,843				
17 Asia			1,282	1,305				
18 Africa			629	577				
19 All other[2]			247	211				

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

NOTE.—The first available data are for June 1978. For a description of the changes in the International Statistics tables, see July 1978 BULLETIN, p. 612.

3.19 LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Banks in the United States Payable in Foreign Currencies

Millions of dollars, end of period

Item	1974	1975	1976	1977	1978 Mar.	1978 June[p]	1978 Sept.[p]
1 Banks' own liabilities	766	560	781	925	986	1,704	1,980
2 Banks' own claims[1]	1,276	1,459	1,834	2,356	2,383	3,153	3,530
3 Deposits	669	656	1,103	941	948	1,290	1,386
4 Other claims	607	802	731	1,415	1,435	1,863	2,144
5 Claims of banks' domestic customers[2]						809	446

1 Includes claims of banks' domestic customers through March 1978.
2 Assets owned by customers of the reporting bank located in the United States that represent claims on foreigners held by reporting banks for the accounts of their domestic customers.

NOTE.—Data on claims exclude foreign currencies held by U.S. monetary authorities.
For a description of the changes in the International Statistics Tables, see July 1978 BULLETIN, p. 612.

3.20 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

	Country or area	1976	1977	1978 Jan.-Nov.p	1978 May	June	July	Aug.	Sept.	Oct.p	Nov.p
					Holdings (end of period) [3]						
1	**Estimated total**	**15,799**	**38,640**	....	**39,387**	**40,658**	**41,148**	**41,573**	**42,212**	**43,622**	**43,847**
2	**Foreign countries**	**12,765**	**33,894**	....	**34,366**	**34,964**	**36,306**	**37,119**	**37,826**	**38,472**	**38,469**
3	*Europe*	*2,330*	*13,936*	....	*12,966*	*13,106*	*14,226*	*14,154*	*14,689*	*15,260*	*15,654*
4	Belgium-Luxembourg	14	19	....	19	19	19	19	19	19	19
5	Germany	764	3,168	....	4,031	4,361	5,531	5,761	6,157	6,645	7,102
6	Netherlands	288	911	....	1,070	1,113	1,113	1,278	1,306	1,356	1,351
7	Sweden	191	100	....	175	185	200	210	211	231	266
8	Switzerland	261	497	....	468	529	590	636	694	731	915
9	United Kingdom	485	8,888	....	6,856	6,527	6,403	5,862	5,909	5,915	5,674
10	Other Western Europe	323	349	....	348	371	370	387	393	365	327
11	Eastern Europe	4	4	....	....	....	....	....	....	....	....
12	Canada	256	288	....	261	264	275	276	276	151	151
13	Latin America and Caribbean	313	551	....	503	494	485	545	445	426	416
14	Venezuela	149	199	....	174	174	174	244	144	144	144
15	Other Latin American and Caribbean	47	183	....	167	158	149	139	139	119	109
16	Netherlands Antilles	118	170	....	162	162	162	162	162	162	162
17	Asia	9,323	18,745	....	20,137	20,605	20,831	21,647	21,919	21,938	21,560
18	Japan	2,687	6,860	....	8,964	9,616	9,927	10,791	11,096	11,560	11,483
19	Africa	543	362	....	491	491	491	491	491	691	691
20	All other	*	11	....	8	4	−3	7	5	6	−3
21	**Nonmonetary international and regional organizations**	**3,034**	**4,746**	....	**5,021**	**5,694**	**4,842**	**4,454**	**4,386**	**5,150**	**5,378**
22	International	2,906	4,646	....	4,931	5,633	4,809	4,421	4,354	5,118	5,345
23	Latin American regional	128	100	....	90	61	33	33	33	33	33
					Transactions (net purchases, or sales (−), during period)						
24	**Total**	**8,096**	**22,843**	**5,206**	**−295**	**1,271**	**490**	**425**	**639**	**1,410**	**225**
25	**Foreign countries**	**5,393**	**21,130**	**4,574**	**−467**	**599**	**1,342**	**813**	**706**	**646**	**−3**
26	Official institutions	5,119	20,369	4,052	−566	522	1,313	710	704	577	69
27	Other foreign	274	762	521	99	77	29	103	3	69	−72
28	**Nonmonetary international and regional organizations**	**2,704**	**1,713**	**632**	**171**	**671**	**−852**	**−387**	**−67**	**764**	**227**
	MEMO: Oil-exporting countries										
29	Middle East [1]	3,887	4,451	−1,663	−563	−185	−85	−31	−31	−401	−241
30	Africa [2]	221	−181	329	150	....	....	....	....	200	−1

1 Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Comprises Algeria, Gabon, Libya, and Nigeria.

3 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.

3.21 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

	Assets	1975	1976	1977	1978 June	July	Aug.	Sept.	Oct.	Nov.	Dec.p
1	Deposits	353	352	424	288	347	309	325	305	379	367
	Assets held in custody:										
2	U.S. Treasury securities [1]	60,019	66,532	91,962	99,465	101,696	102,902	102,699	107,934	112,434	117,126
3	Earmarked gold [2]	16,745	16,414	15,988	15,620	15,594	15,572	15,553	15,548	15,525	15,463

1 Marketable U.S. Treasury bills, certificates of indebtedness, notes, and bonds; and nonmarketable U.S. Treasury securities payable in dollars and in foreign currencies.

2 The value of earmarked gold increased because of the changes in par value of the U.S. dollar in May 1972 and in October 1973.

NOTE.—Excludes deposits and U.S. Treasury securities held for international and regional organizations. Earmarked gold is gold held for foreign and international accounts and is not included in the gold stock of the United States.

3.22 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

	Transactions, and area or country	1976	1977	1978 Jan.–Nov.p	1978 May	June	July	Aug.	Sept.	Oct.p	Nov.p
					U.S. corporate securities						
	Stocks										
1	Foreign purchases	18,227	14,155	18,648	2,391	2,055	1,305	2,444	2,357	1,510	1,461
2	Foreign sales	15,475	11,479	16,614	1,963	1,936	1,296	2,678	2,115	1,523	1,359
3	**Net purchases, or sales (−)**	**2,753**	**2,676**	**2,034**	**427**	**119**	**9**	**−235**	**241**	**−14**	**102**
4	**Foreign countries**	**2,740**	**2,661**	**2,080**	**427**	**139**	**9**	**−235**	**244**	**−15**	**102**
5	Europe	336	1,006	970	323	39	−6	−152	−33	−91	−10
6	France	256	40	85	−2	−39	−15	9	2	−4	1
7	Germany	68	291	356	52	83	17	−54	24	−30	8
8	Netherlands	−199	22	−13	9	−18	9	−22	7	7	6
9	Switzerland	−100	152	−562	31	−76	−52	−184	−115	−118	−88
10	United Kingdom	340	613	1,144	229	101	50	110	54	58	67
11	Canada	324	65	37	−58	−12	−16	−18	117	22	6
12	Latin America and Caribbean	155	127	135	36	33	−35	48	1	13	−2
13	Middle East[1]	1,803	1,390	777	90	59	69	−134	120	42	109
14	Other Asia	119	59	171	39	23	−5	35	35	−4	1
15	Africa	7	5	−12	−4	−3	1	−12	5	2	−2
16	Other countries	−4	8	2	*	*	*	−1	−1	2	1
17	**Nonmonetary international and regional organizations**	**13**	**15**	**−47**	**1**	**−21**	*	*	**−3**	**1**	*
	Bonds[2]										
18	Foreign purchases	5,529	7,739	7,070	779	669	1,029	872	611	727	437
19	Foreign sales	4,327	3,546	4,891	333	302	596	490	550	530	388
20	**Net purchases, or sales (−)**	**1,202**	**4,192**	**2,179**	**446**	**367**	**433**	**383**	**61**	**197**	**49**
21	**Foreign countries**	**1,243**	**4,096**	**1,962**	**448**	**295**	**411**	**330**	**64**	**137**	**39**
22	Europe	86	1,863	814	41	157	387	137	80	89	25
23	France	39	−34	12	8	−3	13	6	−2	−10	3
24	Germany	−49	−20	109	21	14	18	38	−5	−12	6
25	Netherlands	−29	72	25	−3	−7	11	18	19	−4	−1
26	Switzerland	155	94	−139	−36	5	−74	−20	43	9	9
27	United Kingdom	23	1,703	821	75	154	416	89	*	110	9
28	Canada	96	141	96	9	6	14	24	16	−5	*
29	Latin America and Caribbean	94	64	73	12	2	−8	17	11	13	−1
30	Middle East[1]	1,179	1,695	831	370	91	135	99	−73	−19	−8
31	Other Asia	−165	338	145	14	39	−116	52	29	60	23
32	Africa	−25	−6	−1	*	*	*	*	*	*	*
33	Other countries	−21	*	4	1	*	*	1	*	*	*
34	**Nonmonetary international and regional organizations**	**−41**	**96**	**217**	**−1**	**72**	**22**	**53**	**−3**	**60**	**10**
					Foreign securities						
35	**Stocks, net purchases, or sales (−)**	−323	−410	536	−13	−61	10	51	−69	−19	163
36	Foreign purchases	1,937	2,255	3,429	271	247	333	382	261	299	360
37	Foreign sales	2,259	2,665	2,893	284	308	323	331	330	318	197
38	**Bonds, net purchases, or sales (−)**	−8,774	−5,095	−4,045	−39	−636	−291	−196	33	−677	−431
39	Foreign purchases	4,932	8,040	9,992	1,017	1,095	921	982	759	941	871
40	Foreign sales	13,706	13,134	14,037	1,056	1,730	1,212	1,178	726	1,618	1,302
41	**Net purchases, or sales (−) of stocks and bonds**	**−9,097**	**−5,504**	**−3,510**	**−51**	**−697**	**−281**	**−145**	**−36**	**−696**	**−268**
42	**Foreign countries**	**−7,199**	**−3,947**	**−3,291**	**−67**	**−742**	**−283**	**−150**	**−70**	**−507**	**−288**
43	Europe	−850	−1,100	−86	−194	−220	−171	94	−86	13	−102
44	Canada	−5,245	−2,404	−3,213	−80	−420	−146	−161	−41	−747	−246
45	Latin America and Caribbean	−3	−80	220	72	−68	8	−17	−12	−17	33
46	Asia	−733	−97	380	131	192	44	54	69	236	21
47	Africa	48	2	−441	*	−44	−25	−123	−1	1	1
48	Other countries	−416	−267	−151	4	−182	7	3	1	6	4
49	**Nonmonetary international and regional organizations**	**−1,898**	**−1,557**	**−219**	**16**	**45**	**2**	**5**	**34**	**−189**	**20**

1 Comprises oil-exporting countries as follows: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

2 Includes State and local government securities, and securities of U.S. Govt. agencies and corporations. Also includes issues of new debt securities sold abroad by U.S. corporations organized to finance direct investments abroad.

3.23 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	1977 June	1977 Sept.	1977 Dec.	1978 Mar.	1978 June^p	1977 June	1977 Sept.	1977 Dec.	1978 Mar.	1978 June^p
	Liabilities to foreigners					Claims on foreigners				
1 **Total**	**6,624**	**7,315**	**7,971**	**8,448**	**8,817**	**16,352**	**15,249**	**16,293**	**18,481**	**18,293**
By type:										
2 *Payable in dollars*	*5,909*	*6,459*	*7,171*	*7,564*	*7,992*	*15,192*	*14,132*	*14,863*	*16,762*	*16,711*
3 *Payable in foreign currencies*	*715*	*857*	*801*	*884*	*825*	*1,160*	*1,117*	*1,430*	*1,718*	*1,582*
4 Deposits with banks abroad in reporter's name	....	....	....	....	....	448	414	620	724	676
5 Other	....	....	....	....	....	713	703	809	995	907
By area or country:										
6 **Foreign countries**	**6,454**	**7,161**	**7,756**	**8,301**	**8,685**	**16,351**	**15,248**	**16,291**	**18,479**	**18,291**
7 *Europe*	*2,253*	*2,335*	*2,512*	*2,854*	*3,028*	*5,799*	*5,077*	*5,797*	*5,626*	*5,326*
8 Austria	23	19	21	26	26	26	24	24	21	28
9 Belgium-Luxembourg	151	126	116	171	167	212	226	211	187	155
10 Denmark	14	16	14	23	22	40	44	56	47	40
11 Finland	10	11	9	12	9	90	59	13	13	53
12 France	156	170	238	273	323	413	430	513	545	543
13 Germany	163	226	284	335	355	377	393	453	411	419
14 Greece	73	78	85	108	82	86	52	41	42	40
15 Italy	138	107	128	104	156	440	352	387	382	459
16 Netherlands	212	180	232	253	221	182	161	166	184	187
17 Norway	12	12	7	9	13	42	38	42	42	47
18 Portugal	20	12	11	7	25	30	34	69	27	54
19 Spain	68	74	77	94	105	322	307	387	408	376
20 Sweden	36	41	28	37	38	92	91	117	117	78
21 Switzerland	236	257	263	229	282	179	146	220	238	296
22 Turkey	21	97	108	93	92	37	32	39	35	29
23 United Kingdom	780	784	756	954	976	3,012	2,495	2,825	2,706	2,374
24 Yugoslavia	110	92	90	82	84	28	20	20	24	27
25 Other Western Europe	6	9	10	8	18	15	15	25	33	29
26 U.S.S.R.	16	11	24	15	19	76	62	55	44	37
27 Other Eastern Europe	10	14	12	23	18	102	96	135	121	56
28 *Canada*	*448*	*451*	*504*	*530*	*524*	*2,709*	*2,649*	*2,682*	*3,429*	*3,486*
29 *Latin America*	*1,028*	*1,035*	*1,186*	*1,352*	*1,419*	*5,000*	*4,619*	*4,491*	*5,895*	*6,067*
30 Argentina	50	50	40	53	74	51	53	53	53	61
31 Bahamas	223	229	308	310	307	2,309	1,963	2,028	3,108	3,108
32 Brazil	37	76	49	62	78	457	414	517	499	494
33 Chile	24	13	17	14	23	28	40	45	40	37
34 Colombia	22	24	42	26	27	72	85	84	80	79
35 Cuba	*	*	*	*	*	*	*	*	*	*
36 Mexico	120	103	114	169	185	301	302	314	312	331
37 Panama	11	12	22	12	71	121	222	91	175	97
38 Peru	21	13	15	22	17	28	30	32	30	30
39 Uruguay	3	4	3	5	9	5	5	5	6	4
40 Venezuela	208	225	222	280	197	237	251	269	306	311
41 Other Latin American republics	141	122	118	107	101	237	257	281	268	235
42 Netherlands Antilles	17	9	25	41	30	8	8	12	24	19
43 Other Latin America	151	154	209	250	299	1,146	989	759	994	1,261
44 *Asia*	*2,017*	*2,640*	*2,871*	*2,850*	*3,000*	*2,323*	*2,403*	*2,782*	*2,976*	*2,836*
45 China, People's Republic of (Mainland)	2	1	8	1	1	7	12	9	22	21
46 China, Republic of (Taiwan)	138	152	156	167	170	131	139	157	144	173
47 Hong Kong	27	25	40	32	29	93	73	98	85	93
48 India	41	44	37	26	11	51	42	38	85	93
49 Indonesia	80	60	56	57	59	184	185	375	185	153
50 Israel	45	58	63	68	59	70	46	38	47	43
51 Japan	183	604	695	761	799	927	1,026	1,068	1,379	1,157
52 Korea	88	75	103	99	107	158	153	171	133	170
53 Philippines	73	78	74	95	107	90	111	99	94	94
54 Thailand	11	17	17	11	27	22	24	23	32	30
55 Other Asia	1,329	1,526	1,623	1,535	1,631	591	590	708	770	808
56 *Africa*	*609*	*588*	*591*	*612*	*603*	*370*	*346*	*393*	*408*	*433*
57 Egypt	33	45	13	19	25	24	22	38	33	38
58 Morocco	72	105	112	130	148	11	10	21	22	16
59 South Africa	27	29	20	30	39	69	75	75	71	85
60 Zaire	39	48	46	55	57	17	19	15	11	16
61 Other Africa	438	361	400	378	335	248	221	245	271	279
62 *Other countries*	*98*	*111*	*93*	*104*	*111*	*149*	*153*	*146*	*145*	*144*
63 Australia	78	93	75	89	97	110	113	111	111	109
64 All other	20	18	18	14	14	40	41	35	34	34
65 **Nonmonetary international and regional organizations**	**170**	**154**	**215**	**147**	**132**	**1**	**1**	**1**	**1**	**2**

NOTE.—Reported by exporters, importers, and industrial and commercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.24 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

Type and country	1974	1975	1976	1977	1978 May	June	July	Aug.	Sept.	Oct.p
1 **Total**	**3,357**	**3,799**	**5,720**	**7,179**	**9,679**	**8,912**	**8,924**	**10,092**	**8,550**	**10,499**
By type:										
2 *Payable in dollars*	*2,660*	*3,042*	*4,984*	*6,158*	*8,534*	*7,771*	*7,639*	*8,804*	*7,331*	*9,237*
3 Deposits	2,591	2,710	4,505	5,740	7,897	7,218	7,156	8,243	6,894	8,686
4 Short-term investments [1]	69	332	479	418	637	553	483	561	437	551
5 *Payable in foreign currencies*	*697*	*757*	*735*	*1,021*	*1,145*	*1,142*	*1,285*	*1,289*	*1,220*	*1,261*
6 Deposits	429	511	404	553	544	599	669	669	725	787
7 Short-term investments [1]	268	246	331	468	601	543	616	620	495	474
By country:										
8 United Kingdom	1,350	1,306	1,838	2,144	1,660	1,683	1,861	1,839	2,171	2,947
9 Canada	967	1,156	1,698	1,777	2,866	2,547	2,513	3,008	2,440	2,857
10 Bahamas	391	546	1,355	1,904	3,612	2,975	3,222	3,541	2,235	2,819
11 Japan	398	343	133	153	266	273	286	292	267	234
12 All other	252	446	716	1,201	1,275	1,435	1,042	1,412	1,437	1,642

1 Negotiable and other readily transferable foreign obligations payable on demand or having a contractual maturity of not more than 1 year from the date on which the obligation was incurred by the foreigner.

NOTE.—Data represent the assets abroad of large nonbanking concerns in the United States. They are a portion of the total claims on foreigners reported by nonbanking concerns in the United States and are included in the figures shown in Table 3.26.

3.25 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	Liabilities to foreigners 1977 June	Sept.	Dec.	1978 Mar.	Junep	Claims on foreigners 1977 June	Sept.	Dec.	1978 Mar.	Junep
1 **Total**	**3,358**	**3,388**	**3,259**	**3,234**	**3,158**	**4,914**	**4,715**	**5,073**	**5,140**	**5,060**
2 Europe	2,504	2,602	2,499	2,571	2,494	901	829	860	935	936
3 Germany	370	407	255	295	282	76	76	70	73	65
4 Netherlands	262	272	287	292	266	147	81	82	81	76
5 Switzerland	177	224	241	241	236	43	42	49	48	55
6 United Kingdom	1,277	1,295	1,276	1,284	1,270	283	282	310	332	363
7 Canada	79	76	71	67	66	1,486	1,462	1,776	1,792	1,811
8 Latin America	297	289	284	250	250	1,452	1,367	1,402	1,387	1,298
9 Bahamas	160	151	148	142	141	34	36	40	42	2
10 Brazil	7	7	7	6	7	125	134	144	154	143
11 Chile	1	1	1	1	1	208	201	203	194	190
12 Mexico	26	30	30	30	28	178	187	177	183	188
13 Asia	408	358	342	284	286	851	829	817	810	803
14 Japan	386	319	305	250	251	111	94	66	83	78
15 Africa	3	3	2	2	2	158	165	161	156	154
16 All other [1]	67	59	60	60	60	67	63	59	60	59

1 Includes nonmonetary international and regional organizations.

3.26 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

Country	Rate on Dec. 31, 1978		Country	Rate on Dec. 31, 1978		Country	Rate on Dec. 31, 1978	
	Per cent	Month effective		Per cent	Month effective		Per cent	Month effective
Argentina	18.0	Feb. 1972	France	9.5	Aug. 1977	Norway	7.0	Feb. 1978
Austria	4.5	June 1978	Germany, Fed. Rep. of.	3.0	Dec. 1977	Sweden	6.5	July 1978
Belgium	6.0	July 1978	Italy	10.5	Sept. 1978	Switzerland	1.0	Feb. 1978
Brazil	33.6	July 1978	Japan	3.5	Mar. 1978	United Kingdom	12.5	Nov. 1978
Canada	10.75	Nov. 1978	Mexico	4.5	June 1942	Venezuela	5.0	Oct. 1970
Denmark	8.0	July 1977	Netherlands	6.5	Oct. 1978			

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.27 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

Country, or type	1976	1977	1978	1978					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Euro-dollars	5.58	6.03	8.74	8.52	8.48	9.12	10.12	11.51	11.62
2 United Kingdom	11.35	8.07	9.18	10.13	9.42	9.29	10.44	12.00	12.28
3 Canada	9.39	7.47	8.52	8.23	8.77	9.08	9.68	10.37	10.44
4 Germany	4.19	4.30	3.67	3.71	3.64	3.67	3.90	3.81	4.09
5 Switzerland	1.45	2.56	0.74	1.74	0.67	0.58	0.24	0.20	0.22
6 Netherlands	7.02	4.73	6.53	5.61	6.27	6.91	11.23	8.86	10.25
7 France	8.65	9.20	8.10	7.61	7.39	7.40	7.37	7.06	6.59
8 Italy	16.32	14.26	11.40	11.75	11.75	10.94	10.99	11.17	11.24
9 Belgium	10.25	6.95	7.14	5.84	7.09	7.24	8.55	9.19	9.28
10 Japan	7.70	6.22	4.75	4.75	4.64	4.51	4.44	4.78	4.76

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.

3.28 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

Country/currency	1976	1977	1978	1978					
				July	Aug.	Sept.	Oct.	Nov.	Dec.
1 Australia/dollar	122.15	110.82	114.41	114.94	115.41	115.29	116.87	114.53	114.15
2 Austria/schilling	5.5744	6.0494	6.8958	6.7547	6.9490	7.0102	7.4526	7.1808	7.2621
3 Belgium/franc	2.5921	2.7911	3.1809	3.0864	3.1834	3.2207	3.4503	3.3389	3.3637
4 Canada/dollar	101.41	94.112	87.729	88.921	87.690	85.739	84.546	85.244	84.763
5 Denmark/krone	16.546	16.658	18.156	17.846	18.171	18.411	19.584	19.025	19.063
6 Finland/markka	25.938	24.913	24.337	23.809	24.381	24.586	25.454	24.932	24.957
7 France/franc	20.942	20.344	22.218	22.531	22.998	22.909	23.767	22.958	23.178
8 Germany/deutsche mark	39.737	43.079	49.867	48.647	50.084	50.778	54.430	52.508	53.217
9 India/rupee	11.148	11.406	12.207	12.245	12.483	12.445	12.643	12.458	12.174
10 Ireland/pound	180.48	174.49	191.84	189.49	194.06	195.95	200.75	196.08	198.61
11 Italy/lira	.12044	.11328	.11782	.11804	.11952	.12050	.12317	.11857	.11863
12 Japan/yen	.33741	.37342	.47981	.50101	.53002	.52656	.54478	.52066	.51038
13 Malaysia/ringgit	39.340	40.620	43.210	42.447	43.433	43.603	45.627	45.415	45.524
14 Mexico/peso	6.9161	4.4239	4.3896	4.3756	4.3758	4.3907	4.3904	4.3881	4.3950
15 Netherlands/guilder	37.846	40.752	46.284	45.076	46.203	46.733	50.017	48.512	49.120
16 New Zealand/dollar	99.115	96.893	103.64	103.85	105.42	105.58	107.37	105.41	105.45
17 Norway/krone	18.327	18.789	19.079	18.524	19.018	19.189	20.325	19.736	19.574
18 Portugal/escudo	3.3159	2.6234	2.2782	2.1939	2.2042	2.1948	2.2342	2.1510	2.1472
19 South Africa/rand	114.85	114.99	115.01	115.00	115.00	115.00	115.00	115.04	115.01
20 Spain/peseta	1.4958	1.3287	1.3073	1.2885	1.3344	1.3605	1.4317	1.4051	1.4085
21 Sri Lanka/rupee	11.908	11.964	6.3834	6.3245	6.3926	6.3855	6.3757	6.4695	6.4700
22 Sweden/krona	22.957	22.383	22.139	22.012	22.523	22.592	23.349	22.856	22.808
23 Switzerland/franc	40.013	41.714	56.283	55.443	60.013	63.765	65.117	59.766	59.703
24 United Kingdom/pound	180.48	174.49	191.84	189.49	194.06	195.95	200.75	196.08	198.61
MEMO:									
25 United States/dollar[1]	105.57	103.31	....	92.44	89.99	89.51	86.04	88.86	88.52

1 Index of weighted average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. March 1973 = 100. Weights are 1972–76 global trade of each of the 10 countries. Series revised as of August 1978. For description and back data, see "Index of the Weighted-Average Exchange Value of the U.S. Dollar: Revision" on page 700 of the August 1978 BULLETIN.

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

Symbols and Abbreviations

p	Preliminary
r	Revised (Notation appears on column heading when more than half of figures in that column are changed.)
e	Estimated
c	Corrected
n.e.c.	Not elsewhere classified
RPs	Repurchase agreements
IPCs	Individuals, partnerships, and corporations
SMSAs	Standard metropolitan statistical areas
REITs	Real estate investment trusts
*	Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions)
...	(1) Zero, (2) no figure to be expected, or (3) figure delayed or, (4) no change (when figures are expressed in percentages).

General Information

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. government securities" may include guaranteed issues of U.S. government agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct obligations of the Treasury. "State and local government" also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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List Published Semiannually, with Latest Bulletin Reference

	Issue	*Page*
Anticipated schedule of release dates for individual releases	December 1978	A-76

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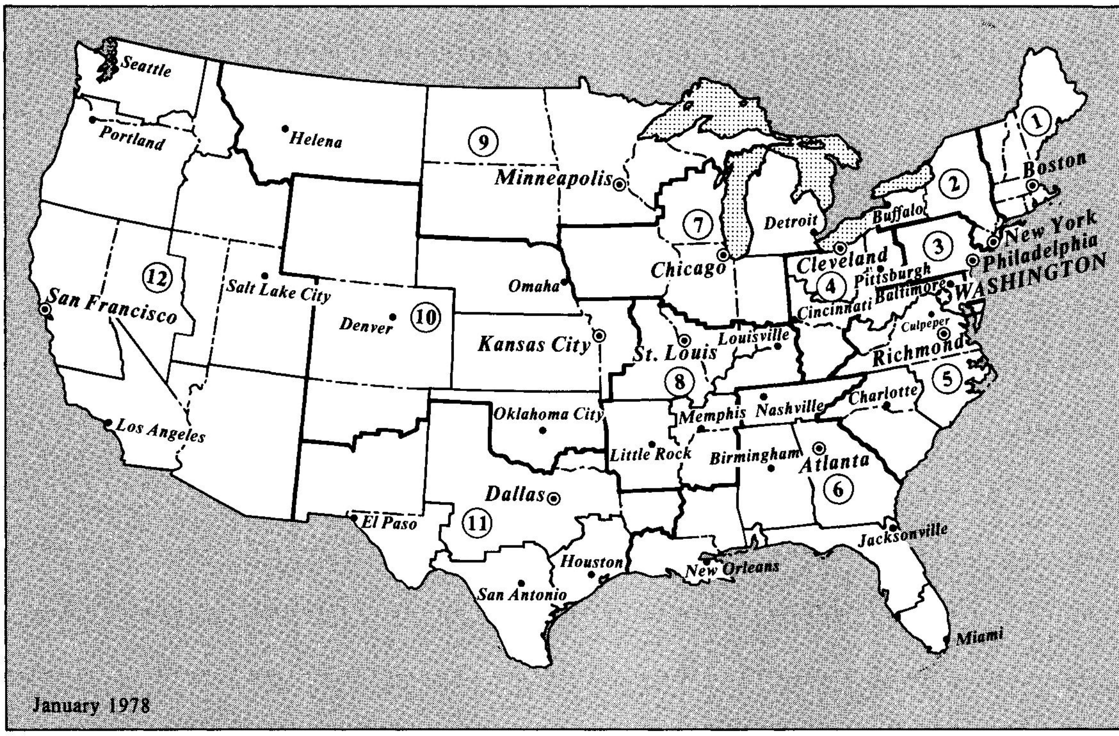
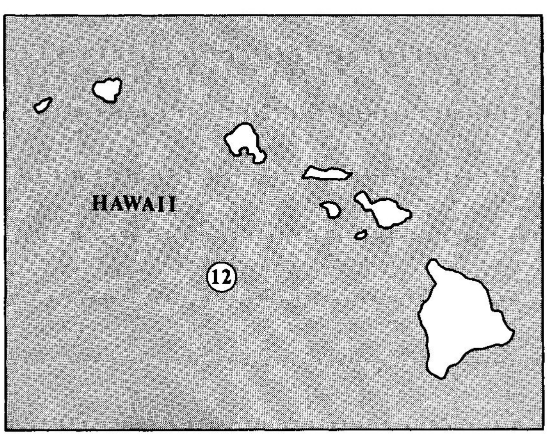
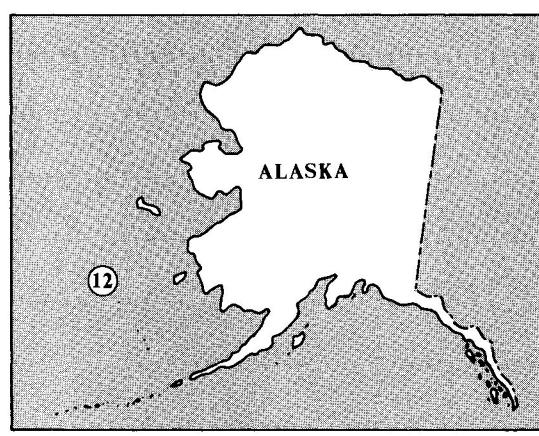
The Federal Reserve System

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