
MARCH 1978

FEDERAL RESERVE BULLETIN

Household Borrowing in the Recovery

Treasury and Federal Reserve Foreign Exchange Operations

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FEDERAL RESERVE BULLETIN

Board of Governors of the Federal Reserve System
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At the conclusion of the discussion of policy at the meeting held on January 17, 1978, the Committee decided that operations in the period immediately ahead should be directed toward maintaining prevailing money market conditions, as represented by the current $6\frac{3}{4}$ per cent level of the Federal funds rate. However, the members agreed that if growth in the aggregates should appear to approach or move beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of $6\frac{1}{2}$ to 7 per cent. It was understood that very strong evidence of weakness in the monetary aggregates would be required before operations were directed toward reducing the Federal funds rate from its current level. For the annual rates of growth in *M-1* and *M-2* over the January–February period, the Committee specified ranges of $2\frac{1}{2}$ to $7\frac{1}{2}$ per cent and 5 to 9 per cent, respectively. It also agreed that in assessing the behavior of the aggregates, the Manager should give approximately equal weight to the behavior of *M-1* and *M-2*.

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The Federal Reserve's reciprocal currency arrangement with the German Federal Bank has been increased \$2 billion to a total of \$4 billion.

Meeting of Consumer Advisory Council.

A new consumer pamphlet "The Equal Credit Opportunity Act and . . . Credit Rights in Housing" has been issued by the Board.

Amendment to Regulation O (Loans to Executive Officers of Member Banks) increases from \$1,000 to \$5,000 the limit imposed on extension of credit by member banks to their executive officers through the use of bank credit cards.

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Proposed amendment to Regulation Y (Bank Holding Companies) would permit bank holding companies and their subsidiaries to sell, at retail, money orders and similar instruments, travelers checks, U.S. savings bonds, and consumer-oriented financial management courses. Proposed amendment to Regulation F (Securities of Member State Banks) would bring the Board's rules for member bank disclosures into conformity with recent rule revisions by the Securities and Exchange Commission.

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Household Borrowing in the Recovery

This article was prepared by David F. Seiders and Charles A. Luckett of the Mortgage and Consumer Finance Section, Division of Research and Statistics.

Borrowing by households in U.S. credit markets has accelerated sharply during the business cycle upswing of the last 3 years. In 1977 the amount of new funds raised was nearly triple the volume of borrowing 2 years earlier. Because of this rapid growth, total household debt outstanding—including home mortgages, consumer instalment and noninstalment credit, and other types—has expanded by a third during the recovery period.

In spite of heavy demands for household credit, supplies of credit have in general been ample, and there have been only moderate increases in credit costs. During 1977, for

example, consumer finance rates for various types of loans ranged within $\frac{1}{2}$ of a percentage point up or down. Average mortgage rates increased less than $\frac{1}{4}$ of a percentage point over the year, although they have risen somewhat further in 1978. Even so, mortgage rates remain well below the cyclical highs reached in 1974.

Meanwhile, growth in personal income and asset holdings has enhanced the ability of households to meet required payments on a larger indebtedness. Nevertheless, such aggregate measures as debt outstanding and current repayment obligations relative to disposable personal income reached record levels during 1977. This development has generated some concern about the capacity of households both to repay debts on schedule and to maintain a rate of consumption expenditure supportive of continued economic growth.

1. Sources of funds to households in mortgage and consumer credit markets—1977

| Holder | Home mortgage ¹ | | Consumer | | Total | |
|--------------------------------------|----------------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | Billions of dollars | Percentage distribution | Billions of dollars | Percentage distribution | Billions of dollars | Percentage distribution |
| All sources | 93.1 | 100 | 35.6 | 100 | 128.7 | 100 |
| Savings and loans | 47.5 | 51 | 1.2 | 3 | 48.7 | 38 |
| Commercial banks | 15.2 | 16 | 17.1 | 48 | 32.3 | 25 |
| Mortgage pools ² | 19.0 | 20 | (³) | (³) | 19.0 | 15 |
| Credit unions | .3 | (³) | 6.5 | 18 | 6.8 | 5 |
| Finance and mortgage companies | 1.0 | 1 | 5.3 | 15 | 6.3 | 5 |
| Mutual savings banks | 4.5 | 5 | .4 | 1 | 4.9 | 4 |
| Federal and related agencies | .3 | (³) | (³) | (³) | .3 | (³) |
| Others | 5.3 | 6 | 5.1 | 14 | 10.4 | 8 |

¹Home mortgage credit figures include a small amount of construction loans to other than households.

²Pools of mortgages backing pass-through securities guaranteed by the Government National Mortgage Association, Federal Home Loan Mortgage Corporation, or Farmers Home Administration, some of which may have been purchased by the institutions shown separately and reported among their nonmortgage assets.

³Less than \$0.1 billion or 0.5 per cent.

NOTE.—Data from Federal Reserve flow of funds accounts.

VOLUME OF BORROWING

Home mortgages, as usual, have accounted for the largest share of net new borrowing by households. In 1977 outstanding home mortgage debt of households grew 15 per cent, as net mortgage borrowing reached a record \$87 billion, up from \$61 billion in 1976 and \$38 billion in 1975. This rapid expansion of mortgage debt helped to finance a sharply higher sales volume of new and previously owned homes during the last 2 years. By late 1977 total home sales reached a record annual rate of nearly 5 million units, before dropping sharply in January when the weather was unusually adverse.

Mortgage borrowing has been exceptionally strong, even in relation to the record volume of capital outlays by households on new and existing homes. As discussed later, households as a group have evidently borrowed against equity in existing homes, freeing funds for uses other than the purchase of homes.

In consumer credit markets, too, households raised a record net volume of funds last year, although higher rates of growth in credit outstanding have been recorded in some earlier periods, such as 1973. Instalment credit outstanding expanded during 1977 by \$31 billion, or 15½ per cent, well in excess of the increases of \$21 billion in 1976 and \$8 billion in 1975. The smaller noninstalment portion rose \$4½ billion (12 per cent) in 1977, considerably more than in either of the two preceding years.

Automobile credit accounted for more than two-fifths of the growth in total instalment credit outstanding in 1977. Bank-card credit outstanding posted the largest percentage increase of any type of instalment credit but remained a relatively small component of the total. Home improvement credit and the large "all other" category—which includes personal cash loans and retail store credit—expanded about in line with the rate of increase of total instalment credit. Only mobile home credit lagged significantly, as shipments of new mobile homes remained far below their volume in the early 1970's.

Commercial banks supplied close to half of the net flow of total instalment credit last year

and a sizable portion—more than one-sixth—of home mortgage credit. Savings and loan associations, which specialize in mortgage finance, supplied half of all mortgage funds raised by households but advanced only a small amount of consumer credit. Lending to households by mutual savings banks was concentrated in the mortgage markets, whereas credit unions and finance companies were major suppliers of consumer credit. Reflecting the expanding role of Federally guaranteed mortgage-backed securities, mortgage pools accounted for one-fifth of the net increase in home mortgage credit. (See Table 1.)

TERMS OF CREDIT

Households were able to finance their record borrowing last year on credit terms that were little changed from the preceding 2 years. Interest rates on commitments for conventional new-home mortgages, for instance, averaged slightly above 9 per cent in the fourth quarter of 1977, compared with slightly below 9 per cent in the last quarter of 1976 and 9¼ per cent in early 1975. Average maturities on new-home loans closed have lengthened gradually since early 1975, and average loan/value ratios have increased from a cyclical low of 74 per cent to a high of 77 per cent in mid-1977.

Finance rates on consumer loans, which had declined on balance during the early stages of the recovery, were little changed in 1977. Some rates—for example, on direct new-car loans at banks and on personal loans at finance companies—continued to edge down last year, and most other rates rose only moderately. During the business upswing, contract maturities have generally lengthened for most types of consumer credit. Almost one-half of all contracts for new-car loans made during 1977 had longer maturities than 36 months—the standard maturity as recently as 1974. These liberalized auto-loan maturities, along with gradually rising loan/value ratios and increased price levels, resulted in a sharp increase in the average size of auto loans. By

the end of 1977, a new-car contract (including finance charges) averaged \$5,900, up more than 30 per cent since early 1975.

BORROWING AGAINST EQUITY IN HOMES

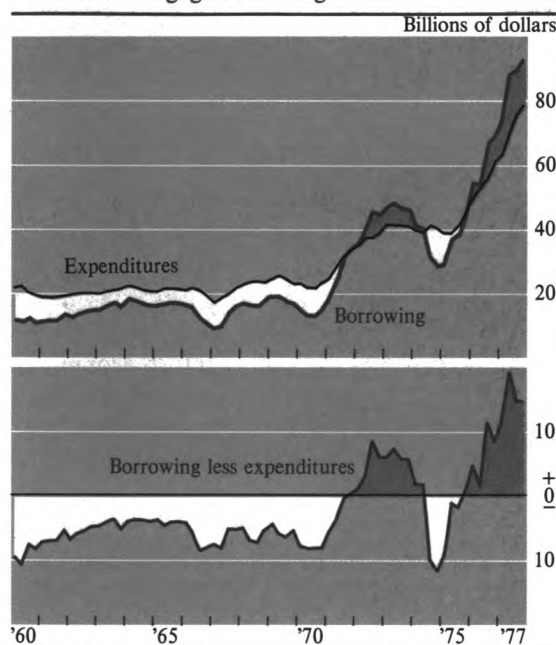
The exceptional strength of mortgage borrowing by the household sector during the current economic expansion stems from a number of influences. In part, the volume of such financing has been associated with abundant supplies of mortgage funds, at relatively stable interest rates, to finance transactions in both new and existing homes. Early in the business recovery, the revival in mortgage borrowing and housing activity reflected, to some extent, pent-up demand resulting from purchases postponed during the recession. More recently, the strong demand for mortgage funds appears to have been associated in part with capital gains resulting from rapid increases in prices of homes.

During the past 2 years, net mortgage borrowing by households exceeded, by a wide margin, their capital outlays on conventionally built new and existing homes. Such an "excess" of net mortgage borrowing occurred only one other time since World War II—during the housing boom of the early 1970's (Chart 1).

The unusually large recent rise in home mortgage debt, relative to capital expenditures, reflects heavy borrowing by the household sector against equity interests in the stock of existing homes. Houses are, by far, the major tangible asset of the household sector, and rapid inflation in prices of existing homes—spurred partly by expectations of further price appreciation—has boosted the value of the housing stock. Since 1970, the median selling price of existing homes has about doubled.

Due to the inflated prices of houses, household-sector equity in homes has continued to rise in recent years. The increase has resulted even though capital expenditures on homes have fallen short of the sum of capital con-

1. Household capital expenditures on homes and net mortgage borrowing



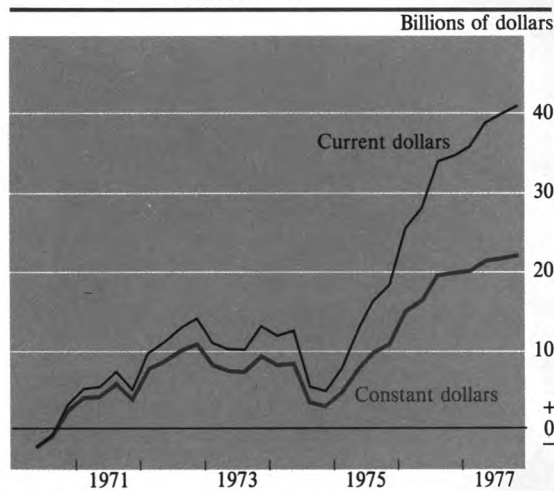
Net change in home mortgage debt of households and household capital expenditures on new and existing homes—other than mobile homes—at seasonally adjusted annual rates, from the F.R. quarterly flow of funds accounts.

sumption and net mortgage debt formation. By the end of 1977, estimated housing equity that was available to serve as potential collateral for additional mortgage borrowing exceeded \$900 billion—about double the amount estimated for 1970.

EXTENT OF BORROWING AGAINST HOME EQUITY

The difference between net mortgage borrowing and capital expenditures on homes indicates that borrowing against equity in existing homes has increased sharply in recent years (Chart 1). Capital expenditures, however, contain large and/or nonquantified elements—such as downpayments on new houses and some additions and alterations to existing homes—that may not be financed by mortgage debt. So the difference is not a precise measure of borrowing against home equity for nonhousing purposes.

An alternative, more comprehensive measure of net funds raised by households against

2. Net increase in mortgage debt
on stock of existing homes

F.R. staff estimates, at seasonally adjusted annual rates, based on the net increase in home mortgage debt of households and originations of mortgages for the purchase of new conventionally built homes. Constant-dollar series is the current-dollar series deflated by the consumer price index (all items), 1967=100.

equity in the stock of existing homes can be constructed for the period since 1970. This measure equals total home mortgage funds raised by households in a given period less estimated amounts of mortgage funds raised for the purchase of new homes. The residual represents net borrowing by households, for whatever purpose, against previously existing housing collateral.

The existing-home component of household mortgage borrowing rose to a seasonally adjusted annual rate of more than \$40 billion in the fourth quarter of 1977 (Chart 2). During the past 2 years, it has accounted for nearly half of total home mortgage debt formation—about double the proportion during the previous 5 years. In terms of volume, this component exceeded the net increase in short- and intermediate-term consumer credit during the current economic expansion, a sharp contrast to experience earlier in the 1970's.

JUNIOR MORTGAGES
AND REFINANCINGS

Households can raise funds in a number of ways against equity in existing homes. Those who have not sold their homes may borrow

against accumulated equity by taking out junior mortgages, or they may increase the size of outstanding first mortgages through refinancing. Those who own homes outright may take out new first mortgages.

These types of borrowing, however, do not appear to have been the major force behind the recent upsurge in mortgage credit secured by existing homes. Some creditors are still averse to lending for junior mortgages—despite indications that recent repayment experience on such loans has been good—because the value of the collateral may be uncertain in the event of foreclosure. Other factors limiting the supply of funds to this market include Federal or State regulatory restrictions on powers of various types of financial institutions to invest in junior mortgages, State-imposed ceilings on the maximum rates that may be charged on such loans, and State constitutional restrictions on junior mortgage lending for some purposes. Even when junior mortgage funds have been offered without restrictions, interest rates—normally ranging between 12 and 15 per cent or higher—have probably limited the quantity demanded by households.

Funds borrowed by homeowners through refinancing outstanding first mortgages, or by taking out new first mortgages against properties owned outright, have no doubt been limited by the high cost of transactions—for such items as property appraisal, title search, and recording of deeds and other documents. Refinancing activity has also been constrained in recent periods because interest rates on new first mortgages have generally remained above rates on most older loans already outstanding.

A survey of consumer finances, conducted in September 1977, indicates that the proportions of households with junior mortgages or refinanced first mortgages are only marginally above those recorded early in the 1970's. As indicated by participants in the survey, no more than 6 per cent of households with first mortgage debt also had a junior mortgage (Table 2). And 7 per cent reported having refinanced their first mortgages at some time in the past in order to raise additional funds.

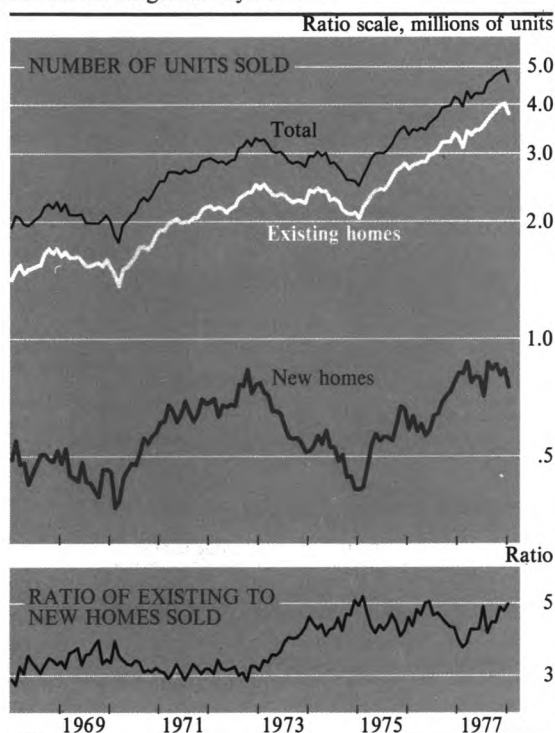
The survey data suggest, however, that such activity has picked up somewhat in recent periods, particularly junior mortgage borrowing. Junior mortgages ordinarily are intermediate-term loans, and about half of the number of such mortgages reported by the households in the survey have been originated since the beginning of 1976. Moreover, it appears that the bulk of junior mortgage financing has reflected borrowing against equity by homeowners, rather than extension by home sellers of "purchase-money" mortgage credit to homebuyers. Recent junior mortgage lending activity has been most pronounced on the West Coast, although increasing numbers of financial institutions in other parts of the country have been marketing junior mortgage credit on homes.

TRANSACTIONS IN EXISTING HOMES

In contrast to junior mortgage borrowing or refinancing, most funds raised by the household sector against housing equity have apparently been generated through transactions in previously owned homes at increased prices. Sales of existing homes reached unprecedented levels in 1977, and the dominance of existing-home transactions in the market has intensified in the past several years (Chart 3). Moreover, net credit use for existing-home transactions has increased as average home prices have risen markedly while average loan/value ratios on conventional first mortgages have been historically high.

The marginal costs of borrowing against accumulated equity through new first mortgages for those households already engaged in selling and buying homes are low per dollar raised relative to the costs of junior mortgages or refinancing for homeowners who have not moved. Transactions costs associated with new first mortgages are incurred by the homebuyers, regardless of the size of the mortgages received. Moreover, the relatively low interest rates on first mortgages—which averaged about 9 per cent during 1977—ordinarily are not highly sensitive to increases in loan/value ratios, except at high levels of this ratio.

3. Sales of single-family homes



Merchant-builder sales of new homes as reported monthly by the Census Bureau, and existing home sales as reported monthly by the National Association of Realtors, both at seasonally adjusted annual rates.

USES OF FUNDS RAISED AGAINST HOME EQUITY

Funds raised by the household sector against equity in the stock of existing homes may be used to support personal consumption expenditures as well as capital outlays—including downpayments on new homes and additions and alterations to existing homes. On the other hand, borrowing against housing equity could substitute for other forms of household debt or be matched by increases in holdings of financial assets.

While it is difficult to identify precisely the uses of the funds raised against housing equity, a significant share of these funds probably has gone toward supporting capital and personal consumption expenditures during the last few years. Other types of household borrowing have been quite strong, and net acquisitions of financial assets have not been robust in relation to growth of household

2. Mortgage borrowing by households Numbers of respondents

| | |
|---|-------|
| All respondents | 2,563 |
| With first mortgages | 1,035 |
| With junior mortgages | 64 |
| With refinanced first mortgages | 82 |
| Junior mortgages | |
| Primary use of junior mortgage funds: | |
| Downpayment on primary or second home | 11 |
| Home improvement or repair | 13 |
| Remodel or add to house | 10 |
| Pay bills, taxes, medical and education expenses | 11 |
| Buy appliances | 2 |
| Other ¹ | 17 |
| Refinancing of first mortgages | |
| Refinanced primarily to obtain lower interest rate or longer maturity | 11 |
| Refinanced primarily to raise additional funds | 71 |
| Primary use of additional funds: | |
| Downpayment or purchase of second home | 6 |
| Home improvement or repair | 15 |
| Remodel or add to house | 19 |
| Pay bills, taxes, medical and education expenses | 13 |
| Other ² | 18 |

¹Includes six cases where the primary use of funds was not ascertained.

²Includes one case where the primary use of funds was not ascertained.

NOTE.—Data from 1977 *Consumer Credit Survey* conducted by the University of Michigan's Survey Research Center on behalf of the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency.

income. Moreover, survey results indicate that substantial proportions of the funds raised through junior mortgages or refinancings have been used for capital expenditures on homes or for various types of consumption expenditures, some of which are related to housing (Table 2).

HOUSEHOLD DEBT BURDENS

The rapid growth of household debt has raised a question as to whether higher required debt payments might induce households to curtail their future consumption outlays below levels that would continue to support economic expansion. If growth in income should falter, the relatively high level of consumer indebtedness could contribute to a sharper cutback in consumer spending than would otherwise be likely. Moreover, even if income growth remains strong, the large build-up of consumer debt might still be associated with a slower

pace of future consumption outlays, although any slowdown might reflect a temporary satisfaction of the underlying demand for durable goods as well as a restraining effect of the indebtedness itself.

DEBT-TO-INCOME RATIOS

Household debt positions may be evaluated by relating net borrowing, outstanding debt, or volume of debt repayments to household income. Although income data apply to debt-free households as well as to those with debts, the 1977 survey of household credit usage suggests that the proportion of households with instalment debt has changed little since a similar survey conducted in 1970 (Table 3). On the other hand, the proportion of households with home mortgage debt has risen over this period.

Net credit flows, scaled by income in Chart 4, provide a measure of the pace or intensity of current borrowing activity. The rate of total credit flows to households relative to disposable personal income reached a record high in the second quarter of 1977—well above most other periods—and declined only slightly during the next two quarters. As shown, the principal impetus to this large build-up of debt has been home mortgage borrowing. In contrast, consumer debt formation relative to income, though high, has not quite reached the record pace of early 1973.

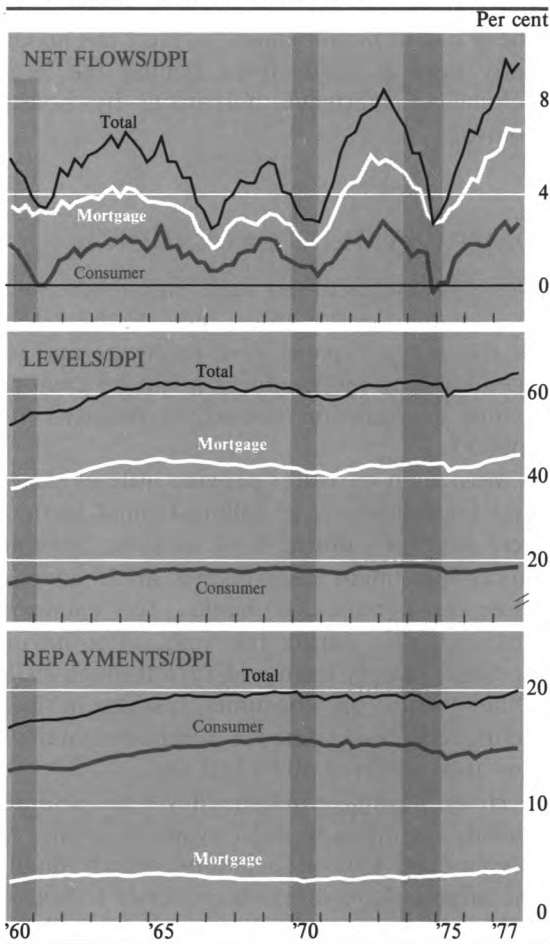
The ratio of debt outstanding to disposable income (Chart 4) expresses total household liabilities, regardless of maturity, relative to

3. Percentage of households with debt repayments

| Year | Consumer instalment debt | Home mortgage debt |
|------------|--------------------------|--------------------|
| 1960 | 47 | 35 |
| 1965 | 49 | 36 |
| 1968 | 48 | 35 |
| 1969 | 51 | 34 |
| 1970 | 49 | 36 |
| 1977 | 50 | 40 |

NOTE.—Data from Survey Research Center of the University of Michigan, 1970 *Survey of Consumer Finances* and earlier surveys; and 1977 *Consumer Credit Survey*.

4. Home mortgage and consumer credit



Amounts outstanding and seasonally adjusted net flows at annual rates include home mortgage and consumer instalment and noninstalment debt of the household sector from the F.R. quarterly flow of funds accounts. Mortgage repayments are F.R. staff estimates of scheduled payments of principal and interest on mortgage debt secured by one-unit homeowner properties. Consumer credit interest and principal payments are for instalment credit only. Shading indicates periods of recession as designated by the National Bureau of Economic Research. DPI=disposable personal income.

the usual source of funds for retiring such debts. As a result of the unusually large volume of mortgage borrowing, the ratios of both mortgage and total household debt outstanding to disposable income have risen to new highs. Outstanding consumer credit relative to income is still somewhat below earlier peak levels.

The ratio of repayments to disposable income provides perspective on the ability of households to service their debts out of current income. Repayments on mortgage and

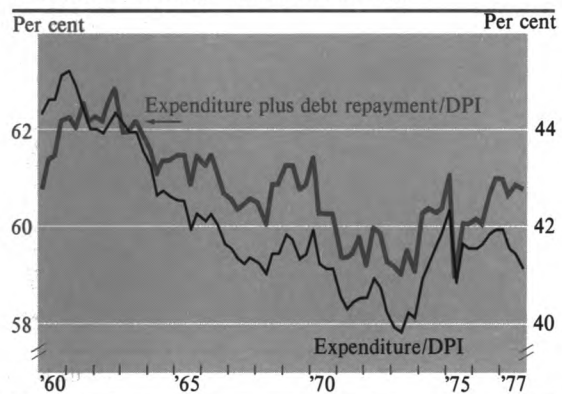
consumer debt combined, relative to income, have reached past highs. The mortgage repayments ratio has exceeded its previous high, while the consumer instalment repayments ratio, restrained by the general lengthening of loan maturities, remains somewhat below levels reached in the early 1970's.

NONDISCRETIONARY SPENDING

Further perspective on the ability of households to repay debts and to maintain expenditures near recent rates can be found by examining outlays other than debt repayments that might also be considered nondiscretionary—such as expenditures for food, fuel, and household operating costs. After rising somewhat relative to disposable personal income in 1975 and 1976, these expenditures have absorbed a gradually declining share of income since early 1977 (Chart 5).

Even when essential consumption outlays are combined with consumer instalment and mortgage debt repayments and then related to disposable personal income, it appears that total nondiscretionary uses of income edged down last year. This measure suggests that despite higher household indebtedness, a relatively large margin of consumer income, in the aggregate, may still be available for discretionary spending.

5. Nondiscretionary household outlays



Nondiscretionary expenditure is an F.R. staff estimate based on Commerce Department data for outlays on food, fuel oil and coal, housing services and fractions of household operating costs, gasoline and oil, and "other" services. Debt repayments include both mortgage and consumer instalment debt (see note to Chart 4).

HOUSEHOLD BALANCE SHEETS

The household-sector balance sheet provides another viewpoint from which to analyze influences on consumption expenditures, since assets as well as income may be drawn upon to meet debt obligations or to support current spending.

Following 2 years of improvement, the financial net worth of the household sector (Chart 6) deteriorated somewhat during 1977. The value of financial asset holdings—expressed in constant dollars—declined steadily after the first quarter of last year, while debt obligations rose in real terms. Much of the decline in assets was attributable to falling values in the stock market. But even with equities removed from the balance sheet, the difference between assets and liabilities showed only marginal improvement in real terms in 1977 and was below levels reached in 1972.

Financial net worth, of course, takes no account of changes in the value of tangible assets. For the household sector, the real value of total net worth—spurred by rapidly increasing home prices—reached a record

high in 1976 and remained within 2 per cent of that level during 1977. As discussed earlier, the sharp rise in home values, in fact, has apparently been a major force behind the large volume of mortgage borrowing by households.

DEBT PAYMENT EXPERIENCE

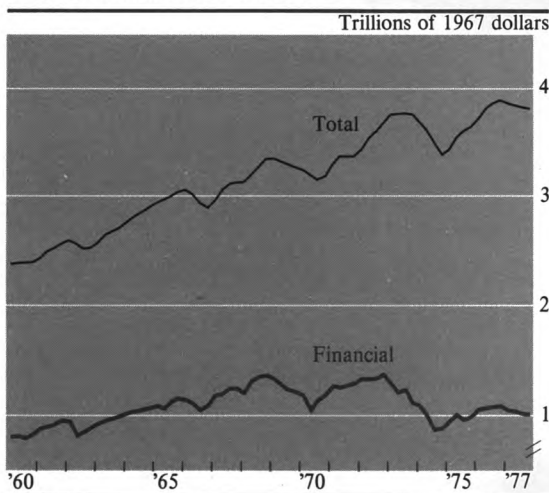
Direct measures of payment experience, such as loan delinquency rates, indicate the extent to which the expansion in mortgage and instalment loan indebtedness might be creating undue pressure on household financial resources.

Most such measures provide little evidence that households were falling behind in their debt payments during 1977. A series on consumer instalment loans delinquent 30 days or more at commercial banks, for example, changed little during the year, after having declined sharply from mid-1975 through 1976. Other series on consumer instalment loan delinquencies—at finance companies and retail firms—moved down last year.

Home mortgage delinquency rates also declined, according to most available series. At savings and loan associations, which supply the largest share of mortgage funds to households, the proportion of mortgage loans delinquent 60 days or longer fell sharply during 1977. In the fourth quarter the rate was around 1 per cent, more than a third below the peak in early 1976. Improvements in other mortgage delinquency series were less pronounced but generally confirmed the view that the ability of households to meet mortgage payments was well maintained during the year.

Finally, measures of more serious household financial problems, such as repossession or foreclosure rates, generally improved as well during the year. Personal bankruptcy filings continued a downward trend begun in the first quarter of 1976. Although the number of bankruptcy cases, after seasonal adjustment, edged up slightly in the second and third quarters of 1977, it fell sharply in the fourth quarter to a 4-year low. □

6. Household sector net worth



Financial net worth is total assets less total liabilities of the household sector from the F.R. quarterly flow of funds accounts. Total household net worth is financial net worth plus consumer durable goods, residential structures, land, and certain other tangible assets.

Treasury and Federal Reserve Foreign Exchange Operations

This 32nd joint interim report reflects the Treasury–Federal Reserve policy of making available additional information on foreign exchange operations from time to time. The Federal Reserve Bank of New York acts as agent for both the Treasury and the Federal Open Market Committee of the Federal Reserve System in the conduct of foreign exchange operations.

This report was prepared by Alan R. Holmes, Manager, System Open Market Account, and Executive Vice President in charge of the Foreign Function of the Federal Reserve Bank of New York, and by Scott E. Pardee, Deputy Manager for Foreign Operations of the System Open Market Account and a Vice President in the Foreign Function of the Federal Reserve Bank of New York. It covers the period August 1977 through January 1978. Previous reports have been published in the March and September BULLETINS of each year beginning with September 1962.

During the 6-month period under review, the U.S. dollar came under generalized selling pressure in increasingly disorderly market conditions. By the end of January, the dollar had declined against a broad spectrum of major currencies, falling a net 21 per cent against the Swiss franc, 10 per cent against the Japanese yen, 8 per cent against the German mark and currencies linked to it in the European Community (EC) “snake” arrangement, and 12 per cent against the pound sterling. The decline against the French franc, 3 per cent, and the Italian lira, 1½ per cent, was smaller. As exceptions, the dollar rose some 3½ per cent against the Canadian dollar and 6 per cent against the Swedish krona.

The depreciation of the dollar came in the context of deepening concern over the lack of progress in resolving serious economic imbalances among major industrial nations. The United States had swung into a record trade deficit from \$9 billion in 1976 to \$31 billion in 1977 as a whole. Correspondingly, the U.S. current-account deficit widened from \$1 billion in 1976 to \$19 billion in 1977. This deterioration reflected not only an increasing dependence on foreign oil to complement domestic energy sources but also the more rapid economic growth in the United States than abroad.

By contrast, among the other industrial countries Japan’s massive trade and current-account surplus continued to mount partly because of structural reasons and partly because of the lack of sufficient domestic

1. Federal Reserve reciprocal currency arrangements

Millions of dollars

| Institution | Amount of facility, Jan. 31, 1978 |
|---|--------------------------------------|
| Austrian National Bank | 250 |
| National Bank of Belgium | 1,000 |
| Bank of Canada | 2,000 |
| National Bank of Denmark | 250 |
| Bank of England | 3,000 |
| Bank of France | 2,000 |
| German Federal Bank | 2,000 |
| Bank of Italy | 3,000 |
| Bank of Japan | 2,000 |
| Bank of Mexico | 360 |
| Netherlands Bank | 500 |
| Bank of Norway | 250 |
| Bank of Sweden | 300 |
| Swiss National Bank | 1,400 |
| Bank for International Settlements: | |
| Swiss francs/dollars | 600 |
| Other authorized European currencies/dollars | 1,250 |
| Total | 20,160 |

2. Federal Reserve System activity under its reciprocal swap lines

Millions of dollars equivalent

| Transactions with— | System commitments, Jan. 1, 1977 | Drawings, or repayments (—) | | | | | System commitments, Jan. 31, 1978 |
|---------------------------|----------------------------------|-----------------------------|--------------|-----------------------|------------------------|------------------------|-----------------------------------|
| | | 1977 | | | | 1978 | |
| | | Q1 | Q2 | Q3 | Q4 | Jan. | |
| German Federal Bank | 14.9 | { -14.9 | ..... | 35.4 -35.4 | 800.1 | 451.1 | 1,251.2 |
| Swiss National Bank ..... | ..... | ..... | ..... | ..... | ..... | 18.9 | 18.9 |
| Total | 14.9 | { -14.9 | ..... | 35.4 -35.4 | 800.1 | 470.0 | 1,270.1 |

NOTE.—Data are on a value-date basis with the exception of the last two columns, which include transactions executed in late January for value after the reporting period.

demand to boost imports. Germany, too, remained in substantial trade and current-account surplus while experiencing a disappointingly slow pace of economic growth. While other European countries made progress in their efforts to curb previously high inflation rates and large payments deficits, real growth in their respective economies also tapered off.

As the size of these imbalances became apparent during the summer, market participants became increasingly apprehensive about the prospects for the dollar. Concern focused on the net supply of dollars coming on the market as a result of the current-account deficit itself. With so many industrial countries suffering from a combination of high unemployment and low profits, protectionist sentiment became increasingly vocal, thereby underscoring the need for early action to redress these imbalances if an increasingly restrictive environment for trade were to be avoided. In the event other adjustment policies were not adopted here or abroad, dealers were fearful that exchange rates would ultimately emerge as the means of achieving adjustment.

Late in July, Chairman Burns and Secretary Blumenthal had stressed their belief in the need for a strong dollar for the United States and for the world generally. A healthy expansion of the U.S. economy was well under way. And, as U.S. authorities had pointed out, U.S. goods had generally retained their price competitiveness in international markets, and our inflation rate—while still uncomfortably high—was among the lowest in the world.

To be sure, further action was still required in controversial areas. Legislation was before

the Congress for an energy program that could reduce oil imports. U.S. officials continued their efforts to persuade other governments to promote more rapid growth of their economies and thereby to take on some of the burden of adjustment. Moreover, the administration faced hard bargaining in containing protectionist pressures at home while seeking to negotiate a further reduction of restrictive trading practices abroad. But, on exchange-rate policy, U.S. authorities, reaffirming the philosophy that dollar rates should move in line with economic fundamentals, felt assured that a strong, noninflationary domestic economy would help keep the dollar strong.

These assurances, and a firming of U.S. interest rates in early August, tended to settle the markets through the rest of the summer. This enabled the Federal Reserve to repay the modest amount of swap debt in German marks incurred in July. Otherwise the Federal Reserve operations in the exchange markets were minimal through mid-September.

3. Federal Reserve System repayments under special swap arrangement with the Swiss National Bank

Millions of dollars equivalent

| | |
|----------------------------------|---------|
| Commitments, Jan. 1, 1977 | 1,051.0 |
| Repayments: | |
| 1977—Q1 | -148.4 |
| Q2 | -143.6 |
| Q3 | -143.6 |
| Q4 | -108.9 |
| 1978—Jan. | -36.4 |
| Commitments, Jan. 31, 1978 | 470.1 |

NOTE.—Data are on a value-date basis with the exception of the last two entries, which include transactions executed in late January for value after the reporting period.

4. Drawings and repayments on Federal Reserve System by its swap partners

Millions of dollars

| Banks drawing on System | Outstanding, Jan. 1, 1977 | Drawings or repayments (-) | | | | | Outstanding, Jan. 31, 1978 |
|--|------------------------------|----------------------------|-------------------------|-------------|-------------|-------------------------|-------------------------------|
| | | 1977 | | | | 1978 | |
| | | Q1 | Q2 | Q3 | Q4 | Jan. | |
| Bank of Mexico | 150.0 | -150.0 | .... | .... | .... | .... | .... |
| Bank for International Settlements* (against German marks) . | .... | .... | { 35.0 -35.0 | .... | .... | { 147.0 | 147.0 |
| Total | 150.0 | -150.0 | { 35.0 -35.0 | .... | .... | { 147.0 | 147.0 |

* BIS drawings and repayments of dollars against European currencies other than Swiss francs to meet temporary cash requirements.

By that time, however, the energy bill had bogged down in the Congress. Moreover, recent indicators showed that economic growth had slowed in several foreign countries. Although new stimulative measures were announced in Japan, Germany, and elsewhere, they were expected to have little effect before 1978. And, taking those measures into account, many public and private forecasters saw little prospect for an early improvement for the U.S. trade deficit. These concerns were featured during the annual meeting of the International Monetary Fund (IMF) and the World Bank in late September, when financial officials thrashed out the whole range of economic policy issues but emerged with little apparent consensus on what to do next.

Reports from these meetings triggered immediate reaction in the markets. In view of Japan's huge trade surplus, the yen came into renewed demand. The Swiss franc, the traditional haven in times of uncertainty, also came into heavy demand. The flow of funds into sterling, already huge throughout most of 1977, became even larger. Demand pressures soon spread to the German mark and other European currencies. Although circumstances varied for individual currencies, the dollar was generally on offer through most of the last 3 months of 1977.

With currencies being dealt around the clock in Asia, Europe, or North America, unsettled conditions in any one market tended to spill over into the others. The further the dollar fell, the greater was the shift out of dollars into other currencies through speculative positioning, commercial leads and lags, and hedging operations. In addition, traders

were sensitive to recurring reports of substantial portfolio diversification by private and official dollar-holders. Under such circumstances, the exchange market became increasingly one way and unresponsive to economic fundamentals. Movements in exchange rates were abrupt, bid-asked spreads widened, and market professionals were increasingly unwilling to take dollars offered to them into their positions even for brief intervals. In response, foreign central banks continued to intervene in their respective currency markets. For its part, the Federal Reserve intervened frequently and on an increasing scale in the New York market.

Meanwhile, officials were convinced that policies already adopted or soon to be put in place here and abroad would, in time, substantially reduce the imbalances that concerned the market. The pressing need was to deal effectively with the disorder in the exchange market and thereby to provide breathing room both for the measures to take effect and for market participants to take stock of fundamentals.

In a statement on December 21, President Carter announced several measures to reduce U.S. imports of oil and to stimulate exports, and stressed that U.S. authorities would intervene to the extent necessary to counter disorderly conditions. In early January U.S. authorities followed up with several measures to restore a sense of balance to the exchanges. On January 4, the Federal Reserve and the U.S. Treasury announced that the Treasury had entered into a new swap arrangement with the German Federal Bank and that this facility, together with the Federal Reserve swap

5. U.S. Treasury securities,
foreign currency series
issued to the Swiss National Bank

In millions of dollars equivalent; issues, or redemptions (—)

| | |
|----------------------------------|---------|
| Commitments, Jan. 1, 1977 | 1,545.7 |
| Transactions: | |
| 1977—Q1 | —84.6 |
| Q2 | —85.8 |
| Q3 | —85.8 |
| Q4 | —120.5 |
| 1978—Jan. | —50.9 |
| Commitments, Jan. 31, 1978 | 1,118.0 |

NOTE.—Because of rounding, figures do not add to totals.
Data are on a value-date basis except for last two entries,
which include transactions executed in late January for value
after the reporting period.

network, would be actively utilized to check speculation and to restore order in the exchange market. Beginning that afternoon, the Federal Reserve's foreign exchange Trading Desk shifted to a more open and forceful approach to the market than it had used in previous months. On January 6, the Board of Governors of the Federal Reserve System approved a ½ per cent discount rate increase, specifically on international considerations, and the Federal Reserve's domestic Trading Desk acted to firm money market conditions somewhat.

These steps, coming in the context of continuing debate on virtually all of the other issues that had troubled the exchange market for months on end, at first received a mixed reaction. Although the dollar staged a brief initial rally, it came heavily on offer again the following week. The New York Federal Reserve, in close consultation with the German Federal Bank, continued to intervene forcefully. These mark sales were financed by drawings in equal amounts on the System and Treasury swap lines with the Federal Bank.

By mid-January, the intervention was beginning to take effect and the exchange market gradually came into better balance. In fact, with the market settling into active two-way trading, the Desk did not intervene for several days running for the first time since November. And, thereafter, intervention was limited to modest amounts in German marks and, for the first time since 1975, in Swiss francs.

In sum, for the period August 1, 1977–January 31, 1978, covered by this report, the Federal Reserve sold a total of \$1,310.5 million equivalent of marks. It repaid \$35.4 million equivalent of previous drawings in marks on the German Federal Bank and drew a total of \$1,251.2 million equivalent to finance operations during the period. The remaining sales were financed from balances. U.S. Treasury sales of marks after January 4 amounted to \$407.4 million equivalent, financed by drawings on its swap arrangement with the German Federal Bank. In addition, in intervention during the period, the Federal Reserve sold \$18.9 million of Swiss francs drawn under the swap arrangement with the Swiss National Bank. Otherwise, as detailed in the Swiss franc section, the Federal Reserve repaid \$235.3 million equivalent and the Treasury repaid \$223.5 million equivalent of Swiss francs from obligations remaining from August 1971.

GERMAN MARK

In contrast to the solid economic expansion under way in the United States, the growth of output in Germany was losing momentum by midsummer 1977. New orders from abroad were lower, partly reflecting the generally slack conditions elsewhere in Western Europe and partly in response to the previous appreciation of the mark against most major currencies. In addition, German firms were reluctant to invest in new plant and equipment in view of uncertain prospects for sales, particularly in export markets, and because of postponements in the face of environmental protests of major public investment projects that had been intended to provide fiscal stimulus.

Monetary policy remained fairly accommodative. The monetary aggregates were growing somewhat more rapidly than targeted, and bank lending expanded vigorously as interest rates declined. But by early August a public debate had emerged on the need for further fiscal impetus for the domestic economy. On the external side, Germany had been identified by its trading partners as a

major current-account surplus country that, it was hoped, would increase domestic demand, thereby boosting imports and helping to relieve strains on the payments balances of other countries.

As talk about stimulative measures emerged in Germany during August and early September, exchange-market participants turned generally cautious toward the mark. By that time, also, U.S. reassurances on exchange-rate policy, along with a firming of U.S. interest rates, had contributed to an easing of the mark from the highs it had reached in late July. In all, the decline was some 4 per cent, to a low of \$0.4268 in mid-August. The Federal Reserve took the opportunity to acquire marks in the market and from correspondents, which were used in part to liquidate the \$35.4 million equivalent of swap drawings on the German Federal Bank incurred when the market was unsettled in July. When the New York market turned nervous prior to the announcement of U.S. trade figures on August 24, the Federal Reserve sold \$8 million equivalent of marks out of balances. Otherwise, the Federal Reserve refrained from intervening through August and most of September.

Meanwhile, the German authorities acted to give an additional boost to the economy. On August 25, the German Federal Bank announced a reduction in commercial bank reserve requirements and higher rediscount quotas for the banks. In the context of a further firming of interest rates in the United States in late August and early September, these measures increased the interest differential to 1 to 2 percentage points per annum in favor of placements in dollars as against marks. Moreover, on September 14, the German Government announced a package of measures designed to inject an additional 12 billion marks (nearly 1 per cent of gross national product) into the economy through the end of 1978. This package included tax relief, particularly to encourage business investment, and increased public sector expenditures. Even so, current indicators were still revealing the extent to which the German economy had slowed, and many of the proposed measures were expected to have only a delayed impact.

Therefore, after the discussions at the late-September meeting of the IMF and the World Bank in Washington over the difficulties in reducing the U.S. trade deficit, the German mark soon became caught up in the wave of dollar selling. At first, the rise of the mark lagged behind other currencies. But, as the markets became increasingly unsettled, the demand for marks intensified. The German Federal Bank intervened, on occasion heavily, in the Frankfurt market. When pressure spilled into the New York market, the Federal Reserve intervened on eight trading days between September 30 and October 31 and sold \$228.7 million equivalent of marks, of which \$181.1 million equivalent was drawn on the swap line with the German Federal Bank and the rest from balances.

The generalized pressure against the dollar continued in November, although to a lesser extent. In that month the Federal Reserve intervened on five trading days selling \$80.9 million equivalent of marks, financed by \$77.3 million equivalent drawn under the swap arrangement with the German Federal Bank and the remainder from balances. Nevertheless, the mark continued to advance, reaching \$0.4502 by the end of November for a rise of $\frac{3}{4}$ per cent since September.

Although economic growth in Germany resumed as the end of the year approached, the exchange market remained sensitive to the possibility that foreign pressure would continue for Germany either to boost domestic demand or to find other ways to reduce its current-account surplus, which was widening once more. Amid uncertainty over these policy issues, the mark emerged in the forefront of market attention, rising more rapidly against the dollar than most other currencies in early December. But the German authorities, having put into place a stimulative package, which would take effect mainly in 1978, were reluctant to adopt further measures for fear of rekindling inflationary pressures.

As it was, the monetary aggregates were growing in excess of the German Federal Bank's targets for 1977, partly as a result of the recent intervention in the exchange market. Nevertheless, the rise in the mark had

already carried the rate to levels that the German authorities and many market participants considered to be excessive, particularly as compared with relative rates of inflation, and was regarded as likely to undermine chances for more rapid growth of the economy. And so, to reduce pressures on the mark, the German Federal Bank on December 16 lowered its discount and Lombard rates by $\frac{1}{2}$ percentage point each. Moreover, to discourage speculative inflows and to absorb some of the liquidity created by exchange-market intervention, minimum reserve requirements on foreign deposits were increased and the existing ban on nonresident purchases of German bonds was extended to include securities with maturities of up to 4 years.

Following these measures, interest differentials in favor of dollar placements over mark placements widened to 2 to 3 percentage points per annum. But in the generally bearish atmosphere for the dollar that was emerging, considerations that were favorable to the dollar were ignored as participants jumped to protect themselves from any further rise in the mark. Thus, the demand for marks became broad based, reflecting a combination of professional positioning, portfolio shifting, commercial leads and lags, and corporate hedging of balance-sheet items before the end of the year.

In this atmosphere, trading became increasingly one way. Any news report or rumor that could be considered adverse to the dollar, or favorable to the mark, triggered a further rush into marks. Moreover, the mark had become firmly established at the top of the EC snake, generating renewed speculation that a realignment of currencies within that group of currencies would soon be inevitable. As a result, the mark came into additional heavy demand against other participating currencies. In response, there was sizable intervention by the German Federal Bank and its EC partners in both snake currencies and dollars to maintain the limits of the joint float.

In all, the mark rose by a further 6 per cent against the dollar in December to \$0.4767 at the end of the year. Both the Federal Reserve and the German Federal Bank continued to

intervene virtually daily to avoid even greater disorder. In December the Federal Reserve sold a total of \$545 million of marks in the New York market, drawn on the swap line with the German Federal Bank, raising total drawings outstanding by the end of the year to \$803.4 million equivalent. Germany's external reserves rose by \$2.9 billion in December, for an increase of \$5.2 billion over the last 3 months of 1977.

Exchange-market disorder carried over into early 1978, as professional demand pushed the mark up a further $2\frac{1}{2}$ per cent to a peak of \$0.4885. Additional intervention by the German Federal Bank and the Federal Reserve, which sold another \$40.1 million equivalent on January 3, was scarcely noticed. Instead, commentary in the market and in the press focused on what was considered an apparent reluctance of the Federal Reserve to intervene.

On January 4 the Federal Reserve and the U.S. Treasury issued a joint statement:

The Exchange Stabilization Fund of the United States Treasury will henceforth be utilized actively together with the \$20 billion swap network operated by the Federal Reserve System. A swap agreement has just been reached by the Treasury with the Deutsche Bundesbank and is already in force. Joint intervention by the Treasury, the Federal Reserve, and foreign central banks is designed to check speculation and reestablish order in the foreign exchange markets.

When this statement came across the news services early that afternoon, the Federal Reserve's foreign exchange Trading Desk followed up with simultaneous offers of marks to several banks in the New York market. This prompted a quick scramble for cover by some professionals who were short of dollars, and the mark dropped back by some 4 per cent that afternoon without the Desk actually having sold any marks. Some further short covering during the next morning in Frankfurt pushed the mark even lower to \$0.4640. But, with many other uncertainties hanging over the dollar, some dealers began to doubt that the central banks could halt the dollar's disorderly decline through intervention alone.

Once it became clear that the monetary authorities were not seeking to push dollar rates up or to hold them at any particular level, dealers sought to regain the initiative through renewed heavy bidding for marks. This bidding, over the next 2 days, was concentrated in the hours toward the European close, after the German Federal Bank had ceased its own dealings. The Desk countered forcibly, dealing both directly with banks and through agents, and sold a total of \$253 million equivalent of marks over the 2 days. The Desk's sales were split evenly between the Federal Reserve and the U.S. Treasury, financed by drawings on their respective swap arrangements with the German Federal Bank.

These exchange operations were followed by a hike in the Federal Reserve discount rate, announced on January 6, and by the action of the domestic open market trading desk to promote somewhat firmer conditions in the U.S. money market. By the following Monday, January 9, the exchange market came into better balance and the Desk did not intervene on that day.

Even so, the market remained sensitive to the wide range of policy issues that were still under debate at the time. Over the next 2 days, bearish sentiment toward the dollar was reinforced by reports of a division of opinion within the United States over the latest monetary policy actions and by suggestions that foreign central bankers had been critical of the United States in the monthly Bank for International Settlements (BIS) meeting in Basle. (Actual participants at the meeting subsequently made clear that the U.S. policy actions had in fact been warmly received.) Moreover, routine public statements by government officials in Germany and in the United States essentially repeating their positions on broader economic policy issues were taken as an additional sign of disagreement.

In this atmosphere of seeming policy discord, many market participants concluded that the U.S. intervention approach had only grudging support in Washington and elsewhere and might be abandoned at any time. The dollar therefore came under renewed heavy selling pressure. Over the four

trading days, January 10–13, the mark was bid up to as high as \$0.4782. The German and U.S. authorities, while not holding the mark rate at any particular level, continued to intervene forcefully. On those days, mark sales by the U.S. authorities amounted to \$509.9 million equivalent, split evenly between the Federal Reserve and the Treasury and financed by drawings on the respective swap lines with the German Federal Bank.

This show of force by the authorities made its point. By that Friday, dealers began to gain a feeling of two-way risk in the market, and natural buyers of dollars began to appear. In the following week, January 16–20, the market in fact came into rough balance with good two-way dealing, providing the first 5-day stretch since last November in which the Federal Reserve did not intervene at all. The Desk subsequently entered the market on three occasions through the end of the month and sold \$52.1 million equivalent of marks. In all, mark sales by the U.S. authorities after January 4 amounted to \$815 million equivalent. On January 31, Federal Reserve swap debt to the German Federal Bank amounted to \$1,251.2 million equivalent of marks while the U.S. Treasury drawings were \$407.4 million equivalent. By the end of the month the mark was trading quietly at \$0.4740, some 3 per cent below the January 4 peak.

STERLING

By midsummer 1977 the measures the British Government had adopted during the previous year to curb inflation, to contain Britain's current-account deficit, and to stabilize sterling were strongly taking hold. The government's 2-year policy of voluntary pay restraints had succeeded in bringing the rate of wage increases far below the rate of price inflation. Although its strategy was modified in July in the face of stiff opposition to any continued limit on negotiated wage increases, the government had obtained union agreement to space out pay negotiations over the next 12 months and to limit wage increases within the public sector.

Strict cash limits on government spending and increased government receipts had combined to cut sharply the public-sector borrowing requirement to well below the levels anticipated in Britain's standby arrangement with the IMF. The authorities had also acted to slow the decline in short-term interest rates from the crisis levels of late 1976, in part by large sales of government securities outside the banking sector. In this situation, nonresidents joined in the bidding for attractively priced gilt-edged securities, shifting large amounts of foreign funds into sterling-denominated assets.

Consequently, sterling had come into strong demand in the exchanges. For some time the Bank of England had intervened heavily to hold the rate around the \$1.72 level, thereby rebuilding Britain's reserve position in the process. But, as the dollar's decline had persisted during July, the Bank of England shifted to an intervention approach keyed to a weighted index of major currencies, and the spot rate rose to \$1.7385 by early August. Meanwhile, Britain was winding down its rate of inflation in response to the easing of wage pressures, the renewed strength of the pound, and the decline in commodity prices worldwide.

The improvement in Britain's financial position and prospects for inflation had been achieved, however, at the cost of continued sluggishness in production and a high level of unemployment. For the time being, the prolonged stagnation in the domestic economy was continuing to depress British imports, while manufactured exports were benefiting from the previous year's slide in the pound. Moreover, North Sea oil was beginning to bolster the balance of payments. Thus, Britain's current account had shifted from large deficit to solid surplus, and this turnaround provided a continuing source of commercial demand for sterling in the exchanges. Looking ahead, the market came to expect that the government would soon take advantage of its room to maneuver, within the specified limits for monetary expansion and public-sector borrowing, to provide some needed stimulation to the domestic economy.

Against this background, the Bank of England's decision in August to allow two successive ½-percentage-point reductions in its minimum lending rate to 7 per cent was well received in the market. This move revived expectations of still further declines in British interest rates and of renewed potential for near-term capital gains on British securities. Meanwhile, the yields on longer-term securities remained attractive relative to those on comparable securities elsewhere. As a result, the inflow of foreign funds again built up and the strength of the demand soon led the market to believe that the British authorities would have to permit an additional appreciation of sterling in the market.

This expectation was further fueled during September by news of a large \$1.4 billion reserve gain in August, release of favorable economic indicators, and a strong vote upholding the 12-month rule on wage increases at the Trade Union Congress. The Bank of England met the demand for sterling with large purchases of dollars almost every day. In its other operations, it attempted to mop up the excess liquidity generated by these dollar purchases and to slow any further drop in interest rates. But during September the minimum lending rate was again lowered in two steps to 6 per cent, as short-term British interest rates fell significantly below comparable U.S. rates for the first time since December 1969.

Early in October, the rush into sterling intensified. With the dollar then on offer generally in the exchanges, dealers expected the spot pound would rise at least partly in line with other currencies. In addition, in the discussions at the annual meeting of the IMF and the World Bank on the need to counter disappointing economic performance worldwide, Britain had been identified by some as one of the countries that could now contribute by providing some stimulus to the domestic economy. In response to this expression of confidence, the flow of funds pouring into London's financial markets swelled to massive proportions.

British short-term interest rates continued to ease, with the Bank of England's minimum lending rate dropping to a 6-year low of 5 per

cent on October 17, and the authorities found it increasingly difficult to neutralize the impact of these inflows on domestic money markets. The Chancellor's proposals for mild fiscal stimulus immediately and further tax cuts in the spring were, by the time they were announced on October 26, well within what the market had come to expect. But the market had also anticipated new measures to stem the inflows of foreign funds, which were beginning to jeopardize the authorities' target for monetary expansion. When no measures were announced, the rush into sterling continued. By October 28, the pound had risen some $2\frac{1}{4}$ per cent above early-August levels to \$1.7780. The Bank of England continued to intervene to limit the rise in the effective exchange rate index, which had edged up only marginally since early August to 62.6 per cent of its 1971 Smithsonian level. The heavy dollar purchases of the central bank accounted for the bulk of the nearly \$7 billion increase in British reserves over the 3 months.

To protect the money supply from the expansionary effect of further large inflows, the authorities ended on October 31 their policy of intervening to prevent a rise in sterling's effective exchange rate. As a British Treasury statement acknowledging a change in official intervention policy flashed over the news services, the pound was pushed up in a wave of speculative demand to a high of \$1.8625 the following day in London. But suddenly the market turned around when that same day British mine workers unexpectedly voted down a management proposal for a labor settlement and resubmitted demands for a 90 per cent pay raise. At the same time, large sections of the country were subjected to brief electrical blackouts, as power station workers staged an official "work to rule" in support of claims for improved fringe benefits. Immediately, funds flowed from sterling into marks, and the pound plunged back as much as $3\frac{1}{2}$ per cent to \$1.7960 by November 3.

Trading in sterling quieted as the market adopted a more guarded attitude toward the pound's immediate prospects. On the one hand, Britain's rate of inflation continued to fall toward single-digit levels. Moreover, the

external position was showing further improvement: the trade account had been in solid surplus for three consecutive months, and the over-all current account had been in sizable surplus already by the third quarter. On the other hand, renewed labor disputes threatened to undermine the government's policy for wages. Also, the large-scale rise in reserves of previous months left the market uncertain over the outlook for monetary expansion in the near future. As the market weighed these considerations, the pound settled in around \$1.82 until early December while, on a trade-weighted basis, it fluctuated narrowly around 63.5. In general, sterling was bolstered by continuing commercial demand. Although occasionally the pound showed a slight tendency to come on offer, intervention was quite modest.

By that time, however, the caution that had overshadowed sterling was dissipating. The government had made substantial progress in sidestepping the highly visible claims of a few unions for pay increases significantly above a norm of 10 per cent per annum. Uncertainties about a rise in interest rates that might prompt sizable withdrawals of foreign funds were cleared away after the Bank of England announced on November 25 a hike in its minimum lending rate to 7 per cent. Furthermore, domestic activity was showing signs of picking up, and, with balance of payments considerations now placing less of a constraint on growth than at any time since World War II, the British economy was expected during 1978 to begin a sustained upturn.

Consequently, when the dollar again began to weaken early in December and market professionals turned their attention to the strong continental currencies, the pound was carried along in the generalized upsurge against the dollar. News of the abolition of the rule requiring surrender of 25 per cent of the proceeds from investment currency premiums from sales of foreign securities and relaxations of some other restrictions on outflows had no impact on trading. Instead, pulled up by the rise of the mark and Swiss franc and bolstered by year-end commercial demand, the pound was bid up to \$1.92 by December 30. Then, in

the new year the pound was bid up in heavy professional demand and joined the Swiss franc in leading the rise of foreign currencies against the dollar. By January 4 it soared to as high as \$1.9932, 15¼ per cent above early-August levels.

The market then turned around and the pound fell 6 per cent to \$1.8750 after the announcement by the Federal Reserve and the U.S. Treasury of a more active U.S. intervention approach. But sterling remained buoyant against both the dollar and the mark through the rest of January. Signs that monetary growth was back within the targeted range reassured the market, and foreign funds were again attracted into sterling, especially just prior to a ½ percentage point reduction to 6½ per cent in the Bank of England's minimum lending rate. The spot rate thus moved back up against the dollar to end the period at \$1.95—12¼ per cent above early-August levels. Sterling also rose 4 per cent against the mark during the 6-month period and, on a trade-weighted effective basis, advanced some 7¾ per cent to 66.5. From November to January official reserves increased a further \$947 million to a record \$21.4 billion on January 31.

SWISS FRANC

By the summer of last year, the Swiss economy was expanding faster than anticipated. At the same time Switzerland's inflation rate, at slightly above 1 per cent per annum, remained lowest among the industrial countries, partly as a result of the previous substantial appreciation of the Swiss franc. This incipient recovery was fueled in part by a modest rise in consumption and investment. In addition, with many Swiss firms starting to take advantage of the low inflation rate to maintain their competitive position, exports were particularly buoyant. The growth of the Swiss economy prompted an even faster rise in imports than in exports, so that Switzerland's trade account shifted back into deficit. But the current account remained in sizable surplus, bolstered

by Switzerland's traditionally large earnings on overseas investments.

Thus, sentiment in the exchange markets toward the Swiss franc had become increasingly bullish by late summer. The franc remained in demand, even after the German mark and the Japanese yen eased back amidst uncertainty over the implications of new stimulatory measures being planned in those countries. By the end of September, the franc had risen more than 2 per cent against the dollar to \$0.4260 and 4 per cent against the German mark from levels at the end of July. To counter this pressure, the Swiss National Bank intervened forcefully in Zurich and in New York through the agency of the Federal Reserve Bank of New York.

On September 27, the Swiss authorities also imposed an immediate ban on the sale to nonresidents of forward francs with a maturity of less than 1 month, to prevent evasion of a negative interest charge on nonresident deposits through use of these short-dated swaps with Swiss commercial banks. By this time, the cumulative intervention in Swiss francs was beginning to add more liquidity to the domestic money market than was called for by the National Bank's target for monetary growth of 5 per cent for the year. The central bank continued to absorb some of this liquidity by selling dollars to nonresident borrowers of Swiss francs under the official capital export conversion requirement. But, in addition, it began to sell dollars in the market on a 3-month swapped basis, which, in effect, temporarily absorbed domestic funds until they would be needed for year-end purposes.

With concern heightening after the late-September meetings of the IMF and the World Bank over the implications for the exchange markets of the persistent trade imbalances among major nations, exchange dealers and investors around the world again began to move into Swiss francs. Despite the limited availability of convenient instruments for investing in Swiss francs, low interest rates, and the barricade of controls created by the Swiss authorities to inhibit "hot money" inflows, the rush to acquire francs in whatever

form led to a cumulative bidding-up of the franc rate. Both commercial and professional interests bought francs on the expectation that the rate would rise, shifting funds mainly out of dollars but, on occasion, out of currencies such as the pound sterling and the German mark as well. Corporate borrowers that had previously financed short- and long-term credit needs in Switzerland now hastened to buy francs to limit exchange losses on their liabilities. Speculation in the form of foreign acquisition of Swiss franc currency notes intensified. In this highly dynamic exchange-market situation, the franc at times led the rise in other currencies against the dollar while at other times the rise in other currencies prompted an additional bidding-up of the franc.

On balance, however, the franc rose more rapidly than most other major currencies. By the end of November, the rate had surged another 9 per cent above late September levels to \$0.4637 and advanced $4\frac{1}{4}$ per cent against the mark. The Swiss National Bank continued to try to contain the franc's rise, buying substantially more dollars in the spot market than it sold directly to nonresident borrowers of francs under the capital export conversion program. It also acted to prohibit prepayment clauses in new foreign loan contracts. But heavy demand for francs persisted. Prepayments on outstanding loans were unaffected by the new prohibition. Also, the authorities had indicated their concern about the continued injection of new liquidity by announcing their intention to issue sterilization notes and by providing only limited liquidity assistance over the end of the month.

Even so, as trading conditions deteriorated generally in December, the franc continued to rise in sporadic bursts of demand. In the exchange market this further upward movement became overshadowed for a few days by the surge in demand for German marks. But within Switzerland businessmen reacting to the uncertainties generated by the appreciation of the franc began to curtail investment spending plans. Domestic output flagged, the rise in imports stalled, and the trade balance

swung back into surplus, partly reflecting changes in the valuation of Swiss imports and exports. To prevent year-end needs for francs by Swiss commercial banks from buoying the rate even more, the Swiss authorities reversed an earlier decision to scale down the volume of their customary assistance and announced they would provide unlimited temporary year-end liquidity at favorable rates. But the franc was still swept up in heavy demand from both commercial and professional interests. From early December to January 4, the franc rose to \$0.5270, up a further $13\frac{1}{2}$ per cent against the dollar and 5 per cent against the mark.

Following the announcement of a more active intervention policy by U.S. authorities, the franc rate immediately dropped back by 8 per cent to as low as \$0.4844 on January 5. Subsequently, as the market sought to test the authorities' resolve to avoid a renewed rise in the rate, the Swiss franc was bid upward again. Even when the markets settled down more generally after mid-January, the franc remained subject to bouts of buying that threatened to trigger broader unsettlement in the markets. Consequently, on January 24, the Federal Reserve resumed intervention for its own account in Swiss francs in New York. On that day, the Federal Reserve sold \$18.9 million of francs drawn under the swap line with the Swiss National Bank, in addition to the francs sold by the Desk that day on behalf of the Swiss National Bank. By the end of the month the franc was trading more steadily at \$0.5043, for a net rise of 21 per cent against the dollar and 13 per cent against the mark for the 6-month period.

During the period, the Federal Reserve and the U.S. Treasury continued with the program agreed to in October 1976 for an orderly repayment of pre-August 1971 franc-denominated liabilities. The Federal Reserve repaid \$235.3 million equivalent of special swap indebtedness, while the Treasury redeemed \$223.5 million equivalent of Swiss franc-denominated securities by the end of January. Most of the francs for these repayments were acquired directly from the Swiss National

Bank against dollars. However, the Federal Reserve also bought francs from the National Bank against the sale of \$76.3 million equivalent of German marks and \$61.3 million equivalent of French francs, which were in turn either covered in the market or drawn from existing balances. By the end of January, the Federal Reserve's special swap debt to the Swiss National Bank stood at \$470.1 million equivalent, while the Treasury's Swiss franc-denominated obligations had been reduced to \$1,118.0 million equivalent.

FRENCH FRANC

During the first half of 1977, the French economy had begun to respond to the government's concerted efforts to curb inflation and to stabilize the French franc. The pace of wage increases had slowed, inflationary pressures at the wholesale level were moderating considerably, and the rate of increase in consumer prices had stayed just below 10 per cent even after a temporary price freeze had been allowed to lapse. At the same time, France's trade account was moving into surplus for the first time in 2 years and the current-account deficit was narrowing considerably. In addition, interest rates had declined more slowly in France than elsewhere, and French residents, including public and semipublic entities, had accelerated their borrowing activities abroad during the summer months. Thus, the French franc had joined in the rise in European currencies against the dollar to trade around \$0.2050 in early August, even as the Bank of France had taken in reserves from time to time in moderating its rise.

The cost to France's domestic economy of its improved external position had been severe, however. Consumer demand was expanding more slowly than projected, investment demand and industrial production were both flat, and unemployment was rising. With the improvement in France's current-account position now giving the government more room to maneuver, it followed up measures taken in the spring with selective actions to improve the employment situation without

abandoning its over-all anti-inflationary stance.

On August 31, the Bank of France cut the official discount rate by 1 percentage point to 9.5 per cent, and interest rates on other money market instruments were allowed to ease in line with declining money market rates for other currencies. Early in September, the government announced a mild fiscal stimulus for the economy, introducing new measures to spend 5 billion French francs (0.3 per cent of GNP) in 1977. In the wake of these policy initiatives and in response to a slowdown in external borrowings, the franc tended to come on offer during September. But by the month-end the franc had become caught up in the advance of European currencies against the dollar, rising $2\frac{3}{4}$ per cent to as high as \$0.2088 on November 1.

By this time, however, the market began to question whether the French franc could be expected to keep pace with the German mark's rapid rise against the dollar. As some market participants sought to hedge their mark commitments by selling francs against marks, the franc weakened in the exchanges. Moreover, rapidly rising agricultural prices in France were slowing the progress in reducing inflation. Premier Barre, in a televised speech on November 3, again warned about the dangers of inflation and soon thereafter the government announced a freeze in a variety of retail food prices. But leaders of opposition parties argued that the continued rise in prices was indicative of the failure of the government's anti-inflation policies.

In an atmosphere of growing political sensitivity ahead of the general elections scheduled for March 1978, the selling of francs gained momentum during early November. The franc thus eased back against the dollar to \$0.2048 even as the dollar remained on offer against the other European currencies and the yen.

To moderate the franc's fall, the Bank of France, which on occasion had sold both dollars and marks in the Paris market through the autumn, stepped up its intervention. Moreover, the central bank moved to tighten interest rates. Nevertheless, by early Decem-

ber the franc had weakened some 4 per cent against the mark, which was buoyed by a groundswell of speculative inflows out of dollars.

By the year-end, the economic indicators for the French economy were pointing to further improvement. The rise in the consumer price index was now slowing, and unemployment showed a small decline. The trade figures for December had registered a sizable surplus once again, after an unexpectedly large deficit the month before, and the OECD had forecast a narrowing of the current-account deficit from \$3 billion to \$2 billion in 1978. As a result, the French franc, buoyed also by commercial month-end and year-end demand, rose sharply at the end of December. In fact, it kept roughly in pace with the German mark as it rose to \$0.2178 on January 3.

After the joint Federal Reserve-Treasury announcement the following day, the franc dropped back against the dollar somewhat less than against other European currencies. But as the month of January progressed, commercial leads and lags started shifting against the franc once more, as uncertainties over the outcome of the March elections continued to hang over the market. By the end of the month the franc, trading at \$0.2108, was $2\frac{3}{4}$ per cent above early-August levels, while over the 6-month period the franc had fallen $5\frac{1}{2}$ per cent against the mark. As of January 31, French foreign exchange reserves stood at \$4.7 billion, little changed over the 6-month period.

ITALIAN LIRA

To curb inflation, to restore equilibrium in the balance of payments, and to stabilize the Italian lira, Italy's minority government had implemented by mid-April 1977 a comprehensive program that served as the basis for a new standby agreement with the IMF. As part of the three-point program, the public-sector deficit was to be reduced through tax increases, spending cuts, and higher prices for public services. Monetary policy had been

reinforced with a sharp hike in interest rates and strict controls to limit the extension of credit. And steps were undertaken to modify Italy's wage indexation system with the view to bringing the rate of inflation down from 22 per cent to 13 per cent by spring 1978.

The completion of this program and the conclusion of a standby agreement had been welcomed in the market. It provided Italy with \$530 million of new IMF credit and assured the availability of a further \$500 million from the EC. In addition, it paved the way for more private external borrowing since—with the outlook for the lira now more assured and with availability of domestic credit greatly restricted—Italian banks and companies had a strong incentive to meet their financing needs abroad. Bolstered by these and other capital inflows, the lira had steadied around \$0.001130 (885 lire) through early summer. The authorities bought substantial amounts of dollars in adding to Italy's foreign exchange reserves, which rose to \$7.1 billion.

By early August, the pace of these capital inflows had begun to slow as the tapering-off of seasonal tourist receipts left the market uncertain about the vulnerability of the lira to renewed downward pressure. But Italy's current account, now benefiting from the impact of the lira's 22 per cent fall in 1976 and of the new austerity program, swung toward surplus. Therefore, continuing commercial needs kept the lira in demand throughout the late summer.

The Bank of Italy again took in dollars, albeit at a more modest pace. The central bank also took advantage of the favorable climate in the exchange markets to cut the Bank of Italy's discount rate $1\frac{1}{2}$ percentage points to $11\frac{1}{2}$ per cent in late August. The authorities made further repayments of credits to the IMF and in September repaid a \$500 million tranche on a \$2 billion gold-dollar swap the Bank of Italy had with the German Federal Bank. Even with these repayments, Italy's foreign exchange reserves declined only \$518 million during August and September.

By October the lira, too, had become caught up in the generalized advance against the dollar. Demand for lire intensified, and with the

Bank of Italy acting to limit the rise in the rate its purchase of dollars increased. The unpegging of sterling at the end of October triggered even more favorable shifts in commercial leads and lags, as market participants came to expect the Italian authorities might follow suit. As a result, by the end of November, Italy's foreign exchange reserves had risen \$1.6 billion while the spot rate advanced to \$0.001140 (877.2 lire).

Meanwhile, Italy's current account had strengthened further, swinging from a \$2.8 billion deficit in 1976 to a near \$2 billion surplus in 1977. Moreover, the government's new austerity program had succeeded in bringing the inflation rate down toward 16 per cent in just half a year. But these improvements resulted in a considerable slowing of the domestic economy. Industrial production had dropped off sharply to levels below those of the previous year. Unemployment rose, and with corporate profits squeezed by the high cost of borrowing funds, the prospects for an improvement in the labor market seemed dim. Pressure was mounting for new action to stimulate the domestic economy now that some progress had been achieved on the inflation and balance-of-payments fronts. At the same time, however, the public-sector deficit had exceeded the limit specified in the standby agreement and subsequent discussions with the IMF.

The minority government entered into a new round of negotiations with the opposition parties and the trade unions on new measures to increase public service prices and to reduce expenditures. But by this time the Communist Party and the trade unions were facing growing opposition from within their own ranks against the tacit support they were providing for government policies.

Uncertainties over the outcome of these negotiations, which ultimately led to the resignation of Premier Andreotti's 1½-year-old government, overshadowed the market for lire during December and January. Flows into Italy slowed substantially, and the lira came on offer at times. But the pressure did not cumulate because the market remained aware of Italy's ample exchange reserves and the

overriding concern at the time was the dollar's continuing decline. Nevertheless, the lira weakened against the other major currencies on the Continent, with the Bank of Italy selling dollars on balance during these 2 months. But against the dollar the lira rose to trade at \$0.001153 (867.3 lire) on January 31. Over all, it rose 1½ per cent for the period, while on balance Italy's foreign exchange reserves increased to \$7.6 billion.

EC SNAKE

During the period under review, most of the currencies within the EC snake were pulled up sharply by the rise in the German mark against the dollar. An exception was the Swedish krona, which after coming on offer through the summer in reaction to a continued deterioration in Sweden's trade and price performance was withdrawn for the time being from the joint float on August 29. At that time, it was devalued by 10 per cent in relation to a basket of currencies (weighted according to their importance in Sweden's foreign trade). This entailed a marking-down of the krona by 9 per cent against the dollar, before it steadied on an unwinding of short positions and commercial leads and lags.

Simultaneously, with this exchange-rate adjustment by a major trading partner, Norway and Denmark each adjusted downward the intervention points of their currencies by 5 per cent against the other currencies in the snake. Following this adjustment—the third in less than a year—the Danish krone and Norwegian krone moved into first and second position in the newly realigned joint float. The mark sank to the bottom, thereby affording the National Bank of Denmark an opportunity to take marks into its reserves.

Over the next 2 months, trading relationships were comfortable within the joint float. But by mid-November, the mark had moved back up to the top of the snake. In the increasingly unsettled climate that was developing, the market began once again to question the durability of the current rate relationships within the snake. As the mark surged further

upward against the dollar, the remaining currencies became caught on the floor of a rising joint float.

Rumors of another imminent realignment or break-up of the snake surfaced repeatedly. Each time, the selling of weaker currencies intensified, with the greatest pressures coming before weekends and during the December 5-6 EC summit meeting. In response, there was large official intervention in both dollars and marks, and several EC central banks tightened their domestic money markets to maintain the joint float intervention limits.

Following these initiatives, tensions within the EC snake eased in late December and market participants came increasingly to focus on the dollar generally. Thus, the currencies at the bottom of the joint float moved off the floor of the band, thereby enabling the respective central banks to relax monetary pressures and to purchase marks in the exchange market in order to repay debt to the German Federal Bank.

For the most part, trading remained quiet in the joint float through the end of the period. But one currency, the Norwegian krone, continued to require official support from the Bank of Norway and the German Federal Bank to keep pace with the mark. In mid-February, to restore a more competitive relationship with its major trading partners, the Norwegian authorities announced an 8 per cent downward adjustment of their currency against the other snake currencies.

JAPANESE YEN

During the summer of 1977, economic growth in Japan was still far below the pace projected by the Japanese authorities. Fear of mounting layoffs in a country where the security of lifetime employment has been a tradition was becoming an increasingly important domestic issue. The government had acted, through both fiscal spending programs and a lowering of interest rates, to provide modest stimulation without aggravating the rate of inflation that was still running more than 8 per cent per annum. But the private sector had been slow

to respond. Businessmen were reluctant to increase investment in new plant and equipment in view of the worsening squeeze on profit margins, the recent rise in the yen, and the fear of protectionist actions against Japanese goods abroad.

The continued sluggishness of the Japanese economy had exerted a powerful drag on imports. Exports had continued to expand in line with more buoyant economic conditions elsewhere, particularly in the United States. As a result, Japan's current account had mounted to a massive \$10 billion at an annual rate, generating considerable concern internationally.

As the exchange markets had responded to these developments, the yen had advanced 4 per cent in the late spring and early summer. But then, as dealers came to expect the government to take stronger steps to bolster the domestic economy, the spot rate settled in the vicinity of 267 yen (\$0.003745) through August. In early September, the government proposed a 2 trillion yen package of increased public expenditures, along with special programs to aid industry and to speed up raw materials imports. In addition, the Bank of Japan cut its discount rate by $\frac{3}{4}$ of a per cent to $4\frac{1}{4}$ per cent while also reducing reserve requirements to facilitate a sustainable economic recovery through a further decline of general interest rates.

Market reaction to the measures was mild, since few of the provisions were expected to have an immediate effect. But the lowering of Japanese short-term interest rates, at a time when U.S. rates were rising, gave further incentive for Japanese companies to reduce their trade financing in dollars in favor of credits in yen. In addition, capital outflows, such as foreign borrowings in Japan, were encouraged. With these outflows offsetting to some degree the continuing current-account surplus, the yen market remained in rough balance through mid-September.

Nevertheless, Japan was still cumulating massive trade surpluses each month, while the United States continued to run a trade deficit at an annual rate of \$30 billion. Concerns over this continued imbalance remained strong, and

in late September the market came to realize that both private and official forecasters were projecting an even larger U.S. deficit in 1978.

Under these circumstances, Japanese officials attending the meeting of the IMF and World Bank in Washington were openly urged to take further steps to expand the Japanese economy and to open their markets more to foreign goods, or they would risk further protectionist measures in their major export markets. Within Japan itself a hot debate was also taking place over whether further reflationary measures were needed to revive the domestic economy.

In this atmosphere, a new wave of demand built up for the yen. As the spot yen rose, even broader demand came into the market on the expectation of higher yen rates to come. The forward yen also strengthened, thereby opening up an incentive for nonresident placement of funds, on a covered basis, in "free" yen deposits and investment in Japanese Government securities.

Most of the pressure on the yen was concentrated in the Tokyo market. But it also spilled into the European and U.S. exchange markets where, with the dollar generally on offer, the rise in the yen reinforced and was reinforced by the rise in other major currencies. Thus, in 7 weeks through mid-November, the yen advanced by 9 per cent to some 245 yen (\$0.004080), even as the Bank of Japan intervened forcefully on occasion to slow the rise.

By that time, the rush into yen was far exceeding the surplus on either trade or current account. Inflows of speculative funds were accentuating the yen's sharp rise and threatening to disrupt the domestic money market. In response, the authorities announced on November 17 the suspension of public offerings of Japanese Treasury bills and the imposition of a 50 per cent marginal reserve requirement on "free" yen deposits. On November 24, the Bank of Japan followed up with very heavy intervention, which settled the market with the yen trading at around the 240 yen (\$0.004167) level. Reflecting in large part the Bank of Japan's intervention during

October and November, Japan's reserves increased by \$4.5 billion since the end of July.

On November 28, Prime Minister Fukuda announced a reshuffling of his cabinet in an attempt to accelerate efforts to prepare a program to reduce the trade surplus while also stimulating the economy. These moves gave new impetus to bilateral trade negotiations between the United States and Japan in preparation for the Tokyo round of multilateral negotiations on reducing tariff and nontariff barriers to trade. In this more positive atmosphere, the yen fluctuated narrowly in the first half of December, even as the dollar was weakening against other major currencies.

Nevertheless, most of the underlying problems affecting the Japanese trade imbalance remained. The uncertainties over the Japanese economic outlook generated by the yen's continued rise was keeping the domestic economy sluggish, lowering import growth, and preventing the leveling off of export volume from cutting the trade surplus. In fact, the trade surplus was actually becoming somewhat wider as a result of the impact of the yen's appreciation on the terms of trade.

For 1977 as a whole, the total surplus reached \$17.5 billion, up \$7.6 billion from 1976. In this context, dealers remained sensitive to public statements about the ongoing trade negotiations, indicating that a dramatic change in Japanese trade flows could not be expected in the short term. Moreover, as the year-end approached, the exchange markets for the dollar generally had become more disorderly. Consequently, the yen came into sporadic bouts of demand through the rest of December and into early 1978. The Bank of Japan continued to intervene forcefully in the Tokyo market and, beginning in late December, supplemented these operations by occasionally intervening in the New York market through the New York Bank. Even so, the yen continued to be bid up to reach a high of 236.5 yen (\$0.004228) in New York on January 4.

Following the announcement by U.S. authorities of a more active intervention approach, the yen rate fell back some 2 per cent. Thereafter, the yen moved more narrowly in a

reasonably balanced market. Announcement of proposed budget changes gave promise of additional fiscal stimulation to the Japanese economy. Later in January, a joint statement by the Japanese and American trade negotiators also helped remove some of the tension in the market. By the end of the month, the yen was trading around 241.5 yen (\$0.004140) for a net rise of $10\frac{1}{4}$ per cent over the 6-month period under review. During that time, Japanese reserves had risen, largely through official intervention purchases, by \$5.7 billion to \$23.4 billion.

CANADIAN DOLLAR

For 2 years the Canadian authorities had in place broad monetary and fiscal restraints as well as income controls to curb the severe inflationary pressures that had afflicted the Canadian economy. Although these efforts had brought some early success, the authorities acknowledged last July that, with the increase in prices still hovering around a rate of 9 per cent, their 6 per cent target could not be achieved during 1977.

Meanwhile, the slow pace of economic activity for the second quarter and the rise in unemployment—especially in Quebec and the Maritime Provinces—had become apparent. Political and social tensions generated by the presence in Quebec of a government committed over the long term to establishing the province's independence also introduced uncertainties that exerted a drag on spending by both businessmen and consumers. Many in the market, therefore, came to expect that the government would shift its priorities away from containing inflation and toward stimulating an early rise in employment.

Externally, Canada's current-account deficit remained above the \$4 billion level at an annual rate. Unlike 1976, this deficit was not fully covered by capital inflows generated by long-term borrowing abroad. Instead Canadian public authorities had postponed some of their financing until doubts over foreign capital market receptiveness to Canadian place-

ments had been cleared up. Moreover, a decline in Canadian interest rates earlier in the year had already eroded interest incentives for short-term flows into Canada, and when U.S. interest rates started to firm after midyear, market participants expected their interest rate differentials to narrow further. In response, the Canadian dollar had already come heavily on offer in the exchange markets. From November 1976 through mid-August 1977 it had dropped a full $9\frac{3}{4}$ per cent to as low as \$0.9269 before steadying somewhat to trade around \$0.9320 through the end of September.

By early October, however, bearish sentiment toward the Canadian dollar resurfaced. The calendar for new Canadian external borrowings over the near term appeared light, and conversions of previous borrowing tapered off. Looking ahead, some market participants were apprehensive that the government might announce substantial reflationary measures in an economic policy message scheduled for later in the month. Others concluded from official reaffirmation of Canada's floating exchange-rate policy that the authorities were prepared for the rate to go substantially lower. Moreover, reports that the provincial government might "nationalize" certain key industries in Quebec, coming on top of an earlier move to adopt French as the official provincial language, further heightened tensions in the market.

In this atmosphere, a wave of selling gathered momentum. Market professionals sold Canadian dollars short, commercial leads and lags shifted against the currency, and some U.S. corporations chose to repatriate funds ahead of the usual year-end date. The rate was thereby driven down late in October to a low of \$0.8950. The Bank of Canada's intervention to maintain orderly markets under the circumstances resulted in sizable dollar sales during October, as reflected in a decline of \$605 million in external reserves for that month alone. This decline brought Canada's external reserves down to \$4.2 billion by October 31, the lowest level for Canadian reserves since May 1970.

By this time, however, the Canadian econ-

omy was beginning to gain strength and Canada's trade account was starting to respond to the decline in the exchange rate. The government had presented its economic message, which contained only moderately stimulative measures. Finance Minister Chretien also had announced the dismantling of the wage-price control program, but gradually rather than immediately as some in the market had anticipated. For its part, the Bank of Canada had lowered its monetary growth target to continue to exert a moderating influence on inflation. Moreover, the Canadian authorities arranged a 7-year Euro-dollar standby credit of \$1.5 billion with Canadian banks to replenish, if needed, official dollar reserves.

These developments helped to steady the Canadian dollar during November and December. Dealers who had gone short Canadian dollars earlier in the year began to bid for the currency to square their positions before the end of the year. Moreover, Canadian public authorities began again to borrow heavily in foreign capital markets and to convert the

proceeds of these and recent issues into Canadian dollars. These demands more than offset whatever commercial year-end selling remained to meet debt servicing requirements and foreign dividend payments. Thus, the rate advanced to as high as \$0.9202, some 2¾ per cent above its October lows. In smoothing the rise, the Bank of Canada was a net buyer of U.S. dollars.

In January, however, renewed concern over the economic and political outlook contributed to more volatile trading in the Canadian dollar. Moreover, U.S. short-term interest rates had risen further to levels above comparable rates in Canada, and the calendar for new Canadian borrowings appeared to have thinned out. The spot rate thus fluctuated lower, and the Bank of Canada was again a net seller of U.S. dollars. The Canadian dollar had eased to \$0.9031 by January 31, ending the period 3½ per cent below its level at the end of July 1977. Canada's external reserves stood at \$4.4 billion, up \$234 million from the low point reached last October but down \$604 million from the level 6 months earlier. □

Statements to Congress

Statement by Philip E. Coldwell, Member, Board of Governors of the Federal Reserve System, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, March 7, 1978.

Mr. Chairman, I am pleased to appear before this Committee on behalf of the Board of Governors of the Federal Reserve System to testify on S. 72, the Competition in Banking Act of 1977. This bill would have far-reaching implications for the regulation of banking structure in the United States. It affects not only the standards and administrative procedures employed by the Federal banking agencies in acting on proposed bank mergers but also those applied by the Board of Governors in reviewing proposed new activities for bank holding companies and deciding on particular acquisitions. Before addressing the major substantive provisions in the bill, I believe that it is important to comment briefly on the four basic findings and purposes of the bill, which presumably provide the rationale for many of its specific provisions.

The bill's first finding is that there has been a continuing trend toward concentration of banking resources in the United States. However, recent Board studies fail to indicate that there has been a significant trend toward increased concentration of *domestic* banking resources nationally, statewide, or in most of the country's 400 most significant local banking markets. In fact, concentration appears to be declining.

For example, at the national level between 1968 and mid-1977, the 10 largest banking organizations' share of domestic deposits declined from 20.4 per cent to 18.3 per cent, and the share of the top 25 dropped from 31.9 per cent to 28.0 per cent. The share of the 100 largest organizations declined from 49.7 per

cent to 45.0 per cent over this period. A similar pattern is found at the statewide level. Moreover, it is important to note that the most concentrated States—all of which permitted statewide branching—typically had declines in concentration. (See table.) The results of our review of over 400 local markets, including 213 standard metropolitan statistical areas (SMSA's), between 1966 and 1975, indicate that the majority tended to become less concentrated and to exhibit a more competitive structure irrespective of the measures used in the review. We also note that even these figures tend to overstate concentration since they do not reflect the rapid growth of bank type activities at savings and loans, mutual savings banks, and credit unions. In many States, thrift institutions now provide substantial competition for commercial banks.

The sharpest growth in our largest banking organizations has been in the foreign sector, and it is only when deposits held abroad are included that there appears to be an increase in banking concentration. While it might be argued that foreign financial activities of U.S. banks contribute to their over-all economic power, this argument is not particularly germane to the proposed bill, which focuses on domestic and not worldwide concentration and competition.

The second finding of the bill points to the fact that an increasing portion of the Nation's banking resources have come under bank holding company control. The registered bank holding company share of *domestic* U.S. deposits did increase from 16 per cent in 1970 to 70.8 per cent in 1977, but about two-thirds of this increase resulted from the inclusion of over 1,100 one-bank holding companies under the umbrella of the act in 1971. This includes 16 of the Nation's 25 largest banks. Also, it is important to note that while bank holding

Percentage of domestic statewide
commercial bank deposits in three largest
categories of banking organizations

| State | 1960 | 1976 | Change |
|------------------------------|------|------|--------|
| Statewide branching States | | | |
| Arizona | 95.8 | 86.8 | -9.0 |
| Nevada | 93.5 | 83.2 | -10.3 |
| Rhode Island | 92.8 | 87.4 | -5.0 |
| Hawaii | 89.2 | 78.6 | -10.6 |
| Oregon | 86.7 | 78.3 | -8.4 |
| Delaware | 79.8 | 76.9 | -2.9 |
| Idaho | 74.5 | 75.3 | .8 |
| Alaska | 68.2 | 67.5 | -.7 |
| California | 65.7 | 60.4 | -5.3 |
| Utah | 65.6 | 60.5 | -5.1 |
| Washington | 61.1 | 61.7 | .6 |
| North Carolina | 46.8 | 49.2 | 2.4 |
| Connecticut | 42.7 | 46.6 | 3.9 |
| Maryland | 42.7 | 44.6 | 1.9 |
| South Carolina | 42.4 | 42.8 | .4 |
| South Dakota | 37.5 | 44.3 | 6.8 |
| Maine | 34.7 | 46.6 | 11.9 |
| Vermont | 25.6 | 44.0 | 18.4 |
| Virginia | 20.2 | 34.6 | 14.4 |
| Average | 61.3 | 61.5 | .2 |
| Limited branching States | | | |
| Massachusetts | 49.3 | 45.7 | -3.6 |
| Georgia | 48.6 | 37.8 | -10.8 |
| New Mexico | 43.0 | 46.0 | 3.0 |
| Michigan | 40.8 | 34.2 | -6.6 |
| New York | 40.0 | 40.0 | -0.0 |
| Wisconsin | 31.4 | 27.4 | -4.0 |
| Alabama | 31.2 | 37.5 | 6.3 |
| Louisiana | 29.3 | 17.8 | -11.5 |
| Tennessee | 28.7 | 28.8 | .1 |
| Pennsylvania | 27.9 | 22.9 | -5.0 |
| Kentucky | 27.6 | 20.9 | -6.7 |
| Mississippi | 24.9 | 27.7 | 2.8 |
| New Hampshire | 24.3 | 33.6 | 9.3 |
| Ohio | 24.2 | 24.6 | .4 |
| Indiana | 23.8 | 18.0 | -5.8 |
| New Jersey | 16.8 | 22.2 | 5.4 |
| Average | 32.0 | 30.3 | -1.7 |
| Unit banking States | | | |
| Minnesota | 58.6 | 51.6 | -7.0 |
| Montana | 48.7 | 45.5 | -3.2 |
| North Dakota | 46.6 | 40.6 | -6.0 |
| Colorado | 37.9 | 41.0 | 3.1 |
| Illinois | 35.5 | 31.8 | -3.7 |
| Wyoming | 35.1 | 40.3 | 5.2 |
| Oklahoma | 32.6 | 20.5 | -12.1 |
| Nebraska | 31.6 | 20.0 | -11.6 |
| Missouri | 26.6 | 28.9 | 2.3 |
| Texas | 21.1 | 20.5 | -.6 |
| Florida | 17.9 | 24.5 | 6.6 |
| Arkansas | 17.3 | 14.2 | -3.1 |
| West Virginia | 17.3 | 9.3 | -8.0 |
| Kansas | 14.3 | 9.0 | -5.3 |
| Iowa | 14.2 | 15.1 | .9 |
| Average | 30.4 | 27.5 | -2.9 |
| Average for all States | 42.7 | 41.3 | -1.4 |

companies account for 70.8 per cent of domestic bank deposits, all but about 8 per cent of these deposits are in the lead banks of holding companies. Thus, expansion of bank holding companies' share of deposits has been due principally to conversion in the legal status of existing banking organizations to the holding company form and not to acquisitions of existing banks by multibank holding companies.

A third finding of the bill is that bank holding companies have expanded into activities beyond those directly related to banking. Specific activities cited are: insurance agency and underwriting services, leasing, accounting, travel, and courier services; management and data processing services; and marketing securities. While these descriptions do not comport with the list of permissible activities issued by the Board, several points are worth noting with respect to this general finding.

In administering Section 4(c)(8), the Board has generally determined various activities to be "closely related" to banking if they satisfied one or more of the following four criteria:

1. The activity was one in which a significant number of banks have engaged in for some years (for example, trust services);
2. The activity involves either the acceptance of deposits or lending (for example, consumer finance companies);
3. The activity is complementary to the provision of a banking service (for example, acting as an insurance agent for credit related policies);
4. The activity is one in which banks possess considerable expertise (for example, data processing for banks).

So far, the Board has only approved 17 activities as being permissible for bank holding companies—12 by rulemaking and 5 by order. An additional 11 were denied, including travel agencies (mistakenly mentioned above in the findings of the bill as an approved activity) as well as property management, real estate brokerage, and operating a savings and loan association. Generally, activities approved, except underwriting of credit life insurance,

were, in fact, permissible activities for national banks or their subsidiaries at the time they were authorized. Moreover, the Board did not provide for *carte blanche* entry into those activities as is implied by the findings of the bill. In many cases, the activities were severely restricted to those that are bank or finance related and, in some instances, such services may only be provided to a customer in connection with a bank related service (such as the sale of credit life insurance).

Furthermore, by far the largest number of bank holding company expansions in the non-bank area have been *de novo* and not by acquisition; over 3,100 *de novo* nonbank notifications were received between January 1971 and September 10, 1977, as compared with only 461 acquisitions of existing firms approved by the Board; 54 applications were denied.

Finally, despite the number of acquisitions acted upon by the Board and *de novo* notifications received, nonbanking assets still account for less than 4 per cent of bank holding company assets. In view of these considerations, we question whether this finding of the bill describes a development of any real significance to the economy.

The fourth finding is that credit resources of the Nation have been misallocated by bank holding companies. The basis of this finding is not stated and is unclear. Objectively, there appear to be several reasons why bank holding companies might be expected to facilitate a more efficient allocation of credit. Bank holding company expansion in restrictive branching States, together with the provision of various bank-type lending services on an interstate basis through nonbank affiliates, probably has resulted in increased competition in local and regional markets and has facilitated interregional credit flows. Both could be expected to provide more rapid and efficient allocation of loan funds geographically. Similarly, the ability to attract funds from cheaper sources through the debt and equity markets, particularly during periods of tight money, may have moderated financing pressures on holding company banks and helped maintain their ability to accommodate credit demands.

The causal factors cited in the bill for such misallocation of resources are that the Federal Reserve has not adequately protected the public interest in approving activities in which bank holding companies could engage and has not maintained continued oversight over the activities of bank holding companies in a manner that protects the public interest. In my view, the facts would not support either finding. A review of Board orders issued in connection with action on applications clearly demonstrates that all statutory factors, that is, competition, convenience and needs of the public, and financial and managerial resources, are carefully weighed. In the area of public benefits, the Board has taken definitive action such as obtaining commitments for reduced rates on reinsurance activities. With respect to financial considerations, the Board has long held to the philosophy that bank holding companies should serve as a source of strength for their subsidiary banks. In many instances, the Board has obtained commitments from holding companies to supply additional capital to their subsidiary banks and has urged that nonbank subsidiaries be adequately capitalized. In 1974, when certain banking firms began to experience sharp increases in problem loan situations, the Board instituted a go-slow policy with respect to further expansion. Consistent with this policy, the Board has denied a number of applications, some for the Nation's largest banking organizations.

Since 1970, the Board has taken a number of steps to improve its ongoing surveillance and supervision of bank holding companies. For example, as a supplement to its other surveillance activities, the Board recently announced a new inspection program whereby most large bank holding companies will be subject to an on-site inspection annually. The Board also collects detailed information on intraholding company transactions that are routinely monitored. Additionally, recent changes in the reporting forms for banks have been instituted and special emphasis is being placed on the analysis of foreign operations and risk exposure of large organizations.

As my comments suggest, our review of the facts reveals little in the way of evidence or

analytical support for the bill's four principal findings. This gives rise to a general conclusion on the part of the Board that the actual adverse effects, which the bill seeks to redress, are small. The Board feels that restrictions should not be imposed nor regulation intensified without demonstrated need, especially when the longer-run effects may be to inhibit competition, or to protect existing firms from competitive forces. At the same time, we also recognize that there may be some specific areas affecting the Federal regulation of bank and bank holding company structure that need review, and the Board would support Committee efforts in these areas. I shall now turn to the major substantive features of the bill and our reactions to them.

The proposed legislation would establish an outright prohibition of any bank merger or holding company acquisition of a bank in which the resulting company would control more than 20 per cent of the banking assets in any State. The one exception would be when the proposed acquisition is necessary in order to prevent a bank failure and no less anticompetitive alternative is available. The Board questions the desirability of such an absolute limit, especially in view of the wide differences in bank structures in the various States and the lack of evidence that there has been a trend toward concentration of resources at the statewide level. We are particularly concerned that such a limitation would have the anticompetitive effect of protecting some banks from actual competition or the threat of future competition that could result from relatively modest additional acquisitions by large banking organizations. Undoubtedly, the effect of the instant legislation would also be to significantly inhibit the growth of some banking organizations by even the *de novo* route. The Board believes that there are few instances when such expansion would not be procompetitive and to restrict *de novo* expansion would not be in the public interest.

The proposed percentage limitation, as drafted in terms of total assets, would also discriminate against those institutions that derive a significant portion of their business

assets from the national and international markets. These institutions' domestic expansion by acquisition within a State would be curtailed even though they might hold a significantly smaller proportion of the business originating within the State than other smaller institutions. The focus on bank assets also overlooks the fact that expanded powers of nonbank financial intermediaries, such as thrift institutions, are blurring the distinction between banks and these other institutions and are increasing competition in the markets for some banking services.

Should the Congress choose to adopt such a percentage limitation, the Board believes that it should be based on domestic resources. However, because of the uniqueness of each State, the Board strongly feels that no single percentage figure would be appropriate. Use of a single figure would ignore important factors such as (a) the number and powers of competing institutions operating in each State, (b) their size distribution, (c) the general economic environment in each State, and (d) restrictions on branching and geographical expansion. Federal imposition of an over-all constraint would interfere with the right of a State to decide what type of structure best meets its needs. The Board feels that the present case-by-case approach better serves the public interest, since it provides the Board the needed flexibility to weigh the unique competitive, structural, and other important factors associated with a given State.

Despite concern for the bill's asset limitation, which the Board opposes, there are several other provisions pertaining to bank mergers and holding company acquisitions of banks that provide useful clarifications of existing law. In particular, the Board favors those provisions that permit denial of acquisitions even when the level of the possible anticompetitive effects does not constitute violation of the antitrust laws or the 20 per cent limitation, if the responsible agency believes that the proposed acquisition would not be in the public interest and the anticompetitive effects are not clearly outweighed by the probable consequences for community convenience and needs. This feature has the de-

sirable effect of clarifying that competitive considerations should dominate the banking agencies' decisions on proposed acquisitions.

As currently drafted, S. 72 would result in major changes in Section 4(c)(8) of the Bank Holding Company Act, which governs the nonbanking activities of holding companies. At present, bank holding company proposals to engage in nonbanking activities must pass two tests—the “closely related” test and the “public benefits” test. S. 72 would make both tests more stringent.

The “closely related” test now contained in Section 4(c)(8) requires that a proposed activity be “so closely related to banking or managing or controlling banks as to be a proper incident thereto.” In contrast, S. 72 would require that a proposed activity be “so closely *and directly* related to banking or managing or controlling banks as to be a proper *and necessary* incident thereto.” It is not clear what these additions would mean for the “closely related” test. One possibility is that it would limit permissible 4(c)(8) activities to “banking activities,” that is, activities in which banks themselves generally can engage. If so, the existing list of permissible activities would not be greatly affected, since banks can now engage in most of the present 4(c)(8) activities, including such important ones as mortgage banking, consumer lending, leasing, factoring, and data processing. But there are other possible interpretations of the proposed wording changes in the “closely related” test, and these different interpretations could have significantly different effects. In any event, the Board believes that it is important to draft any wording changes in the “closely related” test so as to minimize subsequent controversy over the meaning of the test.

The Board also believes that there should be no changes in the “closely related” test without a thorough review and analysis of the impact that bank holding companies have had in the various nonbanking areas since the passage of the 1970 amendments. As the Committee is aware, the Board's staff is nearing completion of a comprehensive review of recent research on all aspects of the bank holding company movement. The Board be-

lieves that this study, as well as all other available evidence, should be carefully reviewed and considered before changing the present standards for permissible activities.

The provisions of S. 72 would also alter the “public benefits” test of Section 4(c)(8), making it substantially more stringent. The present statute requires that a proposed activity “can reasonably be expected to produce benefits to the public that outweigh possible adverse effects.” S. 72 would require that the activity “*is likely to produce substantial benefits to the public which clearly and significantly outweigh possible adverse effects.*” The specific factors to be considered in determining substantial benefits and adverse effects would also be expanded.

The Board believes that the meaning of the proposed “public benefits” test is likely to produce controversy. But more important, the Board does not believe that the proposed public benefits test would serve the public as well as the existing test. Under the proposed test, the Board would have to deny nonbanking applications if the benefits were less than substantial or if even substantial benefits would only slightly outweigh adverse effects. In contrast, the Board can approve such applications under the present standard. The Board sees no reason to deny the public the opportunity to derive benefits when there is a reasonable probability that these benefits, on balance, will outweigh any adverse effects.

S. 72 would provide grandfather rights for bank holding companies engaged in nonbanking activities that would be made impermissible by the bill. If S. 72 is enacted, the Board would strongly support grandfather provisions but would urge that the effective grandfather date be the date that the bill was introduced in the current Congress, rather than November 1, 1975, as proposed in S. 72. Also, we would suggest the elimination of the provision in S. 72 that would prevent a holding company from increasing to any significant degree the volume of business of a grandfathered nonbanking subsidiary. Such a provision would tend to discourage the holding company subsidiary from competing aggressively and meeting the needs of the public.

The bill also specifies that the Board shall require that bank holding companies and their subsidiaries be capitalized and otherwise financed in a safe and sound manner. Certainly this objective cannot be criticized. However, it should be recognized that the Bank Holding Company Act already requires the Board in bank acquisitions to "take into consideration the financial and managerial resources and future prospects of the company or companies and the banks concerned." Similarly, Section 4(c)(8) of the act requires the Board to consider such possible adverse effects as unsound banking practices in nonbank acquisitions. In carrying out both of these charges, the Board carefully considers the capitalization and over-all financial condition of the holding company and its subsidiaries. Furthermore, as part of its ongoing responsibilities for supervising bank holding companies, the Federal Reserve conducts inspections of the parent companies and their nonbanking subsidiaries, examines subsidiary banks that are State member banks, and reviews the examination reports of other subsidiary banks that are examined by either the Comptroller of the Currency or the Federal Deposit Insurance Corporation (FDIC).

The bill also specifies that the Board require bank subsidiaries to refrain from discriminating in favor of their parents and nonbank affiliates in making loans or establishing terms and conditions of credit. The Board agrees that the practices referred to are improper if the terms or conditions of the loan are more favorable than the bank would make to a nonaffiliated borrower of comparable creditworthiness. But we oppose the provision with respect to the making of loans to subsidiaries, which could have the effect of unduly restricting the flow of funds within the holding company organization. At present, bank examiners closely review bank loans to affiliates and will criticize a loan to an affiliate made on preferential terms that are adverse to the bank. It should also be noted that bank loans to holding company affiliates are covered by Section 23A of the Federal Reserve Act. This Act places quantitative limitations on such loans, as well as requiring that

all loans be fully secured by high-grade collateral. Indeed, the collateral requirements on bank loans to affiliates tend to be significantly more stringent than collateral provisions on bank loans to nonaffiliated borrowers. The Board feels that a better way to deal with transactions involving intracompany fund flows is through Section 23A. In this connection, a new proposal to modernize and strengthen Section 23A has been completed by the Board and is being transmitted to the Congress.

S. 72 contains a provision that would require each bank holding company to submit to the Board each year a report detailing the terms and conditions of *all* intracompany loans and investments. Moreover, the Board would be required to make such reports available to the public. The Board does not believe that these provisions are necessary. First, the Board is already receiving an intracompany transactions report on a quarterly basis from medium and large size bank holding companies. Second, bank examiners carefully review transactions between bank subsidiaries and the rest of the holding company system, and the Federal Reserve now periodically inspects the financial affairs of parent companies and nonbank subsidiaries. In the Board's judgment, these examinations and inspections, along with existing reports, supply the supervisory authorities with sufficient information on intracompany transactions. In addition, the potential reporting burden associated with such a proposal would be substantial, especially since most intracompany transactions individually would not be material. The general problem of the appropriate level of public disclosure of insider transactions, of which intracompany transactions are a subset, is currently under review by the Securities and Exchange Commission (SEC), the accounting profession, the banking agencies, and the Congress. We believe it preferable to wait until the general issues have been resolved before legislating reporting in this area.

Turning to that portion of the bill dealing with administrative procedures and judicial review, the Board strongly objects to the proposals contained in Section 601. These

proposals represent a step backward to the burdensome and time-consuming procedures of the Bank Holding Company Act prior to the 1970 amendments. Section 601 would depart from the basic concept of the Administrative Procedure Act embodied in the Board's current procedures by requiring a formal hearing for the issuing of new regulations and for all individual case determinations.

We believe that the precedents in administrative law clearly demonstrate that the public interest is best served by avoiding the cumbersome procedures of formal adversary hearings except in those instances contemplated by the Administrative Procedure Act. In connection with rulemaking, the experience of those few agencies that have used formal hearings as opposed to informal proceedings has been that such rulemaking proceedings are unreasonably lengthy. At a time when the Government is endeavoring to accelerate the decision-making process within administrative agencies, the proposal would impose the burdensome procedures of formal rulemaking and its attendant formal hearings upon a type of decision-making generally recognized by the Administrative Procedure Act and the courts as not requiring an adversary-type proceeding.

The Board's present procedures provide opportunity for the presentation of views by interested parties. In situations where facts

are in dispute, the Board's procedures currently provide for a formal hearing, after which the case is decided on the basis of the hearing record. When no such disputed facts exist, there is no need for a formal hearing. Section 601 would eliminate this administrative flexibility to the detriment of the public interest.

We are equally concerned with the provisions of Section 701 that would require the Board to process a petition to commence a proceeding to consider the issuance, amendment, or repeal of any order or regulation relating to nonbank activities. We note that under the Administrative Procedure Act any person already has the right to petition the Board for the adoption or amendment of a regulation. Additionally, we believe that the procedure established to challenge the operation of individual companies would provide a continuing possibility of attacks on a bank holding company wishing to engage in a bank-related activity. This possibility could deter many bank holding companies from engaging in nonbanking activities or seriously impair their nonbanking subsidiaries' abilities to compete with unaffiliated companies engaged in the same activity. Such an outcome would tend to reduce competition and innovation in bank-related fields and could hardly be in the public interest. □

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, March 9, 1978.

I am pleased to appear today, for the first time, to present the report of the Board of Governors of the Federal Reserve System on the conduct of monetary policy. This will also be our first report since passage of the Federal Reserve Reform Act of 1977, which originated in this committee and which wrote into law the monetary oversight hearings that have been

held quarterly in recent years. These hearings have provided a useful forum for discussion of economic and financial conditions and monetary policy. I have no doubt that they will continue to do so, and look forward to participation in them.

During the past year, the Federal Reserve continued to pursue the objective of fostering financial conditions consistent with expansion of economic activity and moderation of inflationary pressures. Gross national product (GNP)—the broadest measure of economic activity—rose 5¾ per cent in real terms during 1977, about the same rapid pace as we experi-

enced on average in the earlier stages of the current recovery. However, the rate of inflation remained disturbingly high.

Very recently, sales and production have weakened, but this seems to reflect mainly—if not entirely—the temporary effects of the unusually severe winter weather and the coal strike. While prolongation of the strike could lead to more extensive economic disruption, basically our economy is strong, and the year 1978 should see continued expansion in economic activity at a moderate pace and a further reduction in the unemployment rate. At the same time, recent trends provide little basis for optimism with regard to an abatement of inflationary pressures.

The brisk increase in production last year made it possible to reduce unemployment significantly despite further large growth in the size of the Nation's labor force. In the past 12 months, the jobless rate has fallen more than a percentage point. Total employment has risen by more than 4 million, and the proportion of our population that is employed stands at the highest level in the postwar period.

The advance of production and employment during the past year was broadly based, with most of the major sectors of aggregate demand registering good gains. Consumer spending followed an uneven course during 1977, but for the year as a whole growth was substantial by historical standards. Residential construction continued to provide considerable impetus to expansion, with single-family housing starts reaching an exceptionally high level and multifamily building also posting appreciable gains from earlier depressed levels. Business fixed investment expanded somewhat more rapidly in 1977 than in earlier years of the recovery, although such investment continued to lag well behind its performance in previous cyclical upswings. The pace of governmental spending—at both the Federal and the State and local levels—also picked up last year.

As domestic activity expanded rapidly, our imports of goods from abroad continued their steep climb, boosted by our increasing appetite for imported oil. Meanwhile, the sluggish performance of economic activity in other major industrial countries limited the demand

for our exports. As a result, our trade deficit deepened from about \$10 billion in 1976 to more than \$30 billion in 1977.

The widening of the trade deficit contributed importantly to the downward pressure on the exchange value of the dollar over the past several months. The Federal Reserve, in cooperation with the Treasury, has taken steps to counter disorder in foreign exchange markets and to emphasize U.S. concern about the integrity of the dollar. But the key to a sound dollar and a stable world financial system lies ultimately in the resolution of some of our fundamental, longer-range economic problems. In particular, we must establish an energy policy that promises to reduce our reliance on foreign sources of petroleum; we must create a better climate for business investment, so as to enhance labor productivity and to increase our international competitiveness; and most importantly, we must make progress toward the restoration of domestic price stability.

One of the great disappointments of the past year has been the lack of progress in reducing the pace of inflation. Wage increases have continued to outstrip gains in output per hour worked; unit labor costs in private industry have again risen substantially; and prices have been trending upward at about a 6 per cent annual rate.

Prudent monetary management is, of course, an essential ingredient in the control of inflation over the longer run. Too much money growth would add to inflationary pressures and would tend to encourage still larger increases in wages, costs, and prices.

Confronted with very strong demands for money and credit this past year, the Federal Reserve took actions to moderate monetary growth and to help ensure that inflationary forces would not get out of hand. Although interest rates have risen, domestic financial markets have remained supportive of economic growth. Supplies of credit have been ample, with the total volume of funds raised in the Nation's money and capital markets approaching \$400 billion in 1977—a record both in dollar terms and as a percentage of GNP.

In the household sector, mortgage loans

accounted for the bulk of an unprecedented increase in indebtedness. Families sought mortgage credit not only to finance the purchase of homes but also to fund other expenditures and to add to their holdings of financial assets. Meanwhile, consumer instalment credit grew very rapidly, especially during the first half of the year when sales of new cars were strongest.

Borrowing by nonfinancial business firms also rose sharply in 1977. The volume of new publicly offered bond issues fell off somewhat from the preceding year, as many of the larger, higher-rated companies had completed the restructuring of their debt in 1975 and 1976. But lower-rated firms continued to place large quantities of bonds privately with life insurance companies and other lenders. And companies of all types tapped financial institutions for increased amounts of mortgage and term loans, as well as for short-term credit.

Governmental demands for credit in 1977 remained exceptionally large by historical standards. Borrowing by State and local units surpassed previous levels by a wide margin. A substantial portion of the increase in tax-exempt bond issuance was for the advance refunding of debt obligations incurred in prior years when interest rates were higher, but States and municipalities also borrowed large amounts for current and future capital outlays. At the Federal level, the outstanding volume of Treasury debt rose by the third largest amount in history, as a consequence of the U.S. Government's large budget deficit. Financing of the continued Federal deficit contributed to upward pressures on interest rates last year—a year in which private credit demands were especially strong.

In an environment of briskly expanding economic activity and credit demands, the monetary aggregates also tended to grow more rapidly last year. The public's demand for *M-1*—currency and checking account balances—strengthened considerably, and growth in this measure of money accelerated. Over the year as a whole, *M-1* grew about 7½ per cent, well in excess of the range established by the Federal Reserve. The broader monetary aggregates—*M-2* and *M-3*—grew

at rates near the upper end of the ranges that had been adopted by the Federal Reserve in early 1977.

Knowing that a sustained, rapid monetary expansion would threaten a build-up over time of inflationary pressures, the Federal Reserve began in early spring to be less accommodative in its provision of reserves to the banking system. The adjustment of policy was a cautious one, in view of the possibility that the burst of monetary expansion that had developed might reflect simply a transitory swing in the public's demand for cash balances. But as relatively rapid monetary expansion continued, the Federal Reserve gradually exerted increasing restraint in the provision of bank reserves relative to the strong demands for them.

As a result, the Federal funds rate—the rate banks pay to borrow reserves from one another on an overnight basis—rose about 1¾ percentage points from April to October, reaching a level of about 6½ per cent. And the discount rate at Federal Reserve Banks was raised in two steps to 6 per cent by late October. Subsequently, in early January, the discount rate was increased to 6½ per cent and the Federal funds rate was moved slightly higher to help stabilize conditions in the market for dollars on international exchanges.

Over all, since last April short-term market rates of interest have risen about 2 percentage points. Intermediate- and long-term yields have also risen, with increases largest in the market for Treasury securities, where rates have adjusted upward by ¾ to 1½ percentage points over the past 10 months. These increases in interest rates on longer-term securities may well have reflected some increase in the inflation premium, as investors reacted to the lack of progress in reducing inflation. Nevertheless, despite the increases of the past year, most short-term rates are still less than 1 percentage point above their levels at the beginning of the present economic expansion in early 1975, and corporate and municipal bond yields are significantly below their levels then.

Growth rates for all the monetary aggregates have slackened appreciably, on average,

in the last few months. Growth in *M-2* and *M-3* has slowed, in part, because the rise in interest rates on market instruments has made them more attractive to some savers than interest-bearing deposits at banks and thrift institutions. At the same time, however, demands for loans at depository institutions have remained strong. Under the circumstances, these institutions have had to supplement their deposit flows by borrowing and by reducing their holdings of liquid assets.

Although these pressures may be causing depository institutions to become a bit more cautious in their lending policies, credit supplies still appear to be ample. Moreover, the financial condition of the key nonfinancial sectors remains generally strong. It is true that household debt burdens, as measured, for example, by the ratio of consumer and mortgage loan repayments to disposable income, are historically high, and they deserve careful monitoring. But to date, there has been no rise in delinquency rates, so families appear thus far to be handling their increased indebtedness well. Businesses added further to their liquid assets last year, and corporate balance sheets on the whole appear to be strong, although there is considerable variation from firm to firm. And State and local governments, with record operating surpluses in 1977, appear in the aggregate to enjoy a healthy financial position.

Thus, financial conditions remain supportive of expansion in economic activity. As 1977 drew to a close, aggregate demands for goods and services were strong. As I noted earlier, severe winter weather and the coal strike have caused some steep declines in economic indicators recently. However—assuming a reasonably prompt resumption of activity in the coal industry—we can expect favorable underlying trends soon to reassert themselves. Growth of employment and income has been substantial over recent quarters, and consumer confidence has remained high. Consumer spending, therefore, should grow at a reasonably good pace and would be bolstered later this year by the proposed tax cuts. In the business sector, new orders for nondefense capital goods have continued the

uptrend that began about 3 years ago and presage further expansion in business fixed investment. In addition, the rate of inventory accumulation is likely to accelerate in coming months; inventory investment had slowed in the fourth quarter, and stocks are lean in many product lines. Moreover, with prospects for our exports improved by the likelihood of stronger economic growth abroad this year, it appears that our foreign trade deficit will not deteriorate further.

Over all, it is the Federal Reserve's judgment that trends in the national economy favor continued expansion at a moderate rate in economic activity and a further reduction in the rate of unemployment over the course of 1978. There is, however, less reason to be sanguine about progress in curbing the rate of inflation. Food and material prices have risen substantially in recent months. And labor costs continue to rise at a relatively rapid rate. The decline in the value of the dollar on international exchanges is another cause for concern. It not only contributes to upward pressures on domestic prices but also threatens to erode business confidence here and abroad.

The monetary growth ranges that were adopted by the Federal Open Market Committee (FOMC) at its February meeting are expected to prove consistent with continued expansion in economic activity, as well as with a gradual winding down of inflation over the longer run. For the year ending with the fourth quarter of 1978, the *M-1* growth range was set at 4 to 6½ per cent. A range of 6½ to 9 per cent was established for *M-2*, which includes, in addition to *M-1*, time and savings deposits other than large certificates of deposit (CD's) at commercial banks. And a growth range of 7½ to 10 per cent was adopted for *M-3*—which includes, besides *M-2*, deposits at nonbank thrift institutions.

The ranges for *M-1* and *M-2* are identical to those that the Committee previously had adopted for the year ending in the third quarter of 1978. The range for *M-3*, however, has been adjusted downward by ½ percentage point in light of the higher level of market interest rates now prevailing and the apparent

effect of these rates in retarding growth in time and savings deposits at thrift institutions. All of the ranges adopted by the FOMC anticipate a deceleration of monetary expansion from the growth rates actually recorded in 1977. Progress over time in this direction is necessary to ensure the ultimate achievement of reasonable price stability.

Specification of growth rates for the aggregates is, of course, subject to considerable uncertainty. The rate of growth in money needed to support economic expansion depends in part on changes in the velocity of money—that is, on the rate at which the public uses the existing stock of money to finance transactions. In recent years, regulatory changes and financial innovations have encouraged increases in the velocity of *M-1* by enabling the public to economize on demand deposits. However, the retarding effect of such changes and innovations on the demand for *M-1* apparently diminished in 1977, when *M-1* growth accelerated. Thus far in 1978, growth in *M-1* has been quite moderate, but it is far too early to say whether this marks a slower trend in growth or is simply a transitory development in a highly volatile series.

The behavior of the broader aggregates—*M-2* and *M-3*—will be affected in the year ahead by the constraint placed on the ability of depository institutions to attract funds under existing regulatory ceilings on deposit rates. Banks have adjusted to the recent marked slowing of inflows of deposits subject to rate ceilings in part by offering increased amounts of large-denomination time deposits, which are not subject to ceilings. Some of these deposits, mainly large-denomination deposits issued in nonnegotiable form, are included in *M-2* and *M-3*; they have tended to sustain growth in these aggregates, especially *M-2*, in recent months.

There are other factors that may work to sustain growth in the broader aggregates in the year ahead. To some extent, the recent slowdown in inflows of savings and also small-

denomination time deposits may represent a one-time shift of highly interest-sensitive funds; if so, once the shift has been completed, deposit growth should strengthen somewhat. Moreover, the fact that longer-term time certificates, which are subject to heavy penalties for early withdrawal, account today for a larger share of interest-bearing deposits—especially at thrift institutions—suggests that over-all deposit growth should be less volatile than in the past.

Nonetheless, if heavy demands for money and credit should place further upward pressure on market interest rates, deposits subject to regulatory rate ceilings will be placed at a substantial competitive disadvantage. In such a circumstance, growth in *M-2* and *M-3* could fall short of the ranges. Upward adjustments in the ceiling rates on some or all categories of time deposits may be required to avoid a potential distortion in the flow of credit through our financial system, to promote equity for small savers, and to ensure the availability of loans to home buyers and others who rely on institutional sources of credit.

We recognize the considerable uncertainties surrounding the shorter-run relationship between growth rates of the monetary aggregates, on the one hand, and the behavior of output and prices on the other. The Federal Reserve will continue, therefore, to maintain a vigilant and flexible approach, putting the long-run performance of the economy above the pursuit of any fixed monetary growth rates.

Economic and financial developments in the current year, it should be noted, will depend to an appreciable extent on governmental policies beyond the province of the Federal Reserve. The outcome of legislative action on energy policy and on taxation will have a considerable influence on the strength of business investment and on international confidence in the dollar. So, too, will this Nation's ability to find a way to reduce the upward wage-price pressures that continue to plague our economy. □

Additional Statement follows.

Statement by G. William Miller, Chairman, Board of Governors of the Federal Reserve System, before the Committee on the Budget, U.S. Senate, March 15, 1978.

Mr. Chairman, I welcome this opportunity to meet with the Senate Budget Committee as it considers the Federal budget for fiscal year 1979. The Federal Reserve and the Congress both have important parts to play in shaping the future course of the national economy. Discussions, such as this today, of our economic prospects and problems can enhance mutual understanding and thereby aid in the development of constructive monetary and fiscal policies.

The performance of the economy over the past year or so has been marked by some notable achievements. Gross national product (GNP) rose 5¾ per cent during 1977—about the same rapid pace as we experienced on average in the earlier stages of the current economic expansion. This brisk increase in production made possible a reduction in the over-all unemployment rate of more than a percentage point despite extremely large growth in the size of the Nation's labor force. Total employment increased more than 4 million, raising the proportion of our population that is employed to the highest level of the postwar era.

The advance of production and employment last year was broadly based, as most of the major sectors of aggregate demand registered good gains. Consumer spending followed an uneven course during 1977, but for the year as a whole growth was substantial by historical standards. Residential construction continued to provide considerable impetus to expansion, with single-family housing starts reaching an exceptionally high level and multifamily building also posting appreciable gains from earlier depressed levels. Business spending for plant and equipment expanded more rapidly in 1977 than it had earlier in the recovery, although such investment continued to lag well behind its performance in previous cyclical upswings. And the growth of government spending on goods and services—at both the Federal and State and local levels—also picked up last year.

Although last year's sizable gains in employment and income brought a greater measure of prosperity to millions of American families, we cannot afford to overlook some distinctly negative economic developments that occurred in 1977 and that will require our continued attention in the months and years ahead. As news headlines have highlighted in the past few months, 1977 saw a substantial further widening of our foreign trade deficit and a sharp decline in the value of the dollar in international exchange. Furthermore, the Nation continued to suffer from a disturbingly rapid inflation.

The deterioration in our trade balance, which really began more than 2 years ago, partly reflects the success we have had in rebounding from the deep recession of 1973–75. As domestic income has recovered strongly, so too has the demand for imported goods. This, of course, includes oil, for which we have become increasingly dependent on foreign sources. Meanwhile, our trading partners by and large have experienced more sluggish economic expansion, and this has both limited their demand for U.S. exports and intensified their interest in penetrating the U.S. market.

The link between the U.S. trade balance and the international value of the dollar is a loose one. In fact, the average value of the dollar in foreign exchange markets rose almost continuously from early 1975 to mid-1976 and then remained steady through mid-1977, even though the U.S. trade position was moving from surplus to substantial deficit throughout this period. Since mid-1977, however, a growing concern about the persistence of our deficit appears to have contributed importantly to the downward pressure on the exchange value of the dollar.

This concern is based in part on the fact that, in contrast to the slower rates of wage and price advance recorded by some other major industrial countries last year, inflation showed no sign of abatement in the United States. Moreover, as one surveys the economic prospects for 1978, it is difficult to be optimistic about progress in curbing inflationary pressures. Because wage increases continued to

outstrip gains in output per hour worked, unit labor costs in private industry rose by almost 6 per cent last year, and these higher costs will be feeding through to prices for some time. The recent increase in the minimum wage has added further to labor costs. The same is true of increases in employer contributions for social security and unemployment insurance, although they have some offsetting impact on inflationary pressures through the reduction of the Federal deficit. In addition, the depreciation of the dollar is raising the prices of imports and reducing competitive restraints on domestic prices. And the surge over the past several months in the prices of basic industrial commodities and agricultural products suggests additional upward pressures on the structure of costs and prices.

Even though the outlook for inflation is not bright and must be regarded with concern, prospects for production and employment in 1978 seem generally favorable. It is the Federal Reserve's judgment that trends in the economy favor continued expansion at a moderate rate in real gross national product and a further reduction in the rate of unemployment.

As 1977 drew to a close, aggregate demands for goods and services were strong; final sales in the fourth quarter showed the largest gain of the year. Severe winter weather and the coal strike have caused steep declines in some economic indicators in the past 2 months; but if there is a prompt resumption of activity in the coal industry, the favorable underlying trends in the economy can be expected soon to reassert themselves. Growth of employment and real disposable income has been strong in recent quarters, and consumer sentiment has remained fairly high. Consumer spending, therefore, is likely to grow at a reasonably good pace. In the business sector, new orders for nondefense capital goods have continued to trend upward, pointing to further expansion in business fixed investment. In addition, the rate of inventory accumulation should accelerate in coming months; inventory investment slowed in the fourth quarter, and stocks are now lean in many product lines. Moreover, with prospects for our exports improved by the likelihood of

stronger economic growth abroad this year and by changes in relative currency values, we are hopeful that our foreign trade deficit will not deteriorate further.

Our generally favorable assessment of the outlook for economic activity is also based on our judgment that financial conditions remain supportive of continued economic expansion. Demands for money and credit were exceptionally strong last year. Total borrowing reached record levels—both in dollar terms and as a proportion of GNP. And growth of the monetary aggregates tended to equal or, in the case of the narrow money stock (*M-1*), to exceed the upper ends of the ranges set by the Federal Reserve.

Recognizing that such rapid monetary expansion—if sustained—would threaten a build-up of inflationary pressures, the Federal Reserve between April and October exerted increasing restraint in the provision of bank reserves relative to the strong demands for them. More recently, in early January, the System fostered a further firming in money market conditions through adjustments in the discount rate and in open market operations—these actions being taken to help stabilize conditions in foreign exchange markets and to emphasize U.S. concern about the integrity of the dollar.

Over all, since last April short-term market rates of interest have risen about 2 percentage points. Intermediate- and long-term yields also have risen, with the increases largest in the market for Treasury securities, where rates have gone up $\frac{3}{4}$ to $1\frac{1}{2}$ percentage points. These increases in yields on long-term securities may well have reflected some increase in the inflation premium, as investors reacted to the lack of progress in reducing inflation. Nevertheless, despite the increases of the past year, most short-term rates are still less than 1 percentage point above their levels at the beginning of the present economic expansion in early 1975, and corporate and municipal bond yields are significantly below their levels then.

Growth rates for all the monetary aggregates have slackened appreciably, on average, in the last few months. Growth of *M-2* and *M-3* has

slowed in part because the rise in interest rates on market instruments has made them more attractive to some savers than interest-bearing deposits at banks and thrift institutions. At the same time, however, demands for loans at depositary institutions have remained strong. Under the circumstances, these institutions have had to supplement their deposit flows by borrowing and by reducing their holdings of liquid assets.

Although these pressures may be causing depositary institutions to become a bit more cautious in their lending policies, credit supplies still appear to be ample. Moreover, the financial condition of the key nonfinancial sectors remains generally strong. It is true that household debt burdens, as measured, for example, by the ratio of consumer and mortgage loan repayments to disposable income, are historically high, and they deserve careful monitoring. But to date there has been no rise in delinquency rates, so families are thus far handling their increased indebtedness well. Businesses added further to their liquid assets last year, and corporate balance sheets on the whole seem to be strong, although there is considerable variation from firm to firm. And State and local governments, with record operating surpluses in 1977, appear in the aggregate to enjoy a healthy financial position.

Last week, in testimony before the House Banking Committee, I announced the growth ranges for the monetary aggregates that the Federal Open Market Committee has established for the year ending with the fourth quarter of 1978. The range of increase specified for *M-1* is 4 to 6½ per cent; for *M-2*, it is 6½ to 9 per cent; and for *M-3*, it is 7½ to 10 per cent. Growth in each of the aggregates is thus expected to be less than was experienced last year. In the judgment of the Committee, these ranges should be consistent with the pattern of economic activity that I outlined earlier—namely, moderate economic expansion, sufficient to produce some decline in the unemployment rate. While it is not anticipated that any significant reduction will be achieved in the rate of inflation this year, the Committee believes that the deceleration in monetary expansion implied by the current ranges will contrib-

ute to the ultimate achievement of reasonable price stability.

We recognize, of course, the considerable uncertainties surrounding the shorter-term relationship between growth rates of the monetary aggregates, on the one hand, and the behavior of output and prices, on the other. The Federal Reserve will continue, therefore, to maintain a vigilant and flexible approach, putting the long-run performance of the economy above the pursuit of any fixed monetary target.

I must emphasize, however, that the solution to the Nation's problems of high unemployment and rapid inflation does not rest with monetary policy alone. More stimulative monetary action would perhaps have some positive effect on output and employment for a time, but the resultant intensification of inflationary forces would soon lead to a reversal of those gains. A significantly more restrictive monetary policy, in the face of the strong upward trends built into financial flows by rising costs and prices and the prospective heavy credit demands from the private and public sectors, would run the risk of serious market disruption and economic dislocation. Clearly, other tools of public policy must be marshalled in the effort to improve economic performance.

A major objective of our efforts must be to quicken the growth of labor productivity. Improving labor productivity—besides being the principal source of rising living standards for our people—serves to retard the advance of unit labor costs. This, then, is a key element in slowing inflation and in increasing the competitiveness of U.S. industry in international trade.

Despite some pick-up in productivity growth recently—as usually occurs during a business upswing—the longer-term pattern has not been encouraging. During the past decade output per hour worked in the private business sector rose at an average annual rate of only 1¾ per cent, roughly half the rate of advance recorded over the preceding 20 years. A significant cause of this lagging productivity growth has been the poor performance of business capital formation. For many years the United States has invested a smaller proportion of its total output in new plant and equipment than have most

other industrial nations. Though international comparisons are imprecise, it is clear that the share of GNP devoted to nonresidential fixed investment in the United States has been less than half the share allocated in Japan and considerably less than the shares in Germany, France, and Canada as well.

Experience has taught us that substantial investment in plant and equipment is a critical ingredient for longer-term economic growth. Furthermore, an ample capital stock is necessary if we are to avoid production bottlenecks that stifle expansion in output and employment and that aggravate inflationary forces. The encouragement of greater capital spending must, therefore, be an integral part of any comprehensive national policy to achieve full employment, price stability, and a sound dollar internationally. Our efforts in this regard should be directed at both increasing the flow of savings available to private businesses and increasing the willingness of firms to undertake productive investment.

An important step toward assuring an adequate flow of savings to the private sector is the careful management of Government finances. The record here has not been good. As the members of this committee well know, the Federal budget has been in deficit every fiscal year but one since 1960. In periods of high unemployment and inadequate total demand, Federal deficits may provide a needed stimulus to aggregate economic activity. As the economy moves toward fuller utilization of its resources, however, Federal deficits become competitive with private capital formation. The Congress has made progress in reducing an evident bias toward deficit spending by establishing improved procedures under the Budget Act of 1974. This committee, which was created by that act, has worked hard to exert better control over the Federal budget. I hope that its efforts, in combination with a growing public awareness of the danger of persistent governmental deficits, will prove effective in helping to narrow the gap between Federal outlays and expenditures as full employment is approached.

Along with freeing financial resources for use by the private sector, we must encourage

businesses to step up their spending on new plant and equipment. New investments are made when the prospective rate of return is sufficiently attractive and predictable. The traditional Government approach to increasing the rate of recovery of fixed investment costs has been to reduce corporate income tax rates, to accelerate depreciation allowances, and to liberalize the investment tax credit. These policies would help induce an acceleration of capital spending today.

The effect of such actions, however, would be blunted unless measures also are taken to reduce business uncertainty about the future. In the past few years, heightened uncertainty has become a significant impediment to the willingness of businesses to undertake new capital projects. While this uncertainty has a variety of causes, including unresolved tax and energy policies, one important source is the fear of high and volatile future rates of inflation over the life of the investment. Rapidly rising prices bring unpredictable costs and uncertain profit margins; they exacerbate public pressures for controls; and—as we have learned—they increase the likelihood of subsequent recession. It is most difficult for businesses to calculate a rate of return that is acceptable in an environment of rapid inflation. Moreover, inflation also contributes directly to the cost of modernizing and replacing obsolete equipment. With depreciation allowances based on the original cost of equipment, the gap between the original cost and resources available for replacement widens as prices rise.

Our attempts to restrain inflation by using conventional stabilization techniques have been less than satisfactory. Three years of high unemployment and underutilized capital stock have been costly in terms both of lost production and of the denial to many of the dignity that comes from holding a productive job. Yet, despite this period of substantial slack in the economy, we still have a serious inflation problem.

Prudent monetary and fiscal policies are, of course, essential if inflation is to be controlled. But such policies need to be complemented by programs designed to enhance competition and to correct structural problems, in particular

labor and product markets. And any program to control inflation would be incomplete without a conscious effort to avoid, where possible, those Government initiatives that place upward pressure on prices. There can be little doubt that Government has become a significant contributor to the inflationary bias of the economy—not only by incurring persistent budgetary deficits but also through regulatory and other actions. It is time to search for alternative, less inflationary methods to achieve our social goals.

Mr. Chairman, I have discussed today a

number of economic difficulties confronting the Nation. However, our history amply demonstrates the resilience and problem-solving capacity of the American people and their economic institutions. The prospects for overcoming our current difficulties thus are promising, if Government pursues policies that provide a stable and healthy environment for American enterprise. We must recognize, of course, that results will not come quickly; but if we set our course and pursue it with patience, we can look forward to a better economic future for our Nation. □

Record of Policy Actions of the Federal Open Market Committee

MEETING HELD ON JANUARY 17, 1978

1. Domestic Policy Directive

The information reviewed at this meeting suggested that real output of goods and services had grown in the fourth quarter of 1977 at a pace close to that of the third quarter, which the Commerce Department had revised upward to an annual rate of 5.1 per cent. At the same time the rise in average prices, as measured by the fixed-weighted price index for gross domestic business product, appeared to have stepped up somewhat from the annual rate of 5.0 per cent estimated for the third quarter. Staff projections for the year from the fourth quarter of 1977 to the fourth quarter of 1978—which now were based on assumptions that included reductions next fall in Federal income taxes—suggested a moderately faster expansion than the projections prepared just before the December meeting of the Committee. According to the latest projections, growth in real gross national product (GNP) would be sustained at a good pace throughout 1978. It was also expected that the rise in prices would remain relatively rapid and that the unemployment rate would decline moderately further over the year ahead.

The staff estimates for the fourth quarter of 1977 suggested that final sales of goods and services had risen substantially more than in the third quarter, but that the rate of business inventory accumulation had slowed considerably after a slight rise in the third quarter. With respect to final sales in real terms, gains had been particularly strong in consumer spending for both durable and nondurable goods and in residential construction.

Staff projections for the year ahead reflected expectations that the growth of consumer spending in real terms would moderate during the first quarter from the exceptionally rapid pace in the fourth quarter of 1977 and then would pick up as the year progressed—particularly during the fourth quarter, following the reduction in personal income taxes assumed to take effect on October 1. Busi-

ness fixed investment was projected to expand moderately, owing in part to stimulative modifications of the investment tax credit that were assumed to be retroactive to the beginning of 1978. It was still anticipated that the rise in residential construction outlays would taper off as the year progressed and that the increase in Federal purchases of goods and services would be smaller than over the past year.

In December industrial production expanded 0.2 per cent, compared with 0.4 per cent in November. However, the December increase was held down by a strike that had caused a reduction of nearly 50 per cent in output of bituminous coal. Auto assemblies were curtailed somewhat, but output of other consumer goods and of business equipment continued to rise. For the fourth quarter as a whole, growth in industrial production slowed to an annual rate of about $2\frac{1}{4}$ per cent from about $4\frac{1}{4}$ per cent in the third quarter, reflecting in part the reduction in the rate of business inventory accumulation.

Nonfarm payroll employment continued to rise in December, and after adjustment for strikes, the gain was as large as in November. Employment increases were again substantial in trade, services, and State and local government. In manufacturing too, the gain was sizable, but the average workweek declined, in part because of the curtailment in assemblies of autos. The unemployment rate dropped to 6.4 per cent in December from a (revised downward) rate of 6.7 per cent in November.

The dollar value of retail sales, according to the Census Bureau's advance estimate, had declined a little in December after having risen sharply in the preceding 2 months. For the fourth quarter as a whole sales rose by almost 4 per cent, about equaling the large rise in the fourth quarter of 1976. Unit sales of new domestic and foreign autos increased somewhat in December, returning to about the October level, and sales were almost as high in the fourth quarter as in the third.

Private housing starts, as had been reported before the Committee's December meeting, edged down in November to an annual rate of about 2.1 million units. The average number of starts for October and November was 5 per cent above the third-quarter average, which in turn was the highest of the current expansion.

The latest Department of Commerce survey of business spending

plans, taken in late November and December, suggested that spending for plant and equipment would expand 10.1 per cent in 1978. Such spending had increased 13.7 per cent in 1977.

Manufacturers' new orders for nondefense capital goods declined 5 per cent in November, but the October–November average was about $6\frac{1}{2}$ per cent above the third-quarter average. Contract awards for commercial and industrial buildings—measured in terms of floor space—advanced sharply in November after having declined in October. The average for the 2 months was somewhat higher than that for the third quarter.

The index of average hourly earnings for private nonfarm production workers increased relatively little in December, as it had in November. However, from December 1976 to December 1977 the index rose 7.4 per cent, which compared with an increase of 6.9 per cent over the preceding 12 months.

The wholesale price index for all commodities rose 0.5 per cent in December, considerably less than in October and November. Average prices of farm products and foods advanced only 0.4 per cent in December, compared with an average increase of 1.8 per cent over the preceding 2 months. The 0.5 per cent rise in prices of industrial commodities in December equaled the October–November average.

The consumer price index rose 0.5 per cent in November, somewhat more than in any of the preceding 4 months. Retail prices of foods increased 0.6 per cent, in contrast with an average between 0.1 and 0.2 per cent in the July–October period. The pace of advance in nonfood commodities also picked up, mainly because of increases for new autos, but the rise in prices of services remained at a reduced rate.

In foreign exchange markets the dollar continued under strong downward pressure from mid-December to just after the turn of the year, and during that period its trade-weighted value against major foreign currencies declined about $2\frac{1}{2}$ per cent. On January 4, 1978, it was announced that the Exchange Stabilization Fund of the U.S. Treasury would henceforth be utilized actively, together with the swap network operated by the Federal Reserve System, to check speculation and to help re-establish order in the foreign exchange markets. On January 6 the Board of Governors announced approval of an increase in Federal Reserve discount rates from 6 to $6\frac{1}{2}$ per cent, and in an accompanying press release noted that the recent

disorder in foreign exchange markets constituted a threat to orderly expansion of the domestic and international economy. The Board expressed the hope that the need for this increase would prove temporary. It also noted that the condition of the domestic economy was sound and that credit supplies to sustain the economic expansion would remain ample. From January 4 to the time of this meeting the trade-weighted value of the dollar recovered about 1¾ per cent.

The U.S. foreign trade deficit declined substantially in November after a sharp increase in October. The dock strike that had halted containerized shipments through Atlantic and Gulf Coast ports between October 1 and November 29 appeared to have depressed recorded exports and imports by similar amounts in November, whereas in October the strike had caused much more of a reduction in recorded exports than imports.

At U.S. commercial banks, total credit contracted slightly in December, but because it had grown rapidly in October and November, expansion for the fourth quarter as a whole remained close to the third-quarter pace. The December halt in growth of bank credit reflected both a sharp slackening in loan expansion and a further contraction in holdings of securities.

While the reduced loan expansion at banks in December stemmed in part from a large net reduction in securities loans, business loan growth also slowed appreciably. Sales of commercial paper expanded by a roughly similar amount, however, so total short-term credit to nonfinancial businesses from these sources rose at about the same pace in December as in November.

The narrowly defined money stock ($M-1$)¹ grew at a 7.6 per cent annual rate in December and at a 6.8 per cent annual rate for the fourth quarter as a whole. From the fourth quarter of 1976 to the fourth quarter of 1977, $M-1$ grew 7.4 per cent, compared with 5.6 per cent in 1976 and 4.4 per cent in 1975.

In the third quarter of 1977 $M-1$ had grown nearly as fast as nominal GNP, so the income velocity of $M-1$ —the ratio of nominal GNP to $M-1$ —had shown little change. It appeared, however, that income velocity had increased significantly in the fourth quarter as a result of both faster growth in GNP and a slower rise in $M-1$.

¹ $M-1$ is composed of private demand deposits and currency in circulation.

Growth in *M-2*² increased somewhat in December from the low November rate. Virtually all of the growth in the time and savings deposit component of *M-2* occurred in large-denomination time deposits not subject to ceiling rates; savings deposits remained about unchanged for the second consecutive month and small-denomination time deposits, which had contracted in November, expanded only a little. From the fourth quarter of 1976 to the fourth quarter of 1977, *M-2* grew 9.6 per cent, compared with 10.9 per cent in 1976 and 8.3 per cent in 1975.

Deposit growth at nonbank thrift institutions slowed further in December, and *M-3*³ expanded at a 7.5 per cent annual rate—about the same as in November. Most of the December growth in deposits at thrift institutions presumably occurred in longer-maturity instruments on which the effective offering rates still exceeded yields available on Treasury securities of comparable maturity. For 1977 as a whole, *M-3* grew 11.6 per cent.

At its December meeting the Committee had decided that operations in the period immediately ahead should be directed toward maintaining about the prevailing money market conditions, provided that the monetary aggregates appeared to be growing at approximately the rates then expected. Specifically, the Committee sought to maintain the weekly-average Federal funds rate at about 6½ per cent, so long as *M-1* and *M-2* appeared to be growing over the December–January period at annual rates within ranges of 2½ to 8½ per cent and 6 to 10 per cent, respectively. However, members also agreed that if growth in the aggregates appeared to approach or move beyond the limits of their specified ranges, the operational objective for the weekly-average Federal funds rate should be varied in an orderly fashion within a range of 6¼ to 6¾ per cent.

The Committee also had included in its directive to the Federal Reserve Bank of New York the following sentence: “In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the unsettled conditions in foreign exchange markets.” This instruction had been added to provide the Manager with somewhat greater flexibility, in part because of the

² *M-2* includes *M-1* and commercial bank time and savings deposits other than large-denomination certificates of deposit.

³ *M-3* includes *M-2* and deposits at nonbank thrift institutions (savings and loan associations, mutual savings banks, and credit unions).

Committee's view that pressures on the dollar in foreign exchange markets might appropriately influence the nature and timing of domestic open market operations from day to day.

With the monetary aggregates apparently expanding at rates well within the Committee's specified ranges, the Manager of the System Account continued to aim for a Federal funds rate of around $6\frac{1}{2}$ per cent in the last weeks of December and the first statement week of January. Due to technical factors, however—including the usual money market churning around year-end—Federal funds actually traded at rates somewhat above this level. The Manager in early January also shaded his Federal funds rate objective slightly upward because of downward pressures on the dollar in foreign exchange markets. On January 9, following the January 6 increase in Federal Reserve discount rates to $6\frac{1}{2}$ per cent, the Federal Open Market Committee concurred in the Chairman's recommendation to raise the inter-meeting range for the Federal funds rate to $6\frac{1}{2}$ to 7 per cent and to instruct the Manager to aim for a rate of around $6\frac{3}{4}$ per cent over the next few days. In the days remaining until this meeting, the funds rate averaged 6.75 per cent.

During the initial weeks of the inter-meeting period other short-term interest rates showed little net change, while longer-term rates tended to move higher. After the discount rate action and the increase in the funds rate to $6\frac{3}{4}$ per cent, short-term market rates adjusted sharply upward, with the largest net increases—ranging from 35 to 45 basis points—occurring on Treasury bills. Bond yields also rose somewhat further over this period but significantly less than bill rates.

Auctions of 2-year notes and 15-year bonds netted the U.S. Treasury \$2.7 billion of new money during the inter-meeting period—including \$600 million of 2-year notes sold directly to foreign official institutions on a noncompetitive basis. For the fourth quarter as a whole, net Treasury sales of marketable debt to the public totaled nearly \$19 billion, a substantial share of which was purchased by foreign official institutions.

The volume of bonds offered publicly by nonfinancial corporations in December was somewhat less than in previous months, as industrial firms reduced their flow of new issues. Financial concerns continued to borrow heavily in long-term debt markets, however.

Offerings of State and local government bonds expanded con-

traseasonally in December, raising the total for the fourth quarter almost to the high level of the third quarter. Most of the December rise was attributable to advance refunding issues.

Net mortgage lending in the fourth quarter appeared to be running close to the record third-quarter rate. Savings and loan associations managed to sustain an unusually high level of lending—withstanding their slower deposit inflows—by increasing their borrowings, particularly from Federal home loan banks. Such borrowing rose \$2.6 billion during the quarter, the largest expansion in more than 3 years.

In the Committee's discussion of the economic situation, most members agreed that the staff's projection of the growth rate in real GNP over the full year 1978 was reasonable. However, there was some difference of opinion regarding the probable profile of the expansion during the course of the year. Specifically, a number of members thought that growth might be faster in the first half of 1978 and slower in the second half than had been projected.

In this connection, it was suggested that in the early part of 1978 production would be stimulated by business efforts to restore inventories depleted by the surge in sales that had occurred in the fourth quarter of 1977. It was observed, however, that if production increased as expected and growth in sales slowed, the consequent inventory build-up could lead to a need for correction and hence to slower growth in output later in the year. There was some feeling also that the proposed reductions in Federal income taxes might have less stimulative effect in the fourth quarter than expected by the staff, and it was noted that payroll taxes for social security and unemployment insurance were scheduled to rise at the beginning of 1979. One member was of the opinion that a number of forces, including the depreciation of the dollar that had occurred in foreign exchange markets, would induce a faster rise in prices than the staff had anticipated and that inflation would tend to slow the expansion in activity as the year progressed. However, none of the members who expressed concern about the growth of real GNP late in the year anticipated that the economy would move into a recession during 1978.

Other members were more optimistic about the economic outlook. One noted that at this time of the year forecasters almost invariably expressed more uncertainty about the prospects for the

second half than for the first half. Another indicated that he expected the expansion to be sustained by a gradual improvement in business and consumer confidence. This member and others also stressed the stimulative effects of the prospective tax reduction, and one noted that if necessary the reduction could be larger than presently contemplated.

These differences of view were generally associated with different expectations for major sectors of the economy. Thus, one member expressed the opinion that residential construction activity would remain at a high level during 1978, in part because individuals were tending to perceive homeownership as an effective hedge against inflation. At the same time, this member noted that the recent spurt in consumer spending had been financed in considerable measure by credit; he did not expect the rapid expansion to continue, and he thought it would be an unhealthy development if it did. Another member said he anticipated an appreciable decline in the rate of housing starts during the year, and a third expressed concern about the possible consequences for housing activity if thrift institutions should cut back significantly on new mortgage commitments because of the record volume already outstanding and because of increased uncertainty about the pace of deposit inflows. The latter member also doubted that consumer purchases of new automobiles would be sustained at the levels of 1976 and 1977 for another year, as projected by the staff, especially in view of the downtrend in sales that appeared to have been under way since last spring.

With respect to business fixed investment, the results suggested by the recent Commerce Department survey of business spending plans for 1978 were described as disappointing. It was also observed, however, that a more favorable outlook for capital investment was presented by such indicators as new orders for nondefense capital goods, construction contracts for commercial and industrial buildings, formation of new businesses, and newly approved capital appropriations, and that over the years such measures had provided better indications of future business fixed investment than had surveys of spending plans. It was noted that the administration's tax program would include new incentives for business fixed investment, and one member suggested that such investment was likely to be stimulated by rising rates of capacity utilization, such as those being forecast for the coming year. However, another member

offered the hypothesis that the need for new plants in this country was being reduced by a trend toward remodeling and re-equipping existing structures and by a tendency for multinational corporations to rely on their plants abroad for needed capacity.

It was observed during the discussion that the course of business fixed investment depended on the state of business confidence in general and on profit expectations in particular. Some members reported that they had recently detected some deterioration of business confidence, but others felt that the state of confidence had remained unchanged or had improved. One member remarked that businessmen had long been deeply disturbed about the persistence of inflation, and that recently some who followed monetary developments closely had begun to question the System's determination to slow the rates of growth of the monetary aggregates. One member observed that the recent behavior of the stock market—including the low levels to which price/earnings ratios had fallen—was not indicative of the kind of business confidence that normally would be accompanied by rising investment. Another member remarked that low price/earnings ratios probably reflected in part the realization by investors that reported earnings overstated real earnings as a result of the use of conventional accounting procedures in a period of inflation. It also was suggested that in making investment decisions businessmen were now insisting on shorter expected "payout" periods than they had earlier because they perceived the risks to be greater.

Serious concern continued to be expressed about the dollar's weakness in foreign exchange markets, although it was noted that the dollar had recovered somewhat over the past 2 weeks. The observation was made that the conventional theory concerning depreciation of a currency did not apply to the dollar because of its special role in international trade and finance. Specifically, it was suggested that depreciation of the dollar tended to weaken confidence here and abroad and to cause postponement of decisions to spend or to invest in new facilities; that the counterpart of the dollar's depreciation—appreciation of foreign currencies—adversely affected exports of other major countries and generated risks of stagnation or recession in economic activity; and that this negative impact on aggregate demand abroad could have adverse effects on the U.S. foreign trade balance that greatly outweighed the

favorable effects of the improved competitiveness of U.S. products in markets here and abroad. As at the December meeting, the observation was made that the position of the dollar would be strengthened by adoption in this country of an effective energy program, of a tax policy conducive to business investment here, and of a more effective attack on inflation, as well as by pursuit abroad of faster rates of economic growth.

At its meeting in October 1977 the Committee had agreed that from the third quarter of 1977 to the third quarter of 1978 average rates of growth in the monetary aggregates within the following ranges appeared to be consistent with broad economic aims: *M*-1, 4 to 6½ per cent; *M*-2, 6½ to 9 per cent; and *M*-3, 8 to 10½ per cent. The associated range for the rate of growth in commercial bank credit was 7 to 10 per cent. It had also 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. However, no further modification was made at this meeting.

In the Committee's discussion of policy for the period immediately ahead, a number of members suggested that any significant easing of money market conditions would be undesirable at this time because of the weakness of the dollar in foreign exchange markets and—in the view of some—because of the cumulative growth rates in the monetary aggregates over recent months. Each of the three members who had dissented from the decision of January 9 to seek a higher Federal funds rate indicated that he would not now advocate a rollback since that decision had been implemented and absorbed by the financial markets. At the same time, there was little sentiment for further firming actions in the coming inter-meeting period unless the monetary aggregates appeared to be growing at rapid rates.

Consistent with these views, most members expressed a preference for continuing to give greater weight than usual to money market conditions in conducting operations in the period until the next meeting of the Committee. However, a few favored basing operating decisions primarily on the behavior of the monetary aggregates, particularly if growth rates appeared to be higher than desired. While there was general agreement that operations should be directed initially toward maintaining the current Federal funds

rate of about $6\frac{3}{4}$ per cent, various suggestions were made with respect to the range in which the funds rate might be varied if the growth rates in the monetary aggregates appeared to be deviating markedly from expectations. Thus, some members favored retaining the present range of $6\frac{1}{2}$ to 7 per cent, but others were inclined to raise the lower limit to $6\frac{5}{8}$ or $6\frac{3}{4}$ per cent; some in the latter group also suggested raising the upper limit.

In addition, there were some differences of view with respect to the specifications for growth in *M-1* over the January–February period, relating to both the width and the level of the range. A number of members suggested that the range be narrowed from the spread of 6 percentage points used in the last few directives to one of 5 or 4 points, while others were willing to retain the wider range. Suggestions for the lower limit of the *M-1* range varied from $1\frac{1}{2}$ to $3\frac{1}{2}$ per cent and those for the upper limit varied from 7 to $8\frac{1}{2}$ per cent. For *M-2* the majority of members favored a range of 5 to 9 per cent, although one advocated a substantial reduction in the lower limit and another was inclined to reduce both limits slightly.

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

The Committee decided to retain in the directive the sentence calling for account to be taken of “emerging financial market conditions, including the unsettled conditions in foreign exchange markets” in the conduct of day-to-day open market operations. As

already noted, this instruction had been included in the previous directive in part because of the Committee's view that the nature and timing of operations might appropriately be influenced by pressures on the dollar in foreign exchange markets.

As customary, it was understood that the Chairman might call upon the Committee to consider the need for supplementary instructions before the next scheduled meeting if significant inconsistencies appeared to be developing among the Committee's various objectives.

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

The information reviewed at this meeting suggests that growth in real output of goods and services in the fourth quarter was close to the pace in the third quarter. The dollar value of total retail sales declined in December, but the gain from the third to the fourth quarter was substantial. Industrial production expanded somewhat further in December, although the rise was limited by a strike in coal mining. Employment increased appreciably, and the unemployment rate declined from 6.7 per cent to 6.4 per cent. The wholesale price index for all commodities rose considerably less in December than in the preceding 2 months, reflecting a much smaller increase in average prices of farm products and foods. Prices of industrial commodities advanced at about the average pace in the preceding 2 months. The index of average hourly earnings advanced slightly faster during 1977 than it had during 1976.

Exchange market pressure on the dollar has continued in recent weeks. On January 4 it was announced that the Exchange Stabilization Fund would be utilized actively together with the swap network operated by the Federal Reserve System to help re-establish order in the foreign exchange markets. On January 6 an increase in Federal Reserve discount rates from 6 to 6½ per cent was announced. The trade-weighted value of the dollar against major foreign currencies declined about 2½ per cent further from mid-December to the early days of January but subsequently recovered about 1¾ per cent.

M-1—which had declined slightly in November—rose in December. Growth in *M-2* remained relatively slow, as inflows to banks of time and savings deposits other than negotiable CD's were sharply curtailed. Inflows to nonbank thrift institutions slowed somewhat further. Market interest rates edged up in late December, and rates—particularly for short-term securities—rose substantially further in the early weeks of January.

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

At its meeting on October 18, 1977, the Committee agreed that growth of *M-1*, *M-2*, and *M-3* within ranges of 4 to 6½ per cent, 6½ to 9 per cent, and 8 to 10½ per cent, respectively, from the third quarter of 1977 to the third quarter of 1978 appears to be consistent with these objectives. These ranges are subject to reconsideration at any time as conditions warrant.

At this time, the Committee seeks to maintain about the prevailing money market conditions during the period immediately ahead, provided that monetary aggregates appear to be growing at approximately the rates currently expected, which are believed to be on a path reasonably consistent with the longer-run ranges for monetary aggregates cited in the preceding paragraph. Specifically, the Committee seeks to maintain the weekly-average Federal funds rate at about the current level, so long as *M-1* and *M-2* appear to be growing over the January–February period at annual rates within ranges of 2½ to 7½ per cent and 5 to 9 per cent, respectively. If, giving approximately equal weight to *M-1* and *M-2*, it appears that growth rates over the 2-month period are approaching or moving beyond the limits of the indicated ranges, the operational objective for the weekly-average Federal funds rate shall be modified in an orderly fashion within a range of 6½ to 7 per cent. In the conduct of day-to-day operations, account shall be taken of emerging financial market conditions, including the unsettled conditions in foreign exchange markets.

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

Votes for this action: Messrs. Burns, Volcker, Coldwell, Gardner, Guffey, Lilly, Mayo, Morris, Partee, Roos, and Wallich. Votes against this action: None. Absent and not voting: Mr. Jackson.

2. Authorization for Foreign Currency Operations

Paragraph 1D of the Committee's authorization for foreign currency operations authorizes the Federal Reserve Bank of New York for

the System Open Market Account to maintain an over-all open position in all foreign currencies not exceeding \$1.0 billion, unless a larger position is expressly authorized by the Committee. On January 6, 1978, the Committee had authorized an open position of \$1.5 billion.

At this meeting the Committee authorized an open position of \$1.75 billion. This action was taken in view of the scale of recent and potential Federal Reserve operations in the foreign exchange markets undertaken pursuant to the Committee's foreign currency directive.

Votes for this action: Messrs. Burns, Volcker, Coldwell, Gardner, Guffey, Lilly, Mayo, Morris, Partee, Roos, and Wallich. Votes against this action: None. Absent and not voting: Mr. Jackson.

3. Authorization for Domestic Open Market Operations

At this meeting the Committee amended, effective immediately, the authorization for domestic open market operations by adding the following paragraph, designated paragraph 4:

In order to ensure the effective conduct of open market operations, while assisting in the provision of short-term investments for foreign and international accounts maintained at the Federal Reserve Bank of New York, the Federal Open Market Committee authorizes and directs the Federal Reserve Bank of New York, (a) for System Open Market Account, to sell U.S. Government securities to such foreign and international accounts on the bases set forth in paragraph 1(a) under agreements providing for the resale by such accounts of those securities within 15 calendar days on terms comparable to those available on such transactions in the market; and (b) for New York Bank account, when appropriate, to undertake with dealers, subject to the conditions imposed on purchases and sales of securities in paragraph 1(c), repurchase agreements in U.S. Government and agency securities, and to arrange corresponding sale and repurchase agreements between its own account and foreign and international accounts maintained at the Bank. Transactions undertaken with such accounts under the provisions of this paragraph may provide for a service fee when appropriate.

Votes for this action: Messrs. Burns, Volcker, Coldwell, Gardner, Guffey, Lilly, Mayo, Morris,

Partee, Roos, and Wallich. Votes against this action:
None. Absent and not voting: Mr. Jackson.

Since mid-1974 the Federal Reserve Bank of New York had made available to its foreign official accounts a facility for making repurchase agreements (Rp's) involving U.S. Government and Federal agency securities. The facility not only provided a service for foreign central banks but also added a useful dimension of flexibility to System open market operations. In arranging Rp's for foreign official accounts the New York Bank had—depending on the System's operating objectives at the moment—either served as an agent in arranging the transactions with the market or made the transactions with the System Open Market Account (SOMA). Arrangements of the former type were not under the jurisdiction of the Federal Open Market Committee; those of the latter type were authorized by the Committee under the general authority to buy or sell U.S. Government or agency securities for SOMA contained in paragraph 1(a) of the authorization for domestic open market operations.

In May 1977 the New York Bank had learned of an Internal Revenue Service (IRS) ruling on the treatment of Rp's by a taxpayer that suggested that a tax liability might be incurred in connection with income earned by some foreign official accounts on Rp's with the market. At the same time it did not appear probable that a tax liability would be incurred in the case where Rp's were arranged between foreign official accounts and some entity of the Federal Reserve System. Accordingly, after Committee discussion, the New York Bank ceased acting as agent for foreign official accounts in making Rp's with the market, and it requested an IRS determination of the tax consequences of Rp's made for foreign official accounts with various entities. The IRS subsequently ruled that income received by foreign central banks on Rp's made with SOMA, or with the Federal Reserve Bank of New York acting as a principal, was exempt from Federal income tax.

In light of that ruling, the Committee amended its authorization for domestic open market operations to authorize the New York Bank to arrange foreign official account Rp's with the Bank as a principal, and to make corresponding Rp's with the market, again with the Bank acting as principal. It was understood that such

“back-to-back” arrangements would be undertaken under circumstances similar to those in which, before May 1977, the Bank had served as agent in arranging foreign official account Rp’s with the market. While the authority for the New York Bank to make foreign official account Rp’s with SOMA had been viewed as contained in paragraph 1(a) of the authorization, for the sake of clarity and completeness the Committee decided to include language explicitly authorizing such transactions in the new paragraph 4, along with the authority for the New York Bank to act as a principal in “back-to-back” Rp transactions.

Subsequent to this meeting, on February 15, 1978, Committee members voted to increase from \$3 billion to \$4 billion the limit of changes between Committee meetings in System Account holdings of U.S. Government and Federal agency securities specified in paragraph 1(a) of the authorization for domestic open market operations, effective immediately, for the period ending with the close of business on February 28, 1978.

Votes for this action: Messrs. Burns, Volcker, Coldwell, Gardner, Guffey, Jackson, Mayo, Morris, Partee, and Roos. Votes against this action: None. Absent and not voting: Messrs. Lilly and Wallich.

This action was taken on recommendation of the System Account Manager. The Manager had advised that large-scale sales of Treasury securities since the January meeting—required mainly to counter the effect of seasonal declines in required reserves and currency in circulation—had reduced the leeway for further sales to \$780 million, and that it appeared likely that the leeway would shortly be reduced further, to \$300 million or less, as a result of the completion of an anticipated transaction with a foreign account. The Manager also noted that the current inter-meeting period had been lengthened by a change in the date of the next meeting from February 22 to February 28, and that projections suggested the need for further reserve-absorbing operations during the interval ending with the latter date.

* * * * *

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

LOANS TO EXECUTIVE OFFICERS OF MEMBER BANKS

The Board of Governors has amended its Regulation O to increase from \$1,000 to \$5,000 the limit imposed upon member banks' extensions of credit to their own executive officers through the use of bank credit cards and similar plans.

Effective March 24, 1978, section 215.2(c)(iv) is amended to read as follows:

SECTION 215.2—DEFINITIONS

* * * * *

(c) "Extension of credit" and "extend credit".***

* * * * *

Such terms, however, do not include:

* * * * *

(iv) indebtedness arising by reason of general arrangements under which a bank (a) acquires charge or time credit accounts or (b) makes payments to or on behalf of participants in a bank credit card plan, check credit plan, or similar plan, except that this subdivision (iv) shall not apply to indebtedness of an executive officer to his own bank to the extent that the aggregate amount thereof exceeds \$5,000 or to any such indebtedness to his own bank that involves prior individual clearance or approval by the bank other than for the purpose of determining whether his participation in the arrangement is authorized or whether any dollar limit under the arrangement has been or would be exceeded.

Act (the "Act") establishes a statutory presumption that where certain specified relationships exist between a transferor and transferee of shares, the transferor (if it is a bank holding company, or a company that would be such but for the transfer) continues to own or control indirectly the transferred shares.¹ This presumption arises by operation of law, as of the date of the transfer, without the need for any order or determination by the Board. Operation of the presumption may be terminated only by the issuance of a Board determination, after opportunity for hearing, "that the transferor is not in fact capable of controlling the transferee."²

The purpose of section 2(g)(3) is to provide the Board an opportunity to assess the effectiveness of divestitures in certain situations in which there may be a risk that the divestiture will not result in the complete termination of a control relationship. By presuming control to continue as a matter of law, section 2(g)(3) operates to allow the effectiveness of the divestiture to be assessed before the divesting company is permitted to act on the assumption that the divestiture is complete. Thus, for example, if a holding company divests its banking interests under circumstances where the presumption of continued control arises, the divesting company must continue to consider itself bound by the Act until an appropriate order is entered by the Board dispelling the presumption. Section 2(g)(3) does not establish a substantive rule that invalidates transfers to which it applies, and in a great many cases the Board has acted favorably on applications to have the presumption dispelled. It merely provides a procedural opportunity for Board consideration of the effect of such transfers in advance of their being deemed effective. Whether or not the statutory presumption arises, the substantive test for assess-

INTERPRETATION OF REGULATION Y

Section 2(g)(3) of the Bank Holding Company

¹The presumption arises where the transferee "is indebted to the transferor, or has one or more officers, directors, trustees, or beneficiaries in common with or subject to control by the transferor."

²The Board has delegated to its General Counsel the authority to issue such determinations. 12 CFR § 265.2(b)(1).

ing the effectiveness of a divestiture is the same—that is, the Board must be assured that all control relationships between the transferor and the transferred property have been terminated and will not be reestablished.³

In the course of administering section 2(g)(3) the Board has had several occasions to consider the scope of that section. In addition, questions have been raised by and with the Board's staff as to coverage of the section. Accordingly, the Board believes it would be useful to set forth the following interpretations of section 2(g)(3):

1. The terms "transferor" and "transferee," as used in section 2(g)(3), include parents and subsidiaries of each. Thus, for example, where a transferee is indebted to a subsidiary of the transferor,⁴ or where a specified interlocking relationship exists between the transferor or transferee and a subsidiary of the other (or between subsidiaries of each), the presumption arises. Similarly, if a parent of the transferee is indebted to a parent of the transferor, the presumption arises. The presumption of continued control also arises where an interlock or debt relationship is retained between the divesting company and the company being divested, since the divested company will be or may be viewed as a "subsidiary" of the transferee or group of transferees.

2. The terms "officers," "directors," and "trustees," as used in section 2(g)(3), include persons performing functions normally associated with such positions (including general partners in a partnership and limited partners having a right to participate in the management of the affairs of the partnership) as well as persons holding such positions in an advisory or honorary capacity. The presumption arises not only where the transferee or transferred company has an officer, director or trustee "in common with" the transferor, but where the transferee himself holds such a position with the transferor.⁵

³It should be noted, however, that the Board will require termination of any interlocking management relationships between the divesting company and the transferee or the divested company as a precondition of finding that a divestiture is complete. Similarly, the retention of an economic interest in the divested company that would create an incentive for the divesting company to attempt to influence the management of the divested company will preclude a finding that the divestiture is complete. (See the Board's Order in the matter of *International Bank*, 1977 Federal Reserve Bulletin 1106, 1113).

⁴The indebtedness giving rise to the presumption is not limited to debt incurred in connection with the transfer; it includes any debt running to the transferor or its subsidiaries.

⁵It has been suggested that the words "in common with" in section 2(g)(3) evidence an intent to make the presumption applicable only where the transferee is a company having an interlock

It should be noted that where a transfer takes the form of a pro-rata distribution, or "spinoff," of shares to a company's shareholders, officers and directors of the transferor company are likely to receive a portion of such shares. The presumption of continued control would, of course, attach to any shares transferred to officers and directors of the divesting company, whether by "spinoff" or outright sale. However, the presumption will be of legal significance—and will thus require an application under section 2(g)(3)—only where the total number of shares subject to the presumption exceeds one of the applicable thresholds in the Act. For example, where officers and directors of a one-bank holding company receive in the aggregate 25 per cent or more of the stock of a bank subsidiary being divested by the holding company, the holding company would be presumed to continue to control the "divested" bank. In such a case it would be necessary for the divesting company to demonstrate that it no longer controls either the divested bank or the officer/director transferees. However, if officers and directors were to receive in the aggregate less than 25 per cent of the bank's stock (and no other shares were subject to the presumption), section 2(g)(3) would not have the legal effect of presuming continued control of the bank.⁶ In the case of a divestiture of nonbank shares, an application under section 2(g)(3) would be required whenever officers and directors of the divesting company received in the aggregate more than 5 per cent of the shares of the company being divested.

3. Although section 2(g)(3) refers to transfers of "shares" it is not, in the Board's view, limited to disposition of corporate stock. General or limited partnership interests, for example, are included within the term "shares." Furthermore, the transfer of all or substantially all of the assets of a company, or the transfer of such a significant volume of assets that the transfer may in effect constitute the disposition of a separate activity of the company, is deemed by the Board to involve a transfer of "shares" of that company.

Section 2(g)(3) provides that a Board determina-

with the transferor. Such an interpretation would, in the Board's view, create an unwarranted gap in the coverage of section 2(g)(3). Furthermore, because the presumption clearly arises where the transferee is an individual who is indebted to the transferor such an interpretation would result in an illogical internal inconsistency in the statute.

⁶Of course, the fact that section 2(g)(3) would not operate to presume continued control would not necessarily mean that control had in fact been terminated if control could be exercised through other means.

tion that a transferor is not in fact capable of controlling a transferee shall be made after opportunity for hearing. It has been the Board's routine practice since 1966 to publish notice in the *Federal Register* of applications filed under section 2(g)(3) and to offer interested parties an opportunity for a hearing. Virtually without exception no comments have been submitted on such applications by parties other than the applicant and, with the exception of one case in which the request was later withdrawn, no hearings have been requested in such cases. Because the Board believes that the hearing provision in section 2(g)(3) was intended as a protection for applicants who are seeking to have the presumption overcome by a Board order, a hearing would not be of use where an application is to be granted. In light of the experience indicating that

the publication of *Federal Register* notice of such applications has not served a useful purpose, the Board has decided to alter its procedures in such cases. In the future, *Federal Register* notice of section 2(g)(3) applications will be published only in cases in which the Board's General Counsel, acting under delegated authority, has determined not to grant such an application and has referred the matter to the Board for decision.⁷

⁷It should be noted that in the event a third party should take exception to a Board order under section 2(g)(3) finding that control has been terminated, any rights such party might have would not be prejudiced by the order. If such party brought facts to the Board's attention indicating that control had not been terminated the Board would have ample authority to revoke its order and take necessary remedial action.

Orders issued under section 2(g)(3) are published in the Federal Reserve BULLETIN.

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

ORDERS UNDER SECTION 3 OF BANK HOLDING COMPANY ACT

Depositors Trust Company,
Augusta, Maine

Order Denying Formation of Bank Holding Company

Depositors Trust Company, Augusta, Maine, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842 (a)(1)) of formation of a bank holding company through the acquisition of all of the assets of Depositors Corporation, Augusta, Maine, consisting of 90 per cent or more of the voting shares of each of the following banks: The Liberty National Bank in Ellsworth, Ellsworth, Maine; The First National Bank of Aroostook, Fort Fairfield, Maine; Depositors Trust Company of Bangor, Bangor, Maine; Springvale National Bank, Springvale, Maine; and Depositors Trust Company of Portland, Portland, Maine. Applicant has also applied, pursuant to § 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), for permission to acquire from Depositors Corporation

all of the voting shares of Firestone Financial Corporation, Newton Centre, Massachusetts, a commercial finance company engaged in financing purchases and sales of commercial equipment, financing real estate development, and extending credit secured by mortgages on real estate. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with §§ 3 and 4 of the Act. The time for filing comments and views has expired, and the Board has considered the applications, together with all comments received, in light of the factors set forth in § 3(c) of the Act.

Applicant, a commercial bank chartered by the State of Maine, is not a member of the Federal Reserve System but is an "insured bank" as that term is defined in § 3(h) of the Federal Deposit Insurance Act (12 U.S.C. § 1813(h)). The proposal by Applicant, the largest banking subsidiary (deposits of \$202 million)¹ of Depositors Corporation contemplates an internal reorganization of Depositors Corporation whereby Applicant would receive all of the assets and assume all of the liabilities of Depositors Corporation in exchange for 707,055 newly issued shares of Applicant's voting

¹Unless otherwise indicated, banking data are as of December 31, 1976.

stock.² Upon consummation of the transaction, the shareholders of Depositors Corporation would become shareholders of Applicant by virtue of their *pro rata* receipt of Applicant's newly issued shares from Depositors Corporation in exchange for their shares of Depositors Corporation.

Depositors Corporation is the second largest commercial banking organization in the State of Maine, controlling approximately 15 per cent of total deposits in commercial banks in the State. In view of the nature of the proposed reorganization, consummation of the proposal would not have an effect upon the concentration of banking resources in the State, nor would it have any effects on competition within the State. The Board concludes that competitive considerations regarding banking resources are consistent with approval.

The instant application under § 3(a)(1) presents the rather unusual prospect of a bank becoming a bank holding company. As a matter of public policy, the purchase of stock by national banks and State member banks for their own account is generally prohibited.³ The instant proposal is possible because of Applicant's status as a nonmember bank and because of provisions of Maine law permitting banks authorized to do business in Maine to acquire stock for their own account⁴ and to engage in closely related nonbank activities on the same basis as a parent bank holding company.⁵ The Board has given careful consideration to the public policy considerations underlying the stock purchase prohibition in Federal law and has concluded that the Bank Holding Company Act's requirement that the Board consider the future prospects of companies and proposed subsidiary banks,⁶ as defined in the Act, when applied in a case in which a bank proposes to acquire stock for its own account, weighs heavily for denial of any application reflecting such a proposal. Thus, while the present financial and managerial resources of Applicant itself and of each of its proposed subsidiary banks are generally satisfactory, as are the future prospects of each absent consummation of this proposal,⁷ con-

siderations of financial factors and future prospects under the proposed reorganized structure are nonetheless unsatisfactory and require denial of this proposal.

Under the proposed corporate structure, the Board is concerned that depositors' funds would be invested in subsidiaries of the parent bank. A nonbank parent company and its other subsidiaries do not have the use of depositors' funds of its bank subsidiaries, while depositors' funds of a parent bank could readily be a source of funds for bank and nonbank subsidiaries. In the instant case, upon reorganization, Applicant would utilize depositors' funds to retire \$7 million of long-term notes of Depositors Corporation,⁸ a substantial portion of the original proceeds of which provided equity capital to subsidiaries of Depositors Corporation. By retiring the notes with depositors' funds, Applicant would in effect be using depositors' funds to augment the capital of its subsidiaries. The inappropriateness of such a use of depositors' funds is even more apparent when depositors' funds are used directly to purchase shares of bank and nonbank companies.

In instances in which depositors' funds are used for corporate purposes, the depositors of the parent bank would be bearing a risk that should be borne only by shareholders, a risk which, in the nonbank parent company situation, is borne by shareholders and not forced upon depositors. Further, when a parent bank uses depositors' funds rather than new equity capital to make a bank acquisition, the parent bank would be increasing its total deposit base but would continue with the same amount of capital as before the acquisition, thus resulting in a structure less financially secure. When a parent bank acquires another bank by this method, true equity capital would be, in essence, eliminated from the Nation's banking system and depositors' funds substituted therefor. The accessibility of depositors' funds of a parent bank for acquisition purposes might also encourage bank management to pursue a goal of corporate expansion rather than to be guided by prudent investment policies.

The Board's concern that a bank holding company must serve as a source of strength for its bank and nonbank subsidiaries has been expressed on numerous occasions. Although it may seem at first

²Applicant, a wholly-owned subsidiary of Depositors Corporation, is an affiliate of Depositors Corporation, and the five other subsidiary banks and subsidiary finance company of Depositors Corporation. Because the Board denies these applications, it is not necessary for the Board to determine whether § 23A of the Federal Reserve Act (12 U.S.C. § 371c) is applicable to Applicant's proposed acquisition of the stock of its affiliates.

³12 U.S.C. § 24(7) (national banks) and 12 U.S.C. § 335 (State member banks).

⁴9-B M.R.S.A. § 463.

⁵9-B M.R.S.A. § 446.

⁶12 U.S.C. § 1842(c).

⁷Applicant has committed upon consummation of this proposal

to inject equity capital into one of the subsidiary banks and to review the capital needs of another subsidiary bank and make an injection of equity capital into that bank if necessary.

⁸These notes of Depositors Corporation would have to be retired upon reorganization because their acceleration provisions make them unacceptable to the Federal Deposit Insurance Corporation as capital notes.

paradoxical, a bank cannot serve as a source of strength to subsidiaries as readily as can a separate corporation serving as a bank holding company. The Board believes that the concept of a separate bank holding company with its own asset and debt structure and separate permissible activities is very much in the public interest.

Applicant believes that a parent bank in Maine could more easily obtain funds to inject into a troubled subsidiary than could a parent bank holding company. However, a parent bank is considerably more constrained than is a parent bank holding company in raising capital, particularly debt capital. The permissible type, maturity, and level of bank borrowings are generally limited by statute or regulation whereas debt of bank holding companies is not subject to such limitations. If a troubled subsidiary required capital support, the parent bank might have to increase its own leveraged position to aid the subsidiary. It is not inconceivable that regulatory authorities, properly concerned with the parent bank's soundness, might limit beyond limits imposed by statute and regulation the parent bank's borrowing to provide capital to subsidiary banks in need of capital. Moreover, in any event, no regulatory authority would knowingly permit a parent bank to swap high quality assets for poor quality assets in the portfolios of its subsidiary banks. Such swaps between bank holding companies and their subsidiaries have served as a useful means of improving the soundness of subsidiary banks to the ultimate benefit of bank depositors.

These limitations on the ability of a bank to come to the assistance of subsidiary banks, not present in the case of a separately incorporated bank holding company, substantially impair a parent bank's ability to serve as a source of strength for its subsidiary banks. The reorganization of Depositors Corporation here proposed would clearly eliminate a source of strength for its subsidiary banks. Furthermore, even if Applicant as a bank holding company were to come to the aid of a troubled subsidiary in the manner utilized by traditional bank holding companies by acquiring bad assets or low quality investments, or advancing funds, such actions would likely be adverse to the financial condition of Applicant.

The Board's concern is not limited to the relationship between a parent bank and subsidiary banks after the proposed reorganization. While the activities of nonbank subsidiaries would be limited to those closely related to banking, the risks and financial structures of nonbank subsidiaries are not

necessarily homogeneous with those of commercial banks. In order to enable nonbank subsidiaries of bank holding companies to compete effectively, the Board has permitted those subsidiaries to structure their financial affairs on a basis comparable to that within their particular industries. The traditional bank holding company organization by interposing the parent between the nonbank and bank subsidiaries is particularly conducive to more flexibility for meeting the financial needs of nonbank subsidiaries, and is consistent with traditional concepts of bank soundness and depositor protection. Under the proposal, Applicant would no longer be isolated as a separate entity from the problems that might develop from nonbanking investments since there would be no corporate barrier between the bank and nonbank subsidiaries.

In assessing financial factors and convenience and needs considerations, the Board believes that the protection of the interests of depositors must be given great weight in considering whether a bank holding company application is acceptable for purposes of public policy. Adequate bank capital is considered a major source of depositor protection and the proper measure of capital adequacy of any commercial bank is the degree of overall risk its capital must bear. Applicant would remain a commercial bank after the proposed reorganization, but proposes to assume and expose its depositors to the increased risks associated with bank holding company status. These risks include those associated with the ownership of equity securities and the conduct of nonbank activities. While a bank holding company answerable to shareholders and not to depositors may assume such risks, Federal and most State statutes and regulations, in order to protect depositors, prohibit the assumption of such risks by banks. Although capital is neither created nor destroyed in the accounting transactions necessary to effectuate the reorganization, Applicant would assume a consolidated capital position generally not considered satisfactory for a commercial bank of its size. Applicant has proposed that its consolidated capital adequacy be measured against that of other bank holding companies and not that of other banks. However, as a bank, Applicant has a responsibility to its own depositors and therefore must be judged against the more demanding capital standards applicable to other banks. Applicant proposes that its capital not be measured on a consolidated basis when considering its capital adequacy as a bank. However, the proper measure of the capital adequacy of any bank is the degree of risk that the bank's capital must bear. When a parent

bank issues capital notes or stock to provide equity capital for its subsidiary banks,⁹ the capital would appear on the balance sheet of the parent bank and also on the balance sheets of the subsidiary banks, creating an illusion that the same capital simultaneously protects the deposits of separate institutions. Therefore, when a parent bank with bank subsidiaries is analyzed for capital adequacy, the assets and liabilities of the subsidiary banks should be combined with those of the parent bank, and the equity of the subsidiary banks that represents this double counting must be eliminated to measure the true amount of deposit protection within the total organization. Similarly, when the parent bank borrows to provide equity capital for its subsidiary banks, that equity capital would be eliminated upon consolidation.¹⁰ While Applicant's capital is currently adequate, its *pro forma* capital on a consolidated basis would be reduced to an unsatisfactory level.

In the type of reorganization proposed by Applicant, long-term debt supporting capital provided to subsidiaries by a parent company would become the obligation of a bank, thus increasing the risk to the parent bank. A nonbank parent company could encounter difficulty handling its debt and fail without necessarily causing the failure of any of its subsidiary banks. When a parent bank is obligor on such debt, the risk of bank failure would increase simply by virtue of that debt *per se*. Furthermore, the investments of the parent bank in the subsidiary banks would not be the passive investments normally held by commercial banks. Under the parent bank concept, any reduction in the capital accounts of a bank or nonbank subsidiary, because of operating losses or other reasons, would result in a dollar-for-dollar loss in the capital accounts of the parent bank.

As previously noted, the proposal of Applicant is attributable to an amendment to Maine law which permits financial institutions authorized to do busi-

ness in Maine to own the shares of and control other financial institutions and companies engaged in closely related nonbank activities on the same basis as a parent bank holding company. Serving as depositories for the funds of the public, commercial banks historically have been prohibited from purchasing the stock of corporations for their own account. The National Banking Act and the Federal Reserve Act prohibit national banks and State member banks from acquiring for their own account stock of corporations, including shares of domestic banks. Most State laws also prohibit State chartered banks from acquiring corporate stock for their own account. Upon careful consideration, the wisdom of those prohibitions is quite apparent and their purpose would clearly be frustrated were the Board to approve applications by banks under the Act to acquire stock. The foregoing discussion suggests that considerations regarding financial resources and future prospects in such cases, as a general rule, will be substantially adverse.

Furthermore, consummation of this type of proposal would neither increase the convenience of bank customers nor meet the needs of any community for banking services. The fact that depositors would be exposed to greater risks, as discussed above, adversely reflects on the convenience and needs considerations. Applicant has asserted that certain cost savings may be realized from the proposed reorganization. It does not necessarily appear that cost savings to Applicant are encompassed within "the convenience and needs of the community to be served" standard set forth in § 3(c) of the Act, and the Board is not convinced that the cost savings that Applicant would realize under the proposed reorganization are as extensive as Applicant hopes they will be. In any event, alternative means are available to Applicant to realize any cost savings, for example merger of Applicant's affiliated banks into Applicant.¹¹

On the basis of the facts of record, the application to become a bank holding company is denied for the above reasons. In light of that action, the application under § 4(c)(8) to acquire shares of Firestone Financial Corporation has become moot in that such an application is required only of bank holding companies.

By order of the Board of Governors, effective February 2, 1978.

⁹Paragraph 6 of § 23A of the Federal Reserve Act exempts from § 23A limitations transactions between a member bank and an insured bank if more than 50 per cent of the voting shares of the insured bank is owned by the member bank. Pursuant to 12 U.S.C. § 1828(j), § 23A is also applicable to insured nonmember State banks such as Applicant.

¹⁰After the proposed reorganization, with Applicant as the parent organization, the equity capital in the five bank subsidiaries that was raised as a result of borrowing originally by Depositors Corporation is eliminated when the assets and liabilities of the five bank subsidiaries of Applicant are combined with those of the parent bank.

¹¹Maine law permits statewide branch banking. (9-B M.R.S.A. § 333.2).

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

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

*Dissenting Statement of
Vice Chairman Gardner and Governor Jackson*

We would approve both applications. The Board, in its action denying the corporate reorganization proposed by Applicant, has based its decision on concern over the general proposition of a bank becoming a holding company. We do not share the Board's concern; moreover, the Board's concern should be mitigated by the facts of these particular applications.

Applicant is a well-capitalized, competitive, conservatively managed and profitable bank and is in satisfactory condition. Under the proposed reorganization, Applicant would have limited involvement in a nonbanking business that is financially strong and profitable. Under the proposed corporate structure, the Board would continue to have control over nonbank acquisitions by Applicant. After consummation of the proposed reorganization, Applicant would have only minimal debt outstanding and would have the flexibility to serve as a source of strength for its bank and nonbank subsidiaries. To deny these applications will prevent Applicant from taking advantage of new corporate powers authorized by the State of Maine as well as certain cost reductions that would result from a more efficient corporate structure.

The Board should not be as wedded to a single form of holding company as today's denial suggests that it is. We believe that Applicant has demonstrated that the reorganization will strengthen its organization primarily through improvement in efficiencies and through the reduction of certain costs. Therefore, we would approve both applications.

Northwest Arkansas Bancshares, Inc.,
Bentonville, Arkansas

*Order Approving
Formation of Bank Holding Company*

Northwest Arkansas Bancshares, Inc., Bentonville, Arkansas, has applied for the Board's approval under section 3(a)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company through the

acquisition of 100 per cent, less directors' qualifying shares, of the voting shares of First National Bank, Rogers, Arkansas ("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 (42 Federal Register 58804 (1977)). The time for filing comments and views has expired, and the application and all comments received have been considered in light of the factors set forth in section 3(c) of the Act (12 U.S.C. § 1842(c)).

Applicant is a nonoperating Delaware corporation organized for the purpose of becoming a bank holding company through the acquisition of Bank. Bank holds deposits of approximately \$39.1 million, representing 0.6 per cent of the total deposits in commercial banks in Arkansas.¹ Upon consummation of the proposed transaction, Applicant would be the 41st largest banking organization in the State.

Bank, which controls 7.4 per cent of the deposits in the Fayetteville banking market, is the fifth largest of 17 banks operating in the market.² The subject proposal represents a restructuring of Bank's ownership from individuals to a corporation owned by the same individuals. However, in order to analyze the competitive effects of the subject proposal, it is necessary to consider that principals of Applicant are also principals of two other banks located in the Fayetteville market.³ The two banks, Bank of Bentonville and Bank of Pea Ridge, hold aggregate deposits of approximately \$43.3 million, representing 8.2 per cent of the market's total deposits, and rank as the sixth and seventeenth largest banks in the market, respectively. While approval of the subject proposal would further solidify the existing relationship between Bank and the two affiliated banks and reduce the likelihood that Bank would become an independent com-

¹All banking data are as of June, 1977.

²The Fayetteville banking market, the relevant geographic market for purposes of analyzing the competitive effects of the proposed transaction, is approximated by the Fayetteville, Arkansas SMSA.

³In assessing the competitive effects of a proposal involving the restructuring of a bank's ownership into corporate form, the Board takes into consideration the competitive effects of the original purchase of the subject bank by an applicant's principals. See the Board's Order of May 11, 1977, denying the application of Mahaska Investment Company, Oskaloosa, Iowa, to become a bank holding company (63 Federal Reserve BULLETIN 579 (1977)), and the Board's Order of November 18, 1977, denying the application of Citizens Bancorp, Inc., Hartford City, Indiana, to become a bank holding company (63 Federal Reserve BULLETIN 1083 (1977)).

petitor in the future, it is the Board's view that consummation of this proposal would have only slightly adverse effects on competition in the relevant market.

Although the acquisition of control of Bank by principals of Applicant in 1975 eliminated some competition that existed between Bank and the other two banks controlled by Applicant's principals, such acquisition had only slightly adverse effects on competition in the market. The Fayetteville market is not highly concentrated; the four largest banks control 54.7 per cent of total deposits in the market. Together, the three banks controlled by Applicant's principals hold aggregate deposits representing 15.6 per cent of the total deposits in the market. The aggregate deposits of these banks are slightly less than the deposits held by the market's largest bank, while only slightly more than the deposits held by either of the market's second and third largest banks. Moreover, there are 14 independent banks remaining in the market that serve as alternative sources of banking services. In view of the relative sizes of the banks controlled by Applicant's principals and the number of other banks operating in the market, the Board concludes that consummation of the subject proposal would have only slightly adverse effects on competition, and, as discussed below, it is the Board's view that such adverse effects are outweighed by considerations relating to the convenience and needs of the community to be served.

The financial and managerial resources and future prospects of Applicant are dependent upon those of Bank. Applicant proposes to service the debt it will incur as a result of the proposed transaction over a period of approximately nine years. Applicant appears to have the necessary financial flexibility to retire its acquisition debt over a reasonable period of time while maintaining an adequate capital position for Bank. The managerial resources of Applicant and Bank are considered satisfactory and the future prospects for each appear favorable. Accordingly, considerations relating to banking factors are consistent with approval of the application.

Since the acquisition of Bank by Applicant's principals, the Bank has improved and expanded its physical facilities. In addition, Bank has recently established two branch offices to serve the banking needs of its customers. Upon approval of the subject application, Applicant proposes to further improve the facilities of Bank and expand the services offered to Bank's customers. These convenience and need factors are sufficient to outweigh any

slightly adverse competitive effects that might result from consummation of the proposal. Based upon the foregoing and other considerations reflected in the record, it is the Board's judgment that the proposed acquisition is in the public interest and that the application should be approved.

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

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

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

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

Sueco, Inc.,
El Dorado, Kansas

*Order Approving
Formation of Bank Holding Company*

Sueco, Inc., El Dorado, Kansas, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 82.3 per cent of the voting shares of The Potwin State Bank, Potwin, Kansas ("Bank").

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

Applicant is a nonoperating corporation organized under the laws of Kansas for the purpose of becoming a bank holding company by acquiring Bank (\$3.5 million in deposits).¹ Upon acquisition of Bank, Applicant would control the 509th largest

¹All banking data are as of December 31, 1976.

commercial bank in the State of Kansas and would control approximately 0.04 per cent of the total deposits held by commercial banks in that State.

Bank is the seventh largest of ten commercial banks located in the relevant market² and holds approximately 3.1 per cent of the total deposits in commercial banks in that market. Applicant proposes to become a one-bank holding company through the purchase of 82.3 per cent of Bank's stock. Applicant's principal, who would become chairman of the board of Bank, is also associated with two additional banks and one registered one-bank holding company in Kansas.³ One of these organizations is the largest commercial bank that operates in the relevant market controlling 23 per cent of the total deposits in commercial banks in the market. Consummation of the proposal would increase the market share controlled by Applicant's principal to 26.1 per cent. Although the acquisition would result in the elimination of some existing competition within the relevant banking market, the overall effect on competition would not be sufficiently adverse to warrant denial of the proposal. Among the factors limiting the effect of consummation of this proposal on existing competition are Bank's relatively small size and the fact that six unaffiliated banking alternatives would thereafter remain in the market. Accordingly, based on the above and other facts of record, the Board concludes that the proposed acquisition of Bank by Applicant would not have any significant adverse effect on either existing or potential competition or have any other adverse effects on any other banks in the relevant market. Thus the Board concludes that competitive considerations are consistent with approval of the application.

The financial resources of Applicant, which are dependent upon those of Bank, and the managerial resources of Applicant and Bank are regarded as satisfactory, and their future prospects appear favorable. Although Applicant will incur some debt in connection with this proposal, it appears that income from dividends to be declared by Bank and benefits derived from filing a consolidated tax return will provide Applicant with sufficient financial

flexibility to meet its debt service requirements without adversely affecting the financial condition of Bank. Furthermore, the financial and managerial resources of the other banking organizations with which Applicant's principal is associated are regarded as generally satisfactory. Accordingly, considerations relating to banking factors are regarded as consistent with approval of the application.

Applicant proposes to increase originations and servicing of home mortgage loans and student loan financing. Accordingly, considerations relating to the convenience and needs of the community to be served are consistent with approval. Therefore, it is the Board's judgment that consummation of the proposed transaction would be consistent with the public interest and that the application should be approved.

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

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

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

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

Dissenting Statement of Governor Coldwell

In my opinion, approval of this case is inconsistent with the concern that the Board has expressed regarding the use of one-bank holding companies under common individual ownership to act as multi-bank holding companies without meeting the regulatory constraints imposed on multi-bank holding companies. I am concerned that the Board's action in this case may encourage the formation of "chain banking" arrangements that can facilitate evasions of the regulatory and statutory framework of the Bank Holding Company Act.

The facts of record indicate that Applicant's principal, who is a director and vice president of Applicant, is also President and director of First National Bank and Trust Co., El Dorado, Kansas, which is in the same banking market as Potwin State Bank, the bank to be acquired, and owns 50

²The relevant market is approximated by the southern position of Marion County and all but the southwestern portion of Butler County.

³The principal is President and a director of Benton State Bank, Benton, Kansas, and of First National Bank and Trust Co., El Dorado, Kansas. This principal also owns 50 per cent of the shares of Exchange Investors, Inc., a one-bank holding company that controls First National Bank and Trust Co. Bank competes in the same market as First National Bank and Trust Co.

per cent of the common stock of the holding company that controls First National Bank and Trust Co. In addition, Applicant's principal controls another Kansas bank not located in the same market as Potwin bank. On approval of this application, Applicant proposes to acquire 82.3 per cent of the outstanding voting shares of Potwin bank. Applicant's principal currently holds no position with Potwin bank, but would become chairman of the board upon consummation of this proposal. It appears that Applicant's principal employs the one-bank holding company form to facilitate his individual ownership of several banks in Kansas, a State that prohibits multi-bank holding companies. The one-bank holding companies related through Applicant's principal comprise a "chain banking" arrangement that functions as a substitute for either a multi-bank holding company or branch banking facilities. Such arrangements permit closely interlocked one-bank holding companies to act as multi-bank holding companies but to avoid the regulatory restrictions imposed on multi-bank holding companies. In this sense, they constitute evasions of the Bank Holding Company Act which the Board should not sanction. I am concerned that "chain banking" may result in undue concentration of financial power such as the Board would prohibit in its regulation of multi-bank holding companies.

In acting upon one-bank holding company formations in previous situations where individuals have been involved in "chain banking," the Board has stated that it is more appropriate to analyze the financial considerations and managerial resources of such organizations under the standards that are normally applicable in analyzing acquisitions by multi-bank holding companies.¹ In addition, the Board has indicated that it is inappropriate to ignore the identity of interests between an applicant and affiliated banking organizations in assessing the competitive effects of a proposal that would bring an additional bank into the affiliated group through the formation of a bank holding company.² This is especially pertinent where a proposed acquisition involves the use of a holding company by an individual or group of individuals to acquire control of a bank that is a competitor of another bank under the control of essentially the same individual or

group of individuals. In this case, Applicant's principal controls the largest banking organization in the relevant market, with 23 per cent of that market's total deposits. Acquisition of Potwin bank will result in Applicant's principal controlling 26.1 per cent of market deposits. The Board has previously denied multi-bank holding company acquisitions that would result in holding company control of comparable market shares.³ In addition, this proposal violates the guidelines set forth by the Department of Justice for horizontal acquisitions in highly concentrated markets.⁴

In favorably assessing the financial and managerial considerations associated with this proposal, the Board has applied the more restrictive standards appropriate for evaluating multi-bank holding companies. Applying those same multi-bank standards in assessing competitive considerations should, in my opinion, have led to a decision of denial. Accordingly, I would deny this application.

Accordingly, because I am of the opinion that the Board should apply its multi-bank holding company standards in assessing all of the statutory factors in section 3(c) of the Act in cases involving "chain banking" holding company arrangements, I would deny this application.

ORDERS UNDER SECTION 4 OF BANK HOLDING COMPANY ACT

Ancorp Bancshares, Inc.,
Chattanooga, Tennessee

Order Approving Acquisition of Certain Assets of General Finance Company

Ancorp Bancshares, Inc., Chattanooga, Tennessee, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to acquire

¹See Board's Order dated June 14, 1976, denying the formation of a bank holding company by Nebraska Banco, Inc., Ord, Nebraska, 62 Federal Reserve BULLETIN 638 (1976).

²See Board Order, dated May 11, 1977, denying the formation of a bank holding company by Mahaska Investment Company, Oskaloosa, Iowa, 1977 Federal Reserve BULLETIN 579 (June).

³See Board's Order dated September 17, 1975 denying the acquisition by Alabama Bancorporation, Birmingham, Alabama, of Muscle Shoals National Bank, Muscle Shoals, Alabama. See also Board's Order dated April 1, 1977, denying the acquisition by Commerce Bankshares, Inc., Kansas City, Missouri, of Farmers State Bank, St. Joseph, Missouri.

⁴In markets where the four-firm concentration ratio is greater than 75.0 per cent, the Department of Justice may challenge an acquisition if a firm with 15.0 per cent or more of the market is acquiring a firm with 1.0 per cent or more.

indirectly through its wholly-owned subsidiary, Ancorp Finance Company ("AFC"), certain assets of General Finance Company, Rossville, Georgia, ("Company"), a company that engages in the activities of making or acquiring for its own account or the account of others, loans and other extensions of credit such as would be made by a finance company, and acting as agent or broker in the sale of insurance directly related to such extensions of credit. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(1) 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 (42 *Fed. Reg.* 63465 (1977)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in the light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the seventh largest banking organization in Tennessee, controls two banks with total deposits of \$518.4 million, representing approximately 3.6 per cent of the total deposits in commercial banks in the State.¹ Company maintains one office, and engages in the activities of making secured consumer loans, purchasing retail installment sales contracts and selling credit life insurance and credit accident and health insurance related to its consumer credit transactions. Applicant proposes to acquire assets of Company valued at approximately \$179,000 consisting of receivables, furniture and fixtures, Company's license to do business in Georgia and Company's leasehold interest at its office location. It is proposed that AFC operate Company's sole office.

One of Applicant's subsidiary banks, American National Bank and Trust Company of Chattanooga, ("ANB") and AFC both engage in consumer finance activities in competition with Company in the Chattanooga market.² In light of a recent decision of the Tennessee Supreme Court, which has had the effect of limiting the maximum annual percentage that may be charged by a lender in consumer finance transactions to 10 per cent.³ AFC has sus-

pending the making of new consumer loans pending revision of the State law. ANB is continuing to make consumer loans in the market, however, and accordingly, the acquisition would at least, eliminate some existing competition between Company and ANB. Nonetheless, inasmuch as Company accounts for only one tenth of one per cent of the total consumer installment loans in the market, the amount of competition that would be eliminated is not viewed as significant and the resulting increase in Applicant's market share is viewed as negligible. Accordingly, the Board finds that Applicant's acquisition of Company would not have any significant effect upon competition.

It appears that consummation of this proposal would not result in any undue concentration of resources, conflicts of interests, unsound banking practices, or any other adverse effects upon the public interest.

As a result of this proposal, AFC would be able to offer Company's customers a greater variety of loans than those now offered by Company. In addition, AFC would be able to continue to service its present customers from this office. In the Board's judgment the public benefits of this proposal outweigh any anticompetitive effects and lend weight toward approval.

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

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

By order of the Board of Governors, effective February 23, 1978.

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

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

[SEAL]

¹Unless otherwise noted all banking data are as of December 31, 1976.

²The Chattanooga market consists of Hamilton County in southeastern Tennessee and Walker County in northwestern Georgia.

³*Cumberland Capital Corporation v. Patty* 556 S.W. 2d 516 (Tenn. 1977).

United Bancorp,
Roseburg, Oregon

*Order Approving Formation
of United Bancorp Municipals, Inc.*

United Bancorp, Roseburg, Oregon, a bank holding company within the meaning of the Bank Holding Company Act, has applied for the Board's approval, under § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)), to form United Bancorp Municipals, Inc., Roseburg, Oregon, a company that will engage *de novo* in the activities of underwriting and dealing in certain government securities.

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 4 of the Act (39 *Fed. Reg.* 13007 (1974)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, the twelfth largest banking organization in Oregon, controls one subsidiary bank with aggregate deposits of approximately \$48.1 million, representing about 0.7 per cent of the total deposits in commercial banks in the State.¹ United Bancorp Municipals, Inc. would engage *de novo* in the activities of underwriting and dealing in such obligations of the United States, general obligations of various States and of political subdivisions thereof and other obligations that State member banks of the Federal Reserve System may from time to time be authorized to deal in under § 24 (Paragraph Seventh) and § 335 of Title 12 of the United States Code. By notice of proposed rulemaking published in the *Federal Register* on April 10, 1974, (39 *Fed. Reg.* 13007 (1974)), the Board proposed to add this activity to the list of activities that it has determined by regulation to be so closely related to banking or managing or controlling banks as to be a proper incident thereto (§ 225.4(a) of Regulation Y). In its Order of January 26, 1978, published in the *Federal Register* on February 8, 1978, (43 *Fed. Reg.* 5382 (1978)), the Board announced its decisions to terminate a previously announced suspension of consideration of the activity; not to adopt the proposed amendment to the regulation; to terminate the rule-making proceeding; and to permit the activity, if at all, by order. The reasons for those decisions are summarized in that Statement.

In determining whether an activity is permissible under § 4(c)(8) of the Act, the Board must first determine that the nonbank activity involved is "closely related to banking or managing or controlling banks". In its order of October 19, 1976, (41 *Fed. Reg.* 47083(1976)), the Board concluded as a general matter that the activity of underwriting and dealing in certain government and municipal securities was closely related to banking. That conclusion was affirmed in its January 26, 1978 Order, cited above. In each instance the Board's determination was based primarily upon the fact that banks generally are authorized to, and many banks in fact do, engage directly in the described activity.

Before permitting a bank holding company to engage in a "closely related" activity, the Board must examine any public benefits that may reasonably be expected to derive from bank holding company performance of the activity and weigh them against the possible adverse effects of such performance to determine whether the activity is a "proper incident" to banking or managing or controlling banks. The instant proposal essentially represents a corporate reorganization wherein Applicant would form a *de novo* nonbank subsidiary to conduct securities dealing and underwriting activities currently being conducted by its subsidiary bank, Douglas National Bank, Roseburg, Oregon. Inasmuch as the proposal would result in a shifting of an activity within the same corporate structure, approval of the application would have no adverse competitive effects.

The Board notes that Douglas National Bank has conducted its government securities operation to be transferred to United Bancorp Municipals, Inc., in a conservative manner. It appears that a continuation of such practices in the future by United Bancorp Municipals, Inc., subsequent to such a transfer would ensure that the transfer would have no adverse effects on the financial soundness of Applicant or any of its subsidiaries. Furthermore, there is no evidence in the record indicating that consummation of this proposed transaction would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects upon the public interest.

On the other hand, on the facts of this case, it appears that certain operating efficiencies may be realized by separating securities underwriting and dealing activities from Applicant's subsidiary bank and incorporating them into a separate subsidiary. Moreover, Applicant would expand its underwriting and dealing services. These improvements in

¹All banking data are as of June 30, 1977.

operations and the expansion of activities should result in benefits to the public in terms of increased competition and services. Upon a consideration of all the relevant facts, the Board concludes that the public benefits that may be reasonably expected to result from approval of the instant application outweigh any possible adverse effects.

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 of 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 delegated authority.

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

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

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

[SEAL]

Stepp, Inc.,
Mission Hills, Kansas

*Order Approving
Retention of A. F. Stepp Investments, Inc.*

Stepp, Inc., Mission Hills, Kansas, a bank holding company within the meaning of the Bank Holding Company Act, has applied pursuant to § 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) and § 225.4(b)(2) of the Board's Regulation Y (12 CFR § 225.4(b)(2)) for permission from the Board to retain shares of A. F. Stepp Investments, Inc., a company engaged in government securities underwriting activities.¹

Notice of the application, affording opportunity for interested persons to submit comments and views, has been given in accordance with § 4 of the

Act (41 *Fed. Reg.* 14334 (1976)). The time for filing comments and views has expired, and the Board has considered the application and all comments received in light of the public interest factors set forth in § 4(c)(8) of the Act.

Applicant, the 188th largest of 614 banking organizations in the State, is a corporation that controls two direct subsidiaries. The first is Quindaro Bancshares, Inc., Kansas City, Kansas ("Quindaro") a one-bank holding company. The other is A. F. Stepp Investments, Inc., Kansas City, Missouri ("Stepp Investments"). Quindaro's subsidiary is Arrowhead State Bank of Kansas City, Kansas City, Kansas ("Bank"). Bank holds deposits of \$14.8 million.

Applicant has applied to the Board for approval to retain shares of Stepp Investments, a company that engages in underwriting obligations of the United States, obligations of various States and of political subdivisions thereof and other obligations that State member banks of the Federal Reserve System may from time to time be authorized to underwrite and deal in under sections 24 (Paragraph Seventh) and 335 of Title 12 of the United States Code. By notice of proposed rulemaking published in the *Federal Register* on April 10, 1974 (39 *Fed. Reg.* 13007 (1974)), the Board proposed to add this activity to the list of activities that it has determined by regulation to be "so closely related to banking or managing or controlling banks as to be a proper incident thereto" (§ 225.4(a) of the Board's Regulation Y). In an Order of January 26, 1978 (43 *Fed. Reg.* 5382 (1978)), the Board announced its decisions to terminate the previously announced suspension of consideration of the activity; not to adopt the proposed amendment to the regulation; to terminate the rulemaking proceeding; and to permit the activity, if at all, by order. The reasons for those decisions are summarized in that Order.

In determining whether an activity is permissible under § 4(c)(8) of the Act, the Board must first determine that the nonbank activity involved is "closely related to banking or managing or controlling banks". In its order of October 19, 1976, (41 *Fed. Reg.* 47083(1976)), the Board concluded as a general matter that the activity of underwriting and dealing in certain government and municipal securities was closely related to banking. That conclusion was affirmed in its January 26, 1978, Order, cited above. In each instance the Board's determination was based primarily upon the fact that banks generally are authorized to, and many banks in fact do, engage directly in the described activity.

Before permitting a bank holding company to

¹On October 22, 1976, the Board announced the release of its Order approving the application of Stepp, Inc., to become a bank holding company by acquiring Quindaro Bancshares, Inc., Kansas City, Kansas. In that Order the Board also announced its deferral of the instant application.

engage in a "closely related" activity, the Board must examine any public benefits that may be reasonably expected to derive from bank holding company performance of the activity, and weigh them against the possible adverse effects of such performance to determine whether the activity is a "proper incident" to banking or managing or controlling banks. In this case, therefore, the Board sought to determine whether public benefits that may be reasonably expected to derive from Applicant's continuing to engage in this activity outweigh any possible adverse effects.

Approval of this application would simply ratify a current and longstanding relationship between Stepp Investments and Bank and would have no adverse effects on existing competition. Moreover, the history of that relationship suggests that the affiliation has neither had, nor is likely to cause, any other adverse effects. In arriving at this conclusion, the Board considered the conservative manner in which the affiliated companies have conducted these activities in the past.

Approval of the proposal should have some positive effects. Stepp Investments' activities include underwriting general obligations of local government issuers in its primary market and competing in the Midwest region with others offering government securities services. The Board concludes that approval of this application would be in the public interest since the local municipal issuers would continue to be served by Stepp Investments and the company would continue to serve as an alternative source for government securities services.

There is no evidence in the record indicating that continuation of the existing relationship would result in any undue concentration of resources, unfair competition, conflicts of interest, unsound banking practices, or other adverse effects upon the public interest.

Accordingly, upon a consideration of all the relevant facts the Board concludes that the public benefits that may be reasonably expected to result from approval of the instant application outweigh any possible adverse effects, and, therefore, the application is approved for the reasons summarized above. This determination is subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require reports by, and make examinations of, holding companies and their subsidiaries and to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's

regulations and orders issued thereunder or to prevent evasion thereof.

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

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

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

[SEAL]

ORDER UNDER SECTIONS 3 & 4 OF BANK HOLDING COMPANY ACT

The Weld State Company,
Fort Lupton, Colorado

*Order Approving
Formation of Bank Holding Company
and Performance of Insurance Agency Activities*

The Weld State Company, Fort Lupton, Colorado, has applied for the Board's approval under § 3(a)(1) of the Bank Holding Company Act (12 U.S.C. § 1842(a)(1)) of formation of a bank holding company by acquiring 90 per cent (or more) of the voting shares of The Fort Lupton State Bank, Fort Lupton, Colorado ("Bank"). The factors that are considered in acting on this application are set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)). Applicant has also applied, pursuant to § 4(c)(8) of the Bank Holding Company Act (12 U.S.C. § 1843(c)(8)) and § 225.2(b) of the Board's Regulation Y, for permission to engage *de novo* in the sale of credit life and credit accident and health insurance directly related to extensions of credit by Bank. Such activities have been determined by the Board to be closely related to banking (12 CFR § 225.4(a)(9)(ii)(a)).

Notice of the applications, affording opportunity for interested persons to submit comments and views, has been given in accordance with §§ 3 and 4 of the Act (42 *Fed. Reg.* 63659 (1977)). The time for filing comments and views has expired, and the Board has considered the applications and all comments received in light of the factors set forth in § 3(c) of the Act (12 U.S.C. § 1842(c)), and the considerations specified in § 4(c)(8) of the Act (12 U.S.C. § 1843(c)(8)).

Applicant, a nonoperating company with no subsidiaries, was organized for the purpose of becoming a bank holding company by acquiring Bank. Upon acquisition of Bank, Applicant would control the 129th largest bank in Colorado with .16 of one per cent of total deposits in commercial banks in the

State. Bank, with deposits of \$13.5 million,¹ is the sixth largest of seventeen banks in the Weld County banking market² and controls 4.0 per cent of the total deposits therein.

Principals of Applicant are affiliated with 11 other one-bank holding companies, nine of which are located in Nebraska, one in Kansas, and one in Wyoming. In addition, several of Applicant's principals are affiliated with four other banks in the State of Nebraska. The subsidiary banks of the holding companies and the four other banks with which Applicant's principals are affiliated are located in separate banking markets from Bank. Consummation of the proposal would neither eliminate existing or potential competition nor would it increase the concentration of banking resources in the relevant market. Furthermore, it does not appear that consummation of this proposal would be in furtherance of an anticompetitive arrangement involving Applicant's principals. On the basis of the facts of record, the Board concludes that competitive considerations are consistent with approval of the application.

Where principals of an applicant are also engaged in operating a chain of one-bank holding companies, the Board applies multi-bank holding company standards in assessing the financial and managerial resources and future prospects both of an applicant seeking to become a one-bank holding company and of its proposed subsidiary bank.³ Based upon such analysis in this case, the financial and managerial resources and future prospects of Applicant appear to be satisfactory. Although Applicant would incur some debt in connection with this proposal, it appears that Applicant would be able to meet its debt servicing requirements without adversely affecting the financial position of Bank. The financial and managerial considerations with respect to the other one-bank holding companies and their respective subsidiary banks with which Applicant's principals are associated are regarded as generally satisfactory, suggesting that Applicant would conduct its operations and those of Bank in a generally satisfactory manner. Therefore, the considerations relating to banking factors in regard to this proposal are consistent with approval of the application.

Although consummation of this proposal would have no immediate effect on the banking services offered by Bank, convenience and needs considerations are consistent with approval of the application. Accordingly, it is the Board's judgment that Applicant's proposal to form a bank holding company would be consistent with the public interest and that the application should be approved.

In connection with the application to become a bank holding company, Applicant has also applied pursuant to § 225.4(a)(9) of Regulation Y, to engage *de novo* in the sale of credit life and credit accident and health insurance directly related to extensions of credit by Bank. Credit related insurance sales are currently conducted by Bank's officers and it does not appear that approval of Applicant's proposal would have any significant effect on existing or potential competition. Approval of the application, on the other hand, would assure customers of Bank of a convenient source of such insurance services. Furthermore, there is no evidence in the record indicating that consummation of the proposal would result in any undue concentration of resources, unfair competition, conflicts of interests, unsound banking practices, or other adverse effects on the public interest.

Based upon the foregoing and other considerations reflected in the record, the Board has determined, in accordance with the provisions of § 4(c)(8) of the Act, that consummation of this proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects and that the application to engage in credit related insurance activities should be approved.

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

¹All banking data are as of December 31, 1976.

²The Weld County banking market is approximated by Weld County.

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

By order of the Board of Governors, effective February 16, 1978.

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

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

PRIOR CERTIFICATION PURSUANT TO THE BANK HOLDING COMPANY TAX ACT OF 1976

GATX Corporation,
Chicago, Illinois

[Docket No. TCR 76-102]

GATX Corporation (formerly General American Transportation Corporation), Chicago, Illinois ("GATX") has requested a prior certification pursuant to section 6158(a) of the Internal Revenue Code ("Code"), as amended by section 3(a) of the Bank Holding Company Tax Act of 1976 ("Tax Act"), that its sale on November 30, 1973, of 100,000 shares ("Bank Shares"), representing 14 per cent of the outstanding voting shares, of LaSalle National Bank, Chicago, Illinois ("Bank"), was necessary or appropriate to effectuate the policies of the Bank Holding Company Act (12 U.S.C. § 1841 *et seq.*) ("BHC Act"). The Bank Shares were sold for \$40 per share in cash to the following purchasers: First Highland Corporation, Highland Park, Illinois (34,000 Bank shares); Financial Investments Corporation, Chicago, Illinois (34,000 Bank shares); North State Investment Corporation, Chicago, Illinois (16,000 Bank shares); and, Elk Grove Investment Corporation, Elk Grove, Illinois (16,000 Bank shares). Each of the purchasers is a one-bank holding company with respect to banks other than Bank.

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

1. GATX is a corporation organized on July 5, 1916, under the laws of the State of New York.

2. On November 20, 1968, GATX completed an exchange offer whereby it acquired ownership and control of 614,243 shares, representing 91 per cent of the outstanding voting shares, of Bank. On July 1, 1969, GATX completed a second exchange offer

whereby it acquired ownership and control of an additional 68,838 shares of Bank, thereby increasing its percentage of ownership in Bank to 99 per cent of the outstanding voting shares of bank.

3. GATX became a bank holding company on December 31, 1970, as a result of the 1970 Amendments to the BHC Act, by virtue of its ownership and control at that time of more than 25 per cent of the outstanding voting shares of Bank, and it registered as such with the Board on November 8, 1971. GATX would have been a bank holding company on July 7, 1970, if the BHC Act Amendments of 1970 had been in effect on such date, by virtue of its ownership and control on that date of more than 25 per cent of the outstanding voting share of Bank. On November 30, 1973, GATX owned and controlled 682,591 shares, representing 98 per cent of the outstanding voting shares, of Bank. GATX presently owns and controls 582,491 shares, representing 84 per cent of the outstanding voting shares, of Bank.

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

5. On March 31, 1971, GATX filed with the Board an irrevocable declaration pursuant to section 225.4(d) of the Board's Regulation Y that it would cease to be a bank holding company prior to January 1, 1981, by divesting itself of all of its interest in Bank. In accordance with that portion of the regulation and GATX's commitment, GATX has been permitted to expand its nonbanking activities without seeking the Board's prior approval.

6. The sale of the Bank Shares was the first step in GATX's plan to divest all of its interest in Bank. On November 8, 1973, GATX contracted with Messrs. Harrison I. Steans and James G. Costakis (together referred to as "S-C") for the purchase of Bank Shares. S-C, in turn, assigned their rights in the Bank Shares to the four purchasers of the shares. Pursuant to that agreement GATX has also granted S-C options exercisable in 1980 to purchase the remaining 582,491 shares of Bank now held by GATX.

7. GATX has committed to the Board that upon the sale of the remaining shares of Bank, no person holding an office or position (including an advisory or honorary position) with GATX or any of its subsidiaries as a director, policymaking employee or consultant, or who performs (directly, or through

¹This information derives from GATX's correspondence with the Board concerning its request for this certification and GATX's Registration Statement filed with the Board pursuant to the BHC Act.

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 Bank or any of its present or future affiliates.

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

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

(B) Bank Shares covered by the instant request (i.e., the 100,000 shares of Bank sold on November 30, 1973) are part of the property by reason of which GATX controlled (within the meaning of section 2(a) of the BHC Act) a bank; and

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

This certification is based upon the representations and commitments made to the Board by GATX 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 GATX, or that GATX 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 the certification.

By order of the Board of Governors, acting through its Acting General Counsel, pursuant to delegated authority (12 CFR 265.2(b)(3)), effective February 21, 1978.

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

[SEAL]

ORDERS APPROVED UNDER BANK HOLDING COMPANY ACT

BY THE BOARD OF GOVERNORS

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

Section 3

| <i>Applicant</i> | <i>Bank(s)</i> | <i>Board action (effective date)</i> |
|---|--|--|
| B-O-B Financial Corporation, Bismarck, Missouri | Bank of Bismarck, Bismarck, Missouri | 2/23/78 |
| Financial Bancshares, Inc., Topeka, Kansas | The Kansas State Bank in Holton, Holton, Kansas | 2/17/78 |
| National Detroit Corporation, Detroit, Michigan | NBD-Portage Bank, Portage, Michigan | 2/16/78 |
| Pittsburg Bancshares, Inc., Pittsburg, Kansas | The National Bank of Pittsburg, Pittsburg, Kansas | 2/10/78 |
| West Point Bancorp, Inc., West Point, Nebraska | The Farmers & Merchants National Bank of West Point, West Point, Nebraska | 2/8/78 |
| First Financial Bancshares, Inc., Nevada, Missouri | Mountain Grove National Bank, Mountain Grove, Missouri | 2/6/78 |

PENDING CASES INVOLVING THE BOARD OF GOVERNORS*

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.

Gelfand v. Board of Governors, filed December 1977, U.S.C.A. for the Fifth Circuit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Central Wisconsin Bankshares, Inc. v. Board of Governors, filed June 1976, U.S.C.A. for the Seventh Circuit.

National Urban League, et. al. v. Office of the Comptroller of the Currency, et. al., filed April 1976, U.S.D.C. for the District of Columbia Circuit.

Association of Bank Travel Bureaus, Inc. v. Board of Governors, filed February 1976, U.S.C.A. for the Seventh Circuit.

Memphis Trust Company v. Board of Governors, filed February 1976, U.S.D.C. for the Western District of Tennessee.

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

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

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

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

Louis J. Roussel v. Board of Governors, filed April 1975, U.S.D.C. for the Eastern District of Louisiana.

Georgia Association of Insurance Agents, et. al. v. Board of Governors, filed October 1974, U.S.C.A. for the Fifth Circuit.

Alabama Association of Insurance Agents, et. al. v. Board of Governors, filed July 1974, U.S.C.A. for the Fifth Circuit.

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

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

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

Directors of Federal Reserve Banks and Branches

Following is a list of the directorates of the Federal Reserve Banks and Branches as at present constituted. The list shows, in addition to the name of each director, his principal business affiliation, the class of directorship, and the date when his term expires. Each Federal Reserve Bank has nine directors: three Class A and three Class B directors, who are elected by the stockholding member banks, and three Class C directors, who are appointed by the Board of Governors of the Federal Reserve System. All Federal Reserve Bank directors are chosen without discrimination on the basis of race, creed, color, sex, or national origin. Class A directors are representative of the stockholding member banks. Class B directors represent the public and are elected with due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers, and may not be officers, directors, or employees of any bank.

For the purpose of electing Class A and Class B directors, the member banks of each Federal Reserve district are classified by the Board of Governors of the Federal Reserve System into three

groups, each of which consists of banks of similar capitalization, and each group elects one Class A and one Class B director. Class C directors are selected to represent the public with due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers, and may not be officers, directors, employees, or stockholders of any bank. One Class C director is designated by the Board of Governors as Chairman of the Board of Directors and Federal Reserve Agent and another is appointed Deputy Chairman. Federal Reserve Branches have either five or seven directors, of whom a majority are appointed by the Board of Directors of the parent Federal Reserve Bank; the others are appointed by the Board of Governors of the Federal Reserve System. One of the directors appointed by the Board of Governors at each Branch is designated annually as Chairman of the Board in such a manner as the Federal Reserve Bank may prescribe.

In this list of the directorates, names followed by footnote 1 ⁽¹⁾ are Chairmen, those by footnote 2 ⁽²⁾ are Deputy Chairmen, and those by footnote 3 ⁽³⁾ indicate new appointments.

DISTRICT 1—BOSTON

Class A

| | | |
|------------------------------|---|------|
| John D. Robinson | President, Firstbank, N.A., Farmington, Me. | 1978 |
| John Hunter, Jr. | President, Vermont National Bank, Brattleboro, Vt. | 1979 |
| Richard D. Hill ³ | Chairman of the Board, First National Boston Corporation, Boston, Mass. | 1980 |

Class B

| | | |
|------------------------|---|------|
| Alfred W. Van Sinderen | President, The Southern New England Telephone Company, New Haven, Conn. | 1978 |
| Vacancy | | 1979 |
| Weston P. Figgins | Chairman of the Board, Wm. Filene's Sons Company, Boston, Mass. | 1980 |

*Term
expires
Dec. 31*

DISTRICT 1—BOSTON—Continued

*Term
expires
Dec. 31*

Class C

| | | |
|------------------------------|--|------|
| Louis W. Cabot ¹ | Chairman of the Board, Cabot Corporation, Boston, Mass. | 1978 |
| Kenneth I. Guscott | President, Ken Guscott Associates, Boston, Mass. | 1979 |
| Robert M. Solow ² | Institute Professor, Massachusetts Institute of Technology, Cambridge, Mass. | 1980 |

DISTRICT 2—NEW YORK

Class A

| | | |
|----------------------|--|------|
| Vacancy | | 1978 |
| Ellmore C. Patterson | Chairman of the Executive Committee, Morgan Guaranty Trust Company of New York, New York, N.Y. | 1979 |
| Raymond W. Bauer | Chairman and President, United Counties Trust Company, Elizabeth, N.J. | 1980 |

Class B

| | | |
|----------------------|--|------|
| John R. Mulhearn | President, New York Telephone Company, New York, N.Y. | 1978 |
| Maurice F. Granville | Chairman of the Board, Texaco Inc., White Plains, N.Y. | 1979 |
| William S. Sneath | Chairman of the Board, Union Carbide Corporation, New York, N.Y. | 1980 |

Class C

| | | |
|---------------------------------|---|------|
| Gertrude Michelson ³ | Senior Vice President—Consumer Affairs, Macy's New York, New York, N.Y. | 1978 |
| Boris Yavitz ² | Dean, Graduate School of Business, Columbia University, New York, N.Y. | 1979 |
| Robert H. Knight ¹ | Partner, Shearman and Sterling, Attorneys, New York, N.Y. | 1980 |

—BUFFALO BRANCH

Appointed by Federal Reserve Bank

| | | |
|--------------------------------|--|------|
| Kent O. Parmington | President, The Bank of New York—Western Region, Buffalo, N.Y. | 1978 |
| M. Jane Dickman | Partner, Touche Ross & Co., Buffalo, N.Y. | 1979 |
| William B. Webber | Chairman and Chief Executive Officer, Lincoln First Bank of Rochester, Rochester, N.Y. | 1979 |
| William S. Gavitt ³ | President, The Lyons National Bank, Lyons, N.Y. | 1980 |

Appointed by Board of Governors

| | | |
|--------------------------------|--|------|
| Donald R. Nesbitt ¹ | Owner-Operator, Silver Creek Farms, Albion, N.Y. | 1978 |
| Frederick D. Berkeley | Chairman of the Board and President, Graham Manufacturing Company, Inc., Batavia, N.Y. | 1979 |
| Paul A. Miller | President, Rochester Institute of Technology, Rochester, N.Y. | 1980 |

DISTRICT 3—PHILADELPHIA

*Term
expires
Dec. 31*

Class A

| | | |
|-----------------------------------|---|------|
| James Patchell | President and Chief Executive Officer, National Bank and Trust Company of Gloucester County, Woodbury, N.J. | 1978 |
| W. J. Smouse | President, The First National Bank in Bedford, Bedford, Pa. | 1979 |
| Wilson M. Brown, Jr. ³ | President and Chief Executive Officer, Southeast National Bank of Pennsylvania, Chester, Pa. | 1980 |

Class B

| | | |
|--------------------|--|------|
| Harold A. Shaub | President and Chief Executive Officer, Campbell Soup Co., Camden, N.J. | 1978 |
| William S. Masland | President, C. H. Masland & Sons, Carlisle, Pa. | 1979 |
| Jack K. Busby | Chairman and Chief Executive Officer, Pennsylvania Power & Light Company, Allentown, Pa. | 1980 |

Class C

| | | |
|------------------------------|---|------|
| John W. Eckman ¹ | Chairman, Rorer Group Inc., Fort Washington, Pa. | 1978 |
| Jean Crockett | Professor of Finance, University of Pennsylvania, Philadelphia, Pa. | 1979 |
| Werner C. Brown ² | President, Hercules Incorporated, Wilmington, Del. | 1980 |

DISTRICT 4—CLEVELAND

Class A

| | | |
|------------------------------|---|------|
| Richard P. Raish | President, First National Bank, Bellevue, Ohio | 1978 |
| John W. Alford | President, The Park National Bank, Newark, Ohio | 1979 |
| John A. Gelbach ³ | Chairman and Chief Executive Officer, Central National Bank of Cleveland, Cleveland, Ohio | 1980 |

Class B

| | | |
|------------------------------|---|------|
| John J. Dwyer | President, Oglebay Norton Co., Cleveland, Ohio | 1978 |
| Charles Y. Lazarus | Chairman, The F. & R. Lazarus Co., Columbus, Ohio | 1979 |
| Hays T. Watkins ³ | Chairman and President, Chessie System, Inc., Cleveland, Ohio | 1980 |

Class C

| | | |
|---------------------------------|--|------|
| Otis A. Singletary ² | President, University of Kentucky, Lexington, Ky. | 1978 |
| Robert E. Kirby ¹ | Chairman and Chief Executive Officer, Westinghouse Electric Corp., Pittsburgh, Pa. | 1979 |
| Arnold R. Weber ³ | Provost, Office of Provost, Carnegie-Mellon University, Pittsburgh, Pa. | 1980 |

DISTRICT 4—CLEVELAND—Continued

—CINCINNATI BRANCH

Term
expires
Dec. 31*Appointed by Federal Reserve Bank*

| | | |
|---|--|------|
| Robert A. Kerr | Chairman and Chief Executive Officer, Winters National Bank and Trust Co., Dayton, Ohio | 1978 |
| Lawrence Hawkins | Senior Vice President, University of Cincinnati, Cincinnati, Ohio | 1978 |
| William N. Liggett | Chairman of the Board and Chief Executive Officer, The First National Bank of Cincinnati, Cincinnati, Ohio | 1979 |
| Walter W. Hillenmeyer, Jr. ³ | President, First Security National Bank, Lexington, Ky. | 1980 |

Appointed by Board of Governors

| | | |
|-------------------------------------|---|------|
| Martin B. Friedman | President, Formica Corporation, Cincinnati, Ohio | 1978 |
| J. L. Jackson | President, Falcon Coal Company, Inc. Lexington, Ky. | 1979 |
| Lawrence H. Rogers, II ¹ | President and Chief Executive Officer, Omega Communications, Inc., Cincinnati, Ohio | 1980 |

—PITTSBURGH BRANCH

Appointed by Federal Reserve Bank

| | | |
|--------------------------------|--|------|
| R. Burt Gookin | Vice Chairman and Chief Executive Officer, H.J. Heinz Co., Pittsburgh, Pa. | 1978 |
| William E. Midkiff, III | Chairman of the Board, The First National Bank and Trust Company in Steubenville, Ohio | 1978 |
| Peter Mortensen | President, F.N.B. Corporation, Sharon, Pa. | 1979 |
| William E. Bierer ³ | President, Equibank, N.A., Pittsburgh, Pa. | 1980 |

Appointed by Board of Governors

| | | |
|------------------------------------|--|------|
| William H. Knoell | President, Cyclops Corporation, Pittsburgh, Pa. | 1978 |
| G. Jackson Tankersley ¹ | President, Consolidated Natural Gas Company, Pittsburgh, Pa. | 1979 |
| Lloyd McBride ³ | President, United Steelworkers of America, Pittsburgh, Pa. | 1980 |

DISTRICT 5—RICHMOND

Class A

| | | |
|-----------------------------------|--|------|
| J. Owen Cole | Chairman of the Board and President, First National Bank of Maryland, Baltimore, Md. | 1978 |
| Frank B. Robards, Jr. | President, Rock Hill National Bank, Rock Hill, S.C. | 1979 |
| Frederic H. Phillips ³ | President, New Bank of Roanoke, Roanoke, Va. | 1980 |

Class B

| | | |
|-------------------------------|--|------|
| Paul E. Reichardt | Chairman of the Board, Chief Executive Officer and President, Washington Gas Light Company, Washington, D.C. | 1978 |
| Andrew L. Clark | President, Andy Clark Ford, Inc., Princeton, W. Va. | 1979 |
| Thomas A. Jordan ³ | Secretary-Treasurer, Stuart Furniture Industries, Inc., Asheboro, N.C. | 1980 |

DISTRICT 5—RICHMOND—Continued

| | | <i>Term expires Dec. 31</i> |
|------------------------------|--|-------------------------------------|
| <i>Class C</i> | | |
| Maceo A. Sloan ² | Executive Vice President, North Carolina Mutual Life Insurance Co., Durham, N.C. | 1978 |
| E. Angus Powell ¹ | Partner, Midlothian Company, Midlothian, Va. | 1979 |
| Steven Muller ³ | President, The Johns Hopkins University, Baltimore, Md. | 1980 |

—BALTIMORE BRANCH

Appointed by Federal Reserve Bank

| | | |
|-----------------------------------|--|------|
| Pearl C. Brackett ³ | Assistant/Deputy Manager, Baltimore Regional Chapter of American Red Cross, Baltimore, Md. | 1978 |
| Lacy I. Rice, Jr. | President, The Old National Bank of Martinsburg, Martinsburg, W. Va. | 1979 |
| A. R. Reppert | President, The Union National Bank of Clarksburg, Clarksburg, W. Va. | 1979 |
| Joseph M. Gough, Jr. ³ | President, The First National Bank of St. Mary's, Leonardtown, Md. | 1980 |

Appointed by Board of Governors

| | | |
|----------------------------|---|------|
| David W. Barton, Jr. | President, The Barton-Gillet Company, Baltimore, Md. | 1978 |
| I. E. Killian ¹ | President, Killian Enterprises, Inc., Gibson Island, Md. | 1979 |
| Catherine Byrne Doehler | Senior Vice President, Chesapeake Financial Corporation, Baltimore, Md. | 1980 |

—CHARLOTTE BRANCH

Appointed by Federal Reserve Bank

| | | |
|-------------------|---|------|
| William W. Bruner | Chairman and President, First National Bank of South Carolina, Columbia, S.C. | 1978 |
| Thomas L. Benson | President, The Conway National Bank, Conway, S.C. | 1979 |
| W. B. Apple, Jr. | President, First National Bank of Reidsville, Reidsville, N.C. | 1979 |
| John T. Fielder | President, J. B. Ivey and Company, Charlotte, N.C. | 1980 |

Appointed by Board of Governors

| | | |
|---------------------------------|--|------|
| Robert C. Edwards ¹ | President, Clemson University, Clemson, S.C. | 1978 |
| Naomi G. Albanese | Dean, School of Home Economics, University of North Carolina at Greensboro, Greensboro, N.C. | 1979 |
| Robert E. Elberson ³ | President, Chief Executive Officer and Director, Hanes Corporation, Winston-Salem, N.C. | 1980 |

DISTRICT 6—ATLANTA

*Class A**Term
expires
Dec. 31*

| | | |
|------------------------------|--|------|
| Sam I. Yarnell | Chairman, American National Bank and Trust Co., Chattanooga, Tenn. | 1978 |
| John T. Oliver, Jr. | President, First National Bank of Jasper, Jasper, Ala. | 1979 |
| Hugh M. Willson ³ | President, Citizens National Bank, Athens, Tenn. | 1980 |

Class B

| | | |
|----------------------------------|--|------|
| George W. Jenkins | Chairman, Publix Super Markets, Inc., Lakeland, Fla. | 1978 |
| Jean McArthur Davis ³ | President, McArthur Dairy, Inc., Miami, Fla. | 1979 |
| Ulysses V. Goodwyn | Executive Vice President, Southern Natural Resources, Inc., Birmingham, Ala. | 1980 |

Class C

| | | |
|--|---|------|
| Fred Adams, Jr. | President, Cal-Maine Foods, Inc., Jackson, Miss. | 1978 |
| Clifford M. Kirtland, Jr. ¹ | President, Cox Broadcasting Corporation, Atlanta, Ga. | 1979 |
| William A. Fickling, Jr. ³ | Chairman and President, Charter Medical Corp., Macon, Ga. | 1980 |

—BIRMINGHAM BRANCH

Appointed by Federal Reserve Bank

| | | |
|--------------------------------|--|------|
| Robert H. Woodrow, Jr. | Chairman of the Board and Chief Executive Officer, First National Bank of Birmingham, Birmingham, Ala. | 1978 |
| Drury Flowers | President, First Alabama Bank of Dothan, Dothan, Ala. | 1979 |
| Martha H. Simms | Huntsville, Ala. | 1979 |
| George S. Shirley ³ | President, The First National Bank of Tuscaloosa, Tuscaloosa, Ala. | 1980 |

Appointed by Board of Governors

| | | |
|-------------------------------------|--|------|
| Frank P. Samford, Jr. | Chairman of the Board, Liberty National Life Insurance Co., Birmingham, Ala. | 1978 |
| William H. Martin, III ¹ | Executive Vice President, Martin Industries, Inc., Sheffield, Ala. | 1979 |
| Harold B. Blach, Jr. | President, J. Blach & Sons, Inc., Birmingham, Ala. | 1980 |

—JACKSONVILLE BRANCH

Appointed by Federal Reserve Bank

| | | |
|------------------------|--|------|
| John T. Cannon, III | President, Barnett Bank of Cocoa, N.A., Cocoa, Fla. | 1978 |
| Richard E. Ehlis | President, Florida National Bank at Lakeland, Lakeland, Fla. | 1979 |
| William E. Arnold, Jr. | President, William E. Arnold Company, Jacksonville, Fla. | 1979 |
| DuBose Ausley | President and Chief Executive Officer, Capital City First National Bank, Tallahassee, Fla. | 1980 |

DISTRICT 6—ATLANTA—Continued

*Term
expires
Dec. 31*

—JACKSONVILLE BRANCH—Continued

Appointed by Board of Governors

| | | |
|-----------------------------|---|------|
| James E. Lyons ¹ | President, Lyons Industrial Corporation, Winter Haven, Fla. | 1978 |
| Copeland D. Newbern | President, Newbern Groves, Inc., Tampa, Fla. | 1979 |
| Joan Stein ³ | Partner, Ownership/Management, Regency Square Shopping Center, Jacksonville, Fla. | 1980 |

—MIAMI BRANCH

Appointed by Federal Reserve Bank

| | | |
|-------------------------------|---|------|
| Sherrill E. Woods | President, First National Bank and Trust Company of Naples, Naples, Fla. | 1978 |
| Jane C. Cousins ³ | President, Cousins Associates, Inc., Miami, Fla. | 1978 |
| Aristides R. Sastre | President, Republic National Bank, Miami, Fla. | 1979 |
| Fred R. Millsaps ³ | Chairman and President, Landmark Banking Corporation, Fort Lauderdale, Fla. | 1980 |

Appointed by Board of Governors

| | | |
|--------------------------------|--|------|
| Alvaro Luis Carta ¹ | President, Gulf + Western Americas Corporation, Vero Beach, Fla. | 1978 |
| Castle W. Jordan | President, Aegis Corporation, Coral Gables, Fla. | 1979 |
| David G. Robinson | President, Edison Community College, Fort Myers, Fla. | 1980 |

—NASHVILLE BRANCH

Appointed by Federal Reserve Bank

| | | |
|------------------------------|---|------|
| John W. Andersen | President, The First National Bank of Sullivan County, Kingsport, Tenn. | 1978 |
| Virgil H. Moore, Jr. | President, First Farmers and Merchants National Bank, Columbia, Tenn. | 1979 |
| Frank C. Thomas | Executive Vice President, Blue Diamond Coal Company, Knoxville, Tenn. | 1979 |
| James R. Austin ³ | Chairman and Chief Executive Officer, Peoples National Bank, Shelbyville, Tenn. | 1980 |

Appointed by Board of Governors

| | | |
|-------------------------------|--|------|
| John C. Bolinger ¹ | Management Consultant, Knoxville, Tenn. | 1978 |
| Cecelia Adkins | Executive Director, Sunday School Publishing Board, Nashville, Tenn. | 1979 |
| Robert C. H. Mathews | President, R.C. Mathews, Contractor, Inc., Nashville, Tenn. | 1980 |

DISTRICT 6—ATLANTA—Continued

*Term
expires
Dec. 31*

—NEW ORLEANS BRANCH

Appointed by Federal Reserve Bank

| | | |
|-------------------------------------|--|------|
| Wilmore W. Whitmore | President and Chief Executive Officer, First National Bank of Houma, Houma, La. | 1978 |
| Martin C. Miler | Chairman of the Board and President, The Hibernia National Bank, New Orleans, La. | 1979 |
| George P. Hopkins, Jr. | President, George P. Hopkins, Inc., Gulfport, Miss. | 1979 |
| William E. Howard, Jr. ³ | Chairman of the Board, Commercial National Bank and Trust Company of Laurel, Laurel, Miss. | 1980 |

Appointed by Board of Governors

| | | |
|---------------------------------------|--|------|
| Edwin J. Caplan | President, Caplan's Men's Shops, Inc., Alexandria, La. | 1978 |
| Levere C. Montgomery | President of Time Saver Stores, Inc., New Orleans, La. | 1979 |
| George C. Cortright, Jr. ¹ | Partner, George C. Cortright Co., Rolling Fork, Miss. | 1980 |

DISTRICT 7—CHICAGO

Class A

| | | |
|------------------|--|------|
| A. Robert Abboud | Chairman of the Board, The First National Bank of Chicago, Chicago, Ill. | 1978 |
| Jay J. DeLay | President, Huron Valley National Bank, Ann Arbor, Mich. | 1979 |
| John F. Spies | President, Iowa Trust and Savings Bank, Emmetsburg, Iowa | 1980 |

Class B

| | | |
|------------------------------|---|------|
| Oscar G. Mayer | Chairman of the Executive Committee, Oscar Mayer & Co., Inc., Madison, Wis. | 1978 |
| Paul V. Farver | Vice Chairman, Rolscreen Company, Pella, Iowa | 1979 |
| Arthur J. Decio ³ | Chairman of the Board and President, Skyline Corporation, Elkhart, Ind. | 1980 |

Class C

| | | |
|-------------------------------|---|------|
| Edward F. Brabec ³ | Business Manager, Chicago Journeymen Plumbers, Local 130, Chicago, Ill. | 1978 |
| Robert H. Strotz ¹ | President, Northwestern University, Evanston, Ill. | 1979 |
| John Sagan ^{2,3} | Vice President-Treasurer, Ford Motor Company, Dearborn, Mich. | 1980 |

DISTRICT 7—CHICAGO—Continued

*Term
expires
Dec. 31*

—DETROIT BRANCH

Appointed by Federal Reserve Bank

| | | |
|--------------------------------|---|------|
| Joseph B. Foster | Chairman of the Board, Ann Arbor Bank, Ann Arbor, Mich. | 1978 |
| Charles R. Montgomery | President, Michigan Consolidated Gas Company, Detroit, Mich. | 1978 |
| Rodkey Craighead ³ | Chairman and Chief Executive Officer, DETROITBANK Corporation, Detroit, Mich. | 1979 |
| Lawrence A. Johns ³ | President, Isabella Bank and Trust, Mount Pleasant, Mich. | 1980 |

Appointed by Board of Governors

| | | |
|-------------------------------|---|------|
| Herbert H. Dow | Director and Secretary, The Dow Chemical Company, Midland, Mich. | 1978 |
| Jordan B. Tatter ¹ | President and Chief Executive Officer, Southern Michigan Cold Storage Co., Benton Harbor, Mich. | 1979 |
| Vacancy | | 1980 |

DISTRICT 8—ST. LOUIS

Class A

| | | |
|----------------------|--|------|
| William E. Weigel | Executive Vice President and Chief Executive Officer, First National Bank and Trust Co., Centralia, Ill. | 1978 |
| Raymond C. Burroughs | President and Chief Executive Officer, The City National Bank of Murphysboro, Murphysboro, Ill. | 1979 |
| Donald N. Brandin | Chairman of the Board and President, The Boatmen's National Bank of St. Louis, St. Louis, Mo. | 1980 |

Class B

| | | |
|--------------------|---|------|
| Tom K. Smith, Jr. | Senior Vice President, Monsanto Company, St. Louis, Mo. | 1978 |
| Virginia M. Bailey | Owner, Eldo Properties, Little Rock, Ark. | 1979 |
| Ralph C. Bain | Vice President, Wabash Plastics, Inc., Evansville, Ind. | 1980 |

Class C

| | | |
|----------------------------------|---|------|
| William B. Walton ² | Vice Chairman of the Board, Holiday Inns, Inc., Memphis, Tenn. | 1978 |
| Armand C. Stalnaker ¹ | Chairman and President, General American Life Insurance Company, St. Louis, Mo. | 1979 |
| William H. Stroube ³ | Associate Dean-College of Science and Technology, Western Kentucky University, Bowling Green, Ky. | 1980 |

DISTRICT 8—ST. LOUIS—Continued

*Term
expires
Dec. 31*

—LITTLE ROCK BRANCH

Appointed by Federal Reserve Bank

| | | |
|---------------------|--|------|
| T. G. Vinson | President, The Citizens Bank, Batesville, Ark. | 1978 |
| Field Wasson | President, First National Bank, Siloam Springs, Ark. | 1978 |
| B. Finley Vinson | Chairman of the Board, The First National Bank in Little Rock, Little Rock, Ark. | 1979 |
| Thomas E. Hays, Jr. | President and Chief Executive Officer, The First National Bank of Hope, Hope, Ark. | 1980 |

Appointed by Board of Governors

| | | |
|-------------------------------|---|------|
| G. Larry Kelley ¹ | President, Pickens-Bond Construction Co., Little Rock, Ark. | 1978 |
| E. Ray Kemp, Jr. ² | Vice Chairman of the Board and Chief Administrative Officer, Dillard Department Stores, Inc., Little Rock, Ark. | 1979 |
| Ronald W. Bailey | Executive Vice President and General Manager, Producers Rice Mill, Inc., Stuttgart, Ark. | 1980 |

—LOUISVILLE BRANCH

Appointed by Federal Reserve Bank

| | | |
|------------------|---|------|
| Tom G. Voss | President, The Seymour National Bank, Seymour, Ind. | 1978 |
| Fred B. Oney | President, The First National Bank of Carrollton, Carrollton, Ky. | 1978 |
| Howard Brenner | Vice Chairman of the Board, Tell City National Bank, Tell City, Ind. | 1979 |
| J. David Grissom | Chairman and Chief Executive Officer, Citizens Fidelity Bank and Trust Company, Louisville, Ky. | 1980 |

Appointed by Board of Governors

| | | |
|---------------------------------|---|------|
| James H. Davis | Chairman and Chief Executive Officer, Porter Paint Company, Louisville, Ky. | 1978 |
| James F. Thompson | Professor of Economics, Murray State University, Murray, Ky. | 1979 |
| Richard O. Donegan ³ | Vice President and Group Executive, Major Appliance Business Group, General Electric Company, Louisville, Ky. | 1980 |

—MEMPHIS BRANCH

Appointed by Federal Reserve Bank

| | | |
|-------------------------|--|------|
| William Wooten Mitchell | Chairman, First Tennessee Bank N.A., Memphis, Tenn. | 1978 |
| Stallings Lipford | President, First-Citizens National Bank of Dyersburg, Dyersburg, Tenn. | 1978 |
| W. M. Campbell | Chairman of the Board and Chief Executive Officer, First National Bank of Eastern Arkansas, Forrest City, Ark. | 1979 |
| Charles S. Youngblood | President and Chief Executive Officer, First Columbus National Bank, Columbus, Miss. | 1980 |

DISTRICT 8—ST. LOUIS—Continued

—MEMPHIS BRANCH—Continued

*Term
expires
Dec. 31*

Appointed by Board of Governors

| | | |
|-------------------------------|---|------|
| Jeanne L. Holley ¹ | Associate Professor of Business Education and Office Administration, University of Mississippi, University, Miss. | 1978 |
| Robert E. Healy | Partner-in-Charge, Price Waterhouse & Co., Memphis, Tenn. | 1979 |
| Frank A. Jones, Jr. | President, Cook Industries, Inc., Memphis, Tenn. | 1980 |

DISTRICT 9—MINNEAPOLIS

Class A

| | | |
|-----------------------------|---|------|
| John S. Rouzie | President, First National Bank of Bowman, Bowman, N. Dak. | 1978 |
| Nels E. Turnquist | President, National Bank of South Dakota, Sioux Falls, S. Dak. | 1979 |
| James H. Smaby ³ | President, Commercial National Bank & Trust Co., Iron Mountain, Mich. | 1980 |

Class B

| | | |
|--------------------|--|------|
| Russell G. Cleary | Chairman, President and Chief Executive Officer, G. Heileman Brewing Company, LaCrosse, Wis. | 1978 |
| Warren B. Jones | Secretary-Treasurer, General Manager, Two Dot Land & Livestock Co., Harlowton, Mont. | 1979 |
| Donald P. Helgeson | Secretary-Treasurer, Jack Frost, Inc., St. Cloud, Minn. | 1980 |

Class C

| | | |
|---------------------------------|--|------|
| James P. McFarland ¹ | Retired Chairman, General Mills, Inc., Minneapolis, Minn. | 1978 |
| Charles W. Poe | President, Metropolitan Economic Development Association, Minneapolis, Minn. | 1979 |
| Stephen F. Keating ² | Chairman of the Board, Honeywell, Inc., Minneapolis, Minn. | 1980 |

—HELENA BRANCH

Appointed by Federal Reserve Bank

| | | |
|-----------------------------|--|------|
| George H. Selover | President and General Manager, Selover Buick-Jeep, Inc., Billings, Mont. | 1978 |
| William B. Andrews | President, Northwestern Bank of Helena, Helena, Mont. | 1978 |
| Lynn D. Grobel ³ | President, First National Bank of Glasgow, Glasgow, Mont. | 1979 |

Appointed by Board of Governors

| | | |
|----------------------------------|--|------|
| Patricia P. Douglas ¹ | Special Assistant to the President, University of Montana, Missoula, Mont. | 1978 |
| Norris E. Hanford | Wheat and Barley Operator, Fort Benton, Mont. | 1979 |

DISTRICT 10—KANSAS CITY

Term
expires
Dec. 31*Class A*

| | | |
|----------------------|--|------|
| James M. Kemper, Jr. | Chairman and President, Commerce Bancshares, Inc., Kansas City, Mo. | 1978 |
| Philip Hamm | President, First National Bank & Trust Company, El Dorado, Kans. | 1979 |
| Craig Bachman | President, First National Bank of Centralia, Centralia, Kans. | 1980 |

Class B

| | | |
|-----------------------------------|---|------|
| Alan R. Sleeper | Rancher, Alden, Kans. | 1978 |
| John A. McKinney ³ | President and Chief Executive Officer, Johns-Manville Corp., Denver, Colo. | 1979 |
| James G. Harlow, Jr. ³ | President, Oklahoma Gas and Electric Co., Oklahoma City, Okla. | 1980 |

Class C

| | | |
|---------------------------------|---|------|
| Harold W. Andersen ¹ | President, Omaha World-Herald Company, Omaha, Nebr. | 1978 |
| Paul H. Henson | Chairman and Chief Executive Officer, United Tele- communications, Inc., Westwood, Kans. | 1979 |
| Joseph H. Williams ² | President, The Williams Companies, Tulsa, Okla. | 1980 |

—DENVER BRANCH

Appointed by Federal Reserve Bank

| | | |
|-----------------------|--|------|
| William H. Vernon | Director, and Retired Chairman and Chief Executive Of- ficer, Santa Fe National Bank, Santa Fe, N. Mex. | 1978 |
| Delano E. Scott | President and Chairman, The Routt County National Bank of Steamboat Springs, Steamboat Springs, Colo. | 1978 |
| Felix Buchenroth, Jr. | President, The Jackson State Bank, Jackson, Wyo. | 1979 |

Appointed by Board of Governors

| | | |
|----------------------------|---|------|
| Edward R. Lucero | Chairman and Chief Executive Officer, Colorado Equity Capital Corporation, Denver, Colo. | 1978 |
| A. L. Feldman ¹ | President and Chief Executive Officer, Frontier Airlines, Denver, Colo. | 1979 |

—OKLAHOMA CITY BRANCH

Appointed by Federal Reserve Bank

| | | |
|-----------------------|--|------|
| V. M. Thompson, Jr. | President, Utica National Bank and Trust Co., Tulsa, Okla. | 1978 |
| W. L. Stephenson, Jr. | Chairman of the Board, Central National Bank & Trust Co. of Enid, Enid, Okla. | 1978 |
| J. A. Maurer | Chairman, Security National Bank & Trust Co., Duncan, Okla. | 1979 |

DISTRICT 10—KANSAS CITY—Continued

—OKLAHOMA CITY BRANCH—Continued

*Term
expires
Dec. 31*

Appointed by Board of Governors

| | | |
|-------------------------------------|--|------|
| Harley Custer | General Manager, National Livestock Commission Association, Oklahoma City, Okla. | 1978 |
| Christine H. Anthony ^{1,3} | Oklahoma City, Okla. | 1979 |

—OMAHA BRANCH

Appointed by Federal Reserve Bank

| | | |
|-------------------------------|---|------|
| F. Phillips Giltner | President, First National Bank of Omaha, Omaha, Nebr. | 1978 |
| Roy G. Dinsdale | Chairman of the Board, Farmers National Bank of Central City, Central City, Nebr. | 1979 |
| Joe J. Huckfeldt ³ | President, Gering National Bank & Trust Co., Gering, Nebr. | 1979 |

Appointed by Board of Governors

| | | |
|--------------------------------|---|------|
| Edward F. Owen | President, Paxton & Vierling Steel Company, Omaha, Nebr. | 1978 |
| Durward B. Varner ¹ | Chairman and Chief Executive Officer, University of Nebraska Foundation, Lincoln, Nebr. | 1979 |

DISTRICT 11—DALLAS

Class A

| | | |
|------------------------|--|------|
| Robert H. Stewart, III | Chairman of the Board, First International Bancshares, Inc., Dallas, Tex. | 1978 |
| Gene D. Adams | President, The First National Bank of Seymour, Seymour, Tex. | 1979 |
| Frank Junell | Chairman of the Board, The Central National Bank of San Angelo, San Angelo, Tex. | 1980 |

Class B

| | | |
|-------------------|---|------|
| Thomas W. Herrick | Cattle and Investments, Amarillo, Tex. | 1978 |
| Stewart Orton | President, Foley's, Division of Federated Dept. Stores, Inc., Houston, Tex. | 1979 |
| Gerald D. Hines | Owner, Gerald D. Hines Interests, Houston, Tex. | 1980 |

Class C

| | | |
|--------------------------------|---|------|
| Charles T. Beaird ² | Publisher, Shreveport Journal, Shreveport, La. | 1978 |
| Margaret S. Wilson | Chairman of the Board and Chief Executive Officer, Scarbroughs, Austin, Tex. | 1979 |
| Irving A. Mathews ¹ | Chairman of the Board and Chief Executive Officer, Frost Bros., Inc., San Antonio, Tex. | 1980 |

DISTRICT 11—DALLAS—Continued

*Term
expires
Dec. 31*

—EL PASO BRANCH

Appointed by Federal Reserve Bank

| | | |
|------------------------------------|---|------|
| Reed H. Chittim | President, First National Bank of Lea County, Hobbs, N. Mex. | 1978 |
| Arnold B. Peinado, Jr. | Partner, AVC Development, El Paso, Tex. | 1978 |
| Arthur L. Gonzales ³ | President, First City National Bank of El Paso, El Paso, Tex. | 1979 |
| Claude E. Leyendecker ³ | President, Mimbres Valley Bank, Deming, N. Mex. | 1980 |

Appointed by Board of Governors

| | | |
|---------------------------------------|---|------|
| Josefina A. Salas-Porras ¹ | Executive Director, BI Language Services, El Paso, Tex. | 1978 |
| A. J. Losee | President, Losee & Carson, P.A., Artesia, N. Mex. | 1979 |
| Chester J. Kesey ³ | Partner, Kesey Bros. Enterprises, Pecos, Tex. | 1980 |

—HOUSTON BRANCH

Appointed by Federal Reserve Bank

| | | |
|-------------------------------|---|------|
| Bookman Peters | President, The City National Bank of Bryan, Bryan, Tex. | 1978 |
| Nat S. Rogers | President, First City National Bank of Houston, Houston, Tex. | 1978 |
| Page K. Stubblefield | Chairman of the Board, Victoria Bank & Trust Company, Victoria, Tex. | 1979 |
| J. Earl Williams ³ | Director, Institute of Labor and Industrial Relations, University of Houston, Houston, Tex. | 1980 |

Appointed by Board of Governors

| | | |
|------------------------------|--|------|
| Alvin I. Thomas ¹ | President, Prairie View A&M University, Prairie View, Tex. | 1978 |
| Jerome L. Howard | Chairman of the Board and Chief Executive Officer, Mortgage & Trust, Inc., Houston, Tex. | 1979 |
| Gene M. Woodfin | Chairman of the Board and Chief Executive Officer, Marathon Manufacturing Company, Houston, Tex. | 1980 |

—SAN ANTONIO BRANCH

Appointed by Federal Reserve Bank

| | | |
|-----------------------------|---|------|
| Richard W. Calvert | Chairman of the Board, National Bank of Commerce of San Antonio, San Antonio, Tex. | 1978 |
| John H. Holcomb | Owner-Manager, Progreso Haciendas Company, Progreso, Tex. | 1978 |
| Ben R. Low | Vice President, Commerce North Bank, N.A., San Antonio, Tex. | 1979 |
| John H. Garner ³ | President and Chief Executive Officer, Corpus Christi National Bank, Corpus Christi, Tex. | 1980 |

DISTRICT 11—DALLAS—Continued

—SAN ANTONIO BRANCH—Continued

*Term
expires
Dec. 31*

Appointed by Board of Governors

| | | |
|-----------------------------------|--|------|
| Pete J. Morales, Jr. ¹ | President and General Manager, Morales Feed Lots, Inc., Devine, Tex. | 1978 |
| Pat Legan | Owner, Legan Properties, San Antonio, Tex. | 1979 |
| John J. McKetta ³ | E.P. Schoch Professor of Chemical Engineering, University of Texas, Austin, Tex. | 1980 |

DISTRICT 12—SAN FRANCISCO

Class A

| | | |
|-----------------------------|--|------|
| Ronald S. Hanson | President and Chief Executive Officer, The First National Bank of Logan, Logan, Utah | 1978 |
| Frederick G. Larkin, Jr. | Chairman of the Board and Chief Executive Officer, Security Pacific National Bank, Los Angeles, Calif. | 1979 |
| Ole R. Mettler ³ | President and Chairman of the Board, Farmers & Merchants Bank of Central California, Lodi, Calif. | 1980 |

Class B

| | | |
|----------------------------|---|------|
| Malcolm T. Stamper | President, The Boeing Company, Seattle, Wash. | 1978 |
| Clair L. Peck, Jr. | Chairman of the Board, C.L. Peck Contractor, Los Angeles, Calif. | 1979 |
| J. R. Vaughan ³ | Chairman, President and Chief Executive Officer, Knudsen Corporation, Los Angeles, Calif. | 1980 |

Class C

| | | |
|----------------------------------|--|------|
| Joseph F. Alibrandi ¹ | President and Chief Executive Officer, Whittaker Corp., Los Angeles, Calif. | 1978 |
| Dorothy Wright Nelson | Dean and Professor of Law, University of Southern California Law Center, Los Angeles, Calif. | 1979 |
| Cornell C. Maier ² | President and Chief Executive Officer, Kaiser Aluminum & Chem. Corp., Oakland, Calif. | 1980 |

—LOS ANGELES BRANCH

Appointed by Federal Reserve Bank

| | | |
|-------------------------------|--|------|
| W. Gordon Ferguson | President, National Bank of Whittier, Whittier, Calif. | 1978 |
| J. J. Pinola | Chairman and Chief Executive Officer, Western Bancorporation, Los Angeles, Calif. | 1979 |
| Fern Jellison ³ | General Manager, Social Service Department, City of Los Angeles, Los Angeles, Calif. | 1979 |
| James D. McMahon ³ | President, Santa Clarita National Bank, Newhall, Calif. | 1980 |

DISTRICT 12—SAN FRANCISCO—Continued

Term
expires
Dec. 31

—LOS ANGELES BRANCH—Continued

Appointed by Board of Governors

| | | |
|--------------------------------|--|------|
| Harvey A. Proctor | Chairman of the Board, Southern California Gas Company, Los Angeles, Calif. | 1978 |
| Armando M. Rodriguez | President, East Los Angeles College, Monterey Park, Calif. | 1979 |
| Caroline Ahmanson ¹ | Chairman of the Board, Caroline Leonetti, Ltd., Beverly Hills, Calif. | 1980 |

—PORTLAND BRANCH

Appointed by Federal Reserve Bank

| | | |
|-----------------------------|--|------|
| Robert F. Wallace | Chairman of the Board, First National Bank of Oregon, Portland, Oreg. | 1978 |
| Robert A. Young | President, Northwest National Bank, Vancouver, Wash. | 1978 |
| Merle G. Bryan ³ | President, Forest Grove National Bank, Forest Grove, Oreg. | 1979 |
| Kenneth L. Smith | General Manager, The Confederated Tribes of Warm Springs, Warm Springs, Oreg. | 1980 |

Appointed by Board of Governors

| | | |
|-----------------------------------|--|------|
| Jean Mater | Partner and General Manager, Mater Engineering, Corvallis, Oreg. | 1978 |
| Phillip W. Schneider ³ | Northwest Regional Executive, National Wildlife Federa- tion, Portland, Oreg. | 1979 |
| Loran L. Stewart ¹ | Director, Bohemia Inc., Eugene, Oreg. | 1980 |

—SALT LAKE CITY BRANCH

Appointed by Federal Reserve Bank

| | | |
|--------------------------------|---|------|
| David P. Gardner | President, University of Utah, Salt Lake City, Utah | 1978 |
| Robert E. Bryans | Chairman of the Board, Walker Bank and Trust Company, Salt Lake City, Utah | 1978 |
| Fred H. Stringham ³ | President, Valley Bank and Trust Company, South Salt Lake, Utah | 1979 |
| Mary S. Jensen | Chairman, Idaho State Bank, Glenns Ferry, Idaho | 1980 |

Appointed by Board of Governors

| | | |
|----------------------------------|---|------|
| Sam Bennion ¹ | President, V-1 Oil Company, Idaho Falls, Idaho | 1978 |
| Robert A. Erkins ³ | White Arrow Ranch, Bliss, Idaho | 1979 |
| Joseph L. Terteling ³ | Chief Executive Officer, J.A. Terteling & Sons, Inc., Boise, Idaho | 1980 |

DISTRICT 12—SAN FRANCISCO—Continued

—SEATTLE BRANCH

*Term
expires
Dec. 31*

Appointed by Federal Reserve Bank

| | | |
|--------------------------------|--|------|
| Douglas S. Gamble | President and Chief Executive Officer, Pacific Gamble Robinson Co., Seattle, Wash. | 1978 |
| Harry S. Goodfellow | Chairman of the Board and Chief Executive Officer, Old National Bank of Washington, Spokane, Wash. | 1978 |
| Donald L. Mellich ³ | Chairman of the Board, National Bank of Alaska, Anchorage, Alaska | 1979 |
| Rufus C. Smith | Chairman, The First National Bank of Enumclaw, Enumclaw, Wash. | 1980 |

Appointed by Board of Governors

| | | |
|------------------------------|---|------|
| Lloyd E. Cooney ¹ | President and General Manager, KIRO—Radio & Television, Seattle, Wash. | 1978 |
| Merle D. Adlum ³ | President, Inland Boatmen's Union of the Pacific, Seattle, Wash. | 1979 |
| Virginia Parks ³ | Vice President—Business and Finance, Seattle University, Seattle, Wash. | 1980 |

Membership of the Board of Governors of the Federal Reserve System, 1913-78

APPOINTIVE MEMBERS¹

| <i>Name</i> | <i>Federal Reserve district</i> | <i>Date of initial oath of office</i> | <i>Other dates and information relating to membership²</i> |
|------------------------|---------------------------------|---------------------------------------|--|
| Charles S. Hamlin | Boston | Aug. 10, 1914 | Reappointed in 1916 and 1926. Served until Feb. 3, 1936. ³ |
| Paul M. Warburg | New York | do | Term expired Aug. 9, 1918. |
| Frederic A. Delano | Chicago | do | Resigned July 21, 1918. |
| W. P. G. Harding | Atlanta | do | Term expired Aug. 9, 1922. |
| Adolph C. Miller | San Francisco | do | Reappointed in 1924. Reappointed in 1934 from the Richmond District. Served until Feb. 3, 1936. ³ |
| Albert Strauss | New York | Oct. 26, 1918 | Resigned Mar. 15, 1920. |
| Henry A. Moehlenpah | Chicago | Nov. 10, 1919 | Term expired Aug. 9, 1920. |
| Edmund Platt | New York | June 8, 1920 | Reappointed in 1928. Resigned Sept. 14, 1930. |
| David C. Wills | Cleveland | Sept. 29, 1920 | Term expired Mar. 4, 1921. |
| John R. Mitchell | Minneapolis | May 12, 1921 | Resigned May 12, 1923. |
| Milo D. Campbell | Chicago | Mar. 14, 1923 | Died Mar. 22, 1923. |
| Daniel R. Crissinger | Cleveland | May 1, 1923 | Resigned Sept. 15, 1927. |
| George R. James | St. Louis | May 14, 1923 | Reappointed in 1931. Served until Feb. 3, 1936. ³ |
| Edward H. Cunningham | Chicago | do | Died Nov. 28, 1930. |
| Roy A. Young | Minneapolis | Oct. 4, 1927 | Resigned Aug. 31, 1930. |
| Eugene Meyer | New York | Sept. 16, 1930 | Resigned May 10, 1933. |
| Wayland W. Magee | Kansas City | May 18, 1931 | Term expired Jan. 24, 1933. |
| Eugene R. Black | Atlanta | May 19, 1933 | Resigned Aug. 15, 1934. |
| M. S. Szymczak | Chicago | June 14, 1933 | Reappointed in 1936 and 1948. Resigned May 31, 1961. |
| J. J. Thomas | Kansas City | do | Served until Feb. 10, 1936. ³ |
| Marriner S. Eccles | San Francisco | Nov. 15, 1934 | Reappointed in 1936, 1940, and 1944. Resigned July 14, 1951. |
| Joseph A. Broderick | New York | Feb. 3, 1936 | Resigned Sept. 30, 1937. |
| John K. McKee | Cleveland | do | Served until Apr. 4, 1946. ³ |
| Ronald Ransom | Atlanta | do | Reappointed in 1942. Died Dec. 2, 1947. |
| Ralph W. Morrison | Dallas | Feb. 10, 1936 | Resigned July 9, 1936. |
| Chester C. Davis | Richmond | June 25, 1936 | Reappointed in 1940. Resigned Apr. 15, 1941. |
| Ernest G. Draper | New York | Mar. 30, 1938 | Served until Sept. 1, 1950. ³ |
| Rudolph M. Evans | Richmond | Mar. 14, 1942 | Served until Aug. 13, 1954. ³ |
| James K. Vardaman, Jr. | St. Louis | Apr. 4, 1946 | Resigned Nov. 30, 1958. |
| Lawrence Clayton | Boston | Feb. 14, 1947 | Died Dec. 4, 1949. |
| Thomas B. McCabe | Philadelphia | Apr. 15, 1948 | Resigned Mar. 31, 1951. |
| Edward L. Norton | Atlanta | Sept. 1, 1950 | Resigned Jan. 31, 1952. |
| Oliver S. Powell | Minneapolis | do | Resigned June 30, 1952. |
| Wm. McC. Martin, Jr. | New York | Apr. 2, 1951 | Reappointed for term beginning Feb. 1, 1956. Term expired Jan. 31, 1970. |
| A. L. Mills, Jr. | San Francisco | Feb. 18, 1952 | Reappointed in 1958. Resigned Feb. 28, 1965. |
| J. L. Robertson | Kansas City | do | Reappointed for term beginning Feb. 1, 1964. Resigned Apr. 30, 1973. |

| Name | Federal Reserve district | Date of initial oath of office | Other dates and information relating to membership ² |
|--------------------------------|--------------------------|--------------------------------|---|
| Paul E. Miller | Minneapolis | Aug. 13, 1954 | Died Oct. 21, 1954. |
| C. Canby Balderston | Philadelphia | Aug. 12, 1954 | Served through Feb. 28, 1966. |
| Chas. N. Shepardson | Dallas | Mar. 17, 1955 | Retired Apr. 30, 1967. |
| G. H. King, Jr. | Atlanta | Mar. 25, 1959 | Reappointed in 1960. Resigned Sept. 18, 1963. |
| George W. Mitchell | Chicago | Aug. 31, 1961 | Reappointed for term beginning Feb. 1, 1962. Served until Feb. 13, 1976. ³ |
| J. Dewey Daane | Richmond | Nov. 29, 1963 | Served until Mar. 8, 1974. ³ |
| Sherman J. Maisel | San Francisco | Apr. 30, 1965 | Served through May 31, 1972. |
| Andrew F. Brimmer | Philadelphia | Mar. 9, 1966 | Resigned Aug. 31, 1974. |
| William W. Sherrill | Dallas | May 1, 1967 | Reappointed for term beginning Feb. 1, 1968. Resigned Nov. 15, 1971. |
| Arthur F. Burns | New York | Jan. 31, 1970 | Term began Feb. 1, 1970. |
| John E. Sheehan | St. Louis | Jan. 4, 1972 | Resigned June 1, 1975. |
| Jeffrey M. Bucher | San Francisco | June 5, 1972 | Resigned Jan. 2, 1976. |
| Robert C. Holland | Kansas City | June 11, 1973 | Resigned May 15, 1976. |
| Henry C. Wallich | Boston | Mar. 8, 1974 | |
| Philip E. Coldwell | Dallas | Oct. 29, 1974 | |
| Philip C. Jackson, Jr. | Atlanta | July 14, 1975 | |
| J. Charles Partee | Richmond | Jan. 5, 1976 | |
| Stephen S. Gardner | Philadelphia | Feb. 13, 1976 | |
| David M. Lilly | Minneapolis | June 1, 1976 | Resigned Feb. 24, 1978. |
| G. William Miller | San Francisco | Mar. 8, 1978 | |

CHAIRMEN⁴

| | |
|----------------------------|-----------------------------|
| Charles S. Hamlin | Aug. 10, 1914–Aug. 9, 1916 |
| W. P. G. Harding | Aug. 10, 1916–Aug. 9, 1922 |
| Daniel R. Crissinger . . . | May 1, 1923–Sept. 15, 1927 |
| Roy A. Young | Oct. 4, 1927–Aug. 31, 1930 |
| Eugene Meyer | Sept. 16, 1930–May 10, 1933 |
| Eugene R. Black | May 19, 1933–Aug. 15, 1934 |
| Marriner S. Eccles | Nov. 15, 1934–Jan. 31, 1948 |
| Thomas B. McCabe | Apr. 15, 1948–Mar. 31, 1951 |
| Wm. McC. Martin, Jr. . . . | Apr. 2, 1951–Jan. 31, 1970 |
| Arthur F. Burns | Feb. 1, 1970–Jan. 31, 1978 |
| G. William Miller | Mar. 8, 1978– |

VICE CHAIRMEN⁴

| | |
|----------------------------|------------------------------|
| Frederic A. Delano | Aug. 10, 1914–Aug. 9, 1916 |
| Paul M. Warburg | Aug. 10, 1916–Aug. 9, 1918 |
| Albert Strauss | Oct. 26, 1918–Mar. 15, 1920 |
| Edmund Platt | July 23, 1920–Sept. 14, 1930 |
| J. J. Thomas | Aug. 21, 1934–Feb. 10, 1936 |
| Ronald Ransom | Aug. 6, 1936–Dec. 2, 1947 |
| C. Canby Balderston . . . | Mar. 11, 1955–Feb. 28, 1966 |
| J. L. Robertson | Mar. 1, 1966–Apr. 30, 1973 |
| George W. Mitchell | May 1, 1973–Feb. 13, 1976 |
| Stephen S. Gardner | Feb. 13, 1976– |

EX-OFFICIO MEMBERS¹

SECRETARIES OF THE TREASURY

| | |
|-----------------------------|-----------------------------|
| W. G. McAdoo | Dec. 23, 1913–Dec. 15, 1918 |
| Carter Glass | Dec. 16, 1918–Feb. 1, 1920 |
| David F. Houston | Feb. 2, 1920–Mar. 3, 1921 |
| Andrew W. Mellon | Mar. 4, 1921–Feb. 12, 1932 |
| Ogden L. Mills | Feb. 12, 1932–Mar. 4, 1933 |
| William H. Woodin | Mar. 4, 1933–Dec. 31, 1933 |
| Henry Morgenthau, Jr. . . . | Jan. 1, 1934–Feb. 1, 1936 |

COMPTROLLERS OF THE CURRENCY

| | |
|-----------------------------|------------------------------|
| John Skelton Williams . . . | Feb. 2, 1914–Mar. 2, 1921 |
| Daniel R. Crissinger . . . | Mar. 17, 1921–Apr. 30, 1923 |
| Henry M. Dawes | May 1, 1923–Dec. 17, 1924 |
| Joseph W. McIntosh | Dec. 20, 1924–Nov. 20, 1928 |
| J. W. Pole | Nov. 21, 1928–Sept. 20, 1932 |
| J. F. T. O'Connor | May 11, 1933–Feb. 1, 1936 |

¹Under the provisions of the original Federal Reserve Act the Federal Reserve Board was composed of seven members, including five appointive members, the Secretary of the Treasury, who was ex-officio chairman of the Board, and the Comptroller of the Currency. The original term of office was 10 years, and the five original appointive members had terms of 2, 4, 6, 8, and 10 years, respectively. In 1922 the number of appointive members was increased to six, and in 1933 the term of office was increased to 12 years. The Banking Act of 1935, approved Aug. 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller

of the Currency should continue to serve as members until Feb. 1, 1936; that the appointive members in office on the date of that Act should continue to serve until Feb. 1, 1936, or until their successors were appointed and had qualified; and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of 4 years.

²Date after words "Resigned" and "Retired" denotes final day of service.

³Successor took office on this date.

⁴Chairman and Vice Chairman were designated Governor and Vice Governor before Aug. 23, 1935.

Announcements

G. WILLIAM MILLER: Appointment as a Member and Chairman of the Board of Governors

On December 28, 1977, President Carter announced his intention to appoint G. William Miller of California as a member of the Board of Governors for the 14-year term beginning February 1, 1978, with designation as Chairman for 4 years. His nomination was confirmed by the Senate on March 3, and he took the oath of office in a White House ceremony on March 8. Mr. Miller made the following statement at that time:

President Carter, I know I speak for my family and friends and associates in thanking you for having us here in the White House for this occasion. It is an important occasion for me and my family, and I am sure I speak for everyone in expressing our appreciation.

The Federal Reserve is a unique American institution. It represents a solution to central banking that is typically American where you blend the national responsibilities with local and regional participation. And it is a system that has well stood the test of time.

For 65 years, it has served through good times and bad times, and has shown its ability to respond to a changing world and a changing America. We have seen unprecedented changes in technology, social, economic development, and the Federal Reserve has been able to adapt and respond to provide for the needs of a growing America.

The Federal Reserve System has also had remarkable leadership. Since the present organization was established in the 1930's, there have been four Chairmen of the Board of Governors of the Federal Reserve System, and two of them are with us here now.

William McChesney Martin, who was Chairman for a longer period than any other Chairman, has a record that speaks for itself and is a beacon of excellence.

Arthur Burns, well, he is a legend in his own time, and I cannot say any more gracious words than the President has already said, but I would like to second them and third them and applaud them, because he has been a great fighter against inflation. His integrity,

his intellect, his talents are known, and he is well loved and respected throughout the world.

I never expected to be a central banker, but when the President invited me to do so, the warm response that Arthur Burns gave and the support and help he has given me is more than a reward in itself. It has been a great experience for me and one which I shall always cherish.

Well, it is obvious that I have had giants as predecessors, and so I face a very demanding standard in trying to carry out the duties of this great institution. I can tell you that I will do my best to make a contribution to the best of my ability.

We do, Mr. President, I believe, have the ability to pledge to you that the entire Federal Reserve family will devote itself to the most professional conduct of its affairs so that it can contribute to our national goals of growth and price stability.

It is going to be difficult. We face many problems. And it will take time. And it will take some self-discipline for all of us to do our part in moderation and in contributing individually to the solution.

On the other hand, the Federal Reserve has enormous resources to call upon to carry out its programs. In the first place, it has in the family of the Federal Reserve System dedicated and competent men and women who are devoted to professionalism.

It has an able Board of Governors. It has men of high quality as Presidents of the Reserve Banks. And those human resources are very important. The Federal Reserve also has the resource of adaptability. It has shown itself to be a living institution that can change and can respond and can innovate, and that will be a strength.

It also operates in an American system that has shown itself to have the strength of flexibility. In the last 10 years, we have been impacted by many substantial and adverse forces that have had great consequences in the economy of the United States and the world economies. And yet how remarkably our system has responded, shown its resilience and capacity to absorb and to self-correct, and it is on that process now.

We also have the strength of national leadership which, represented by President Carter, is taking on the responsibility to re-establish the confidence of the American public in their public institutions.

And finally, we have the greatest resource of all, the boundless resource of the American people.

Americans are basically optimistic and they have a right to be. It is justified by their past accomplishments.

For many years now, we have had a certain amount of self-examination about that optimism. It seems to me the time is here when that is coming out into a recognition of self-confidence. And as we individually gain our self-confidence, I am sure that collectively as each of us plays our role, the cumulative effect will be to establish, re-establish the direction and vitality and the strength of this Nation.

Mr. President, with those resources, the Federal Reserve should be able to make a contribution, and to the best of my energies and talents, I will try to play my part.

Thank you.

At the time of his appointment, Mr. Miller was Chairman of Textron, Inc., a diversified company headquartered in Providence, Rhode Island, with 180 plants and facilities in the United States and in several foreign countries. Textron employs 65,000 persons and had sales in 1976 of \$2.6 billion.

Mr. Miller was also a director of the Federal Reserve Bank of Boston, Chairman of the Conference Board, and Chairman of the National Alliance of Businessmen.

Mr. Miller is a native of Oklahoma—born in Sapulpa in 1925—and was raised in the Southwest. He graduated from the U.S. Coast Guard Academy in 1945, serving as an officer in the Far Pacific and China.

In 1952, Mr. Miller received his J.D. degree from the University of California and practiced law in New York with the firm of Cravath, Swaine and Moore before joining Textron in 1956 as Assistant Secretary.

In June of 1960, at age 35, Mr. Miller was elected President of Textron and in 1968 he assumed the additional post of Chief Executive Officer.

In 1974 he was elected Chairman of the Board.

At the time of his appointment, Mr. Miller was a director of the Allied Chemical Corporation, Con Rail, and Federated Department Stores; a member of the Business Council and the Business Roundtable; and Chairman of the President's Committee for HIRE (veterans' employment).

He was co-chairman of both the U.S.-U.S.S.R. Trade and Economic Council and the Polish-U.S. Economic Council. In 1977 Mr. Miller was Chairman of the U.S. Industrial Payroll Savings Bond Committee, and he has also served as the first Chairman of the Industry Advisory Committee of the President's Committee on Equal Employment Opportunity and as a member of the National Council on the Humanities.

Mr. Miller is married to the former Ariadna Rogajarski.

Mr. Miller succeeds David M. Lilly as a member of the Board. He succeeds Arthur F. Burns as Chairman.

ARTHUR F. BURNS: Designation as Acting Chairman of the Board of Governors

On February 2, 1978, President Carter issued the following Order:

I hereby designate Arthur F. Burns to serve as Acting Chairman of the Board of Governors of the Federal Reserve System until such time as his successor as Chairman is designated, or until his resignation as a member of the Board of Governors, already received and accepted, becomes effective, whichever first occurs.

The White House,
February 2, 1978

DAVID M. LILLY: Resignation as a Member of the Board of Governors

The Board of Governors has announced the resignation of David M. Lilly as a member of the Board, effective February 24, 1978. Mr. Lilly's letter of resignation follows:

February 23, 1978

The President
The White House
Washington, D.C. 20500

Mr. President:

I wish to tender herewith my resignation as a Member of the Board of Governors of the Federal Reserve System effective February 24, 1978. As you know, my official term of office expired January 31, 1978. I have been since that date serving as a Member of the Board awaiting the appointment and qualification of my successor. I regret that personal con-

siderations make impossible further service on the Board.

It has been a great privilege to serve our country as a member of its central banking authority, and I am most grateful for the opportunity afforded me to participate and contribute in the formulation of monetary policy.

Please be assured that I stand ready to contribute further in the service of our Nation should future circumstances give rise to such calling.

Yours respectfully,

David M. Lilly

MEETING OF CONSUMER ADVISORY COUNCIL

The Board of Governors has announced that the System's Consumer Advisory Council met at the Board on March 8 and 9, 1978.

The Council advises the Board on carrying out its responsibilities in regard to consumer credit laws and regulations. Chaired by Mrs. Leonor Sullivan, the Council was recently expanded to 28 members, who come from all parts of the Nation and who represent consumer and creditor interests.

At the March meeting the Council discussed the recommendations of the Privacy Commission on consumer credit, Federal Trade Commission trade regulation rules, and uniform enforcement guidelines proposed by financial institutions for Truth in Lending enforcement.

There was also a preliminary review of the consumer aspects of electronic fund systems.

CHANGE IN SWAP ARRANGEMENTS

As part of the cooperative effort announced by U.S. Secretary of the Treasury Blumenthal and Minister Matthoefer of the Federal Republic of Germany, the Federal Reserve announced on March 13, 1978, that its reciprocal currency (swap) arrangement with the German Federal Bank has been increased by \$2 billion, bringing the total of that arrangement to \$4 billion.

The increase enlarges the System's swap network with 14 central banks and the Bank for International Settlements to \$22.16 billion.

A swap arrangement is a renewable, short-term facility under which a central bank agrees to ex-

change on request its own currency for the currency of the other party up to a specified amount over a limited period of time.

The Federal Reserve swap network was initiated in 1962. In all reciprocal currency arrangements the Federal Reserve Bank of New York acts on behalf of the Federal Reserve under the direction of the Federal Open Market Committee.

The Federal Reserve's reciprocal currency arrangements are now as follows (in millions of dollars):

| | |
|-------------------------------------|---------------|
| Austrian National Bank | 250 |
| National Bank of Belgium | 1,000 |
| Bank of Canada | 2,000 |
| National Bank of Denmark | 250 |
| Bank of England | 3,000 |
| Bank of France | 2,000 |
| German Federal Bank | 4,000 |
| Bank of Italy | 3,000 |
| Bank of Japan | 2,000 |
| Bank of Mexico | 360 |
| Netherlands Bank | 500 |
| Bank of Norway | 250 |
| Bank of Sweden | 300 |
| Swiss National Bank | 1,400 |
| Bank for International Settlements: | |
| Swiss francs/dollars | 600 |
| Other European currencies/dollars | 1,250 |
| Total | 22,160 |

NEW CONSUMER PAMPHLET

A new consumer pamphlet explaining credit rights in housing is now available for public distribution.

The pamphlet, entitled "The Equal Credit Opportunity Act and . . . Credit Rights in Housing," seeks to educate consumers and lenders about major provisions of the Equal Credit Opportunity Act as it affects housing. That act forbids discrimination in credit transactions on the basis of sex or marital status, race, color, religion, national origin, age, receipt of income from public assistance programs, and good faith exercise of rights under the Consumer Credit Protection Act.

The housing pamphlet also explains the Home Mortgage Disclosure Act, which requires most lenders in metropolitan areas to inform the public once a year where they make their mortgage and home improvement loans.

Other consumer pamphlets that the Board has published include:

- The Equal Credit Opportunity Act and Age
- The Equal Credit Opportunity Act and Incidental Creditors
- The Equal Credit Opportunity Act and Women
- Fair Credit Billing

- If You Borrow to Buy Stock
- What Truth in Lending Means To You

Copies of the consumer information pamphlets 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. Requests should be addressed to the Board's Publications Services or to Publications Departments at the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, or San Francisco.

REGULATION O: Amendment

The Board of Governors has amended its Regulation O (Loans to Executive Officers of Member Banks). The amendment increases from \$1,000 to \$5,000 the limit imposed upon member banks' extension of credit to their own executive officers through the use of bank credit cards. This amendment to the Board's Regulation O was effective March 24, 1978.

The Board amended this provision of the regulation because it felt the current limit, established in 1967, should be adjusted, given the increase in consumer prices and the expansion of bank credit-card usage and acceptability since that time.

REGULATION C: Exemption

The Board of Governors on February 16, 1978, granted an exemption from the requirements of its Regulation C (Home Mortgage Disclosure) and of the Federal Home Mortgage Disclosure Act to State banks that are subject to a substantially similar New Jersey law.

The Federal act requires depositories subject to it to disclose the geographic location of the total number and dollar amount of purchase-money mortgage loans and home improvement loans they originate or purchase during a year. The act also authorizes the Board to exempt State-chartered financial institutions subject to a State law that is substantially similar, including adequate provisions for enforcement.

The Board determined that the New Jersey law meets these standards.

The Board has previously exempted certain classes of State-chartered institutions in California, Illinois, Massachusetts, and New York.

PROPOSED AMENDMENTS

The Board of Governors has issued for public comment a proposed amendment to its Regulation Y (Bank Holding Companies) that would permit bank holding companies and their nonbank subsidiaries to sell, at retail, money orders and similar instruments, traveler's checks, U.S. savings bonds, and consumer-oriented financial management courses. The Board requested comment by March 14, 1978.

The Board of Governors also has proposed a revision to its Regulation F (Securities of Member State Banks) to bring the Board's rules for member bank disclosures to stockholders into conformity with recent rule revisions by the Securities and Exchange Commission. The Board asked for comment by May 1, 1978.

The Board also proposed a change in requirements for inclusion of stocks in the Board's list of over-the-counter (OTC) stocks that are subject to margin requirements, as amendments to Regulations G (Securities Credit by Persons Other Than Banks, Brokers, or Dealers), T (Credit by Brokers and Dealers), and U (Credit by Banks for the Purpose of Purchasing or Carrying Margin Stock). The Board asked for comment by April 14, 1978.

DATA FROM REPORTS OF CONDITION AND INCOME

A computer tape of preliminary data from the reports of condition and income and related supplements that insured commercial banks are required to file will soon be made available to the public by the three bank supervisory agencies.

The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, in making the announcement, said the preliminary data will be available from 40 to 60 days earlier than the "subscription service" computer tape now offered to the public by the Federal Reserve.

The target date of the quarterly release of data on magnetic tape will be from 80 to 90 days following the date of the report. The December 31 reports, for example, will be made available the latter part of March. The actual date of availability will depend on particular problems in the editing and correction cycle.

The new procedure will begin with reports filed by insured commercial banks for December 1977.

Both the preliminary version of the tape and the more thoroughly edited version that is currently released will be available to the public in the same format. These tapes will also include for the first time data from the large-bank supplements and the fully consolidated balance sheet for banks with foreign offices.

The accelerated schedule will provide data that has not been fully edited and corrected by the agencies. Thus, the preliminary tape may contain some errors and omissions not found in the current "subscription service" tape or later versions, and the preliminary data should be used with care.

The Federal Reserve will handle the distribution of the tapes for the three agencies. The charges will be the same as for the present tape, \$50 for the report of income data and \$50 for the report of condition. Requests for copies of the tape should be addressed to the Division of Administrative Services of the Board of Governors of the Federal Reserve System, Washington, D.C. 20551. However, each agency is responsible for the data from the banks that it supervises and is also responsible for determining the appropriate time to release the preliminary results.

CHANGE IN BOARD STAFF

The Board of Governors has announced the appointment of Neal L. Petersen as General Counsel, effective about April 3, 1978, to succeed John D. Hawke, Jr.

Mr. Petersen is Vice President and Assistant General Counsel of Bank of America N.T. & S.A., San Francisco, California. He holds a B.A. from the University of California at Berkeley and an L.L.B. from Harvard University.

SYSTEM MEMBERSHIP:

Admission of State Banks

The following banks were admitted to membership in the Federal Reserve System during the period February 16, 1978, through March 15, 1978:

Illinois

ChicagoDrovers Bank of Chicago

Oklahoma

Oklahoma CityUnited Oklahoma Bank

Virginia

HayesFirst Settlers Bank

Industrial Production

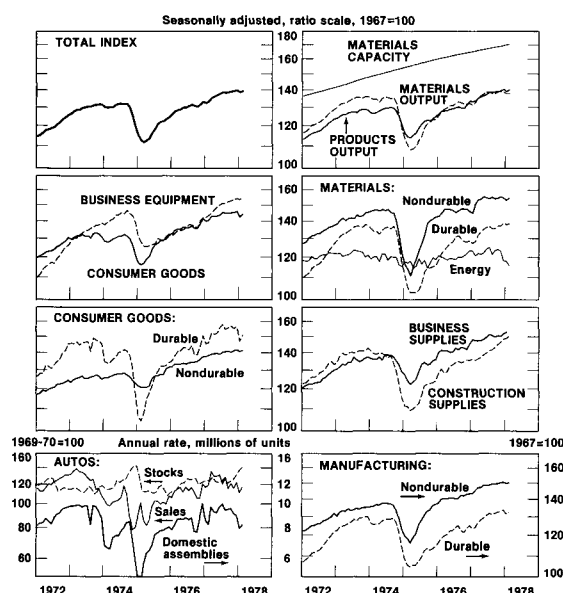
Released for publication March 16

Industrial production increased by an estimated 0.5 per cent in February, following a decline of 0.8 per cent in January. The February output was restrained by severe weather in some regions of the country and by limitations on the use of electric power due to dwindling coal supplies in some States. These secondary effects of the coal strike are estimated to have reduced the February increase in total industrial production by roughly 0.2 percentage point. At 139.2 per cent of the 1967 average, the index is about the same as the average in the fourth quarter of 1977 and 4.5 per cent higher than in February 1977.

Output of consumer durable goods increased 2.7 per cent in February but remained below the December level. Auto assemblies increased 3.8 per cent to an annual rate of 8.2 million units, after a very large drop in January. Production of home goods, such as appliances, carpeting, and furniture, recovered almost two-thirds of the January decline. Output of business equipment, after a 0.5 per cent decline in January, advanced 0.9 per cent in February and is now 6 per cent above the pre-recession peak reached in the third quarter of 1974. Output of construction supplies continued to rise at a strong rate.

Output of materials was about unchanged in

February. Increases in production of durable and nondurable materials were offset by a decrease in production of energy materials of 1.8 per cent, mainly because of limitations on the use of electric power for industrial purposes.



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

| Industrial production | Seasonally adjusted, 1967 = 100 | | | | Per cent changes from— | | |
|-------------------------|---------------------------------|--------------|-------------------|-------------------|------------------------|------------|-----------|
| | 1977 | | 1978 | | | | |
| | Nov. | Dec. | Jan. ^p | Feb. ^e | Month ago | Year ago | Q3 to Q4 |
| Total | 139.3 | 139.6 | 138.5 | 139.2 | .5 | 4.5 | .7 |
| Products, total | 139.5 | 140.3 | 139.0 | 140.0 | .7 | 4.8 | .7 |
| Final products | 137.0 | 137.7 | 135.8 | 136.9 | .8 | 4.0 | .4 |
| Consumer goods | 145.2 | 145.8 | 142.5 | 144.0 | 1.1 | 2.5 | .2 |
| Durable goods | 155.2 | 156.4 | 147.0 | 150.9 | 2.7 | 3.3 | .0 |
| Nondurable goods . | 141.2 | 141.6 | 140.6 | 141.3 | .5 | 2.2 | .4 |
| Business equipment . | 153.5 | 154.1 | 153.4 | 154.8 | .9 | 7.9 | 1.3 |
| Intermediate products . | 148.4 | 150.0 | 150.9 | 151.7 | .5 | 7.1 | 1.6 |
| Construction supplies | 146.5 | 148.3 | 149.0 | 150.1 | .7 | 10.7 | 3.2 |
| Materials | 139.0 | 138.6 | 137.7 | 137.8 | .1 | 3.8 | .5 |

^p Preliminary.

^e Estimated.

Financial and Business Statistics

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WEEKLY REPORTING COMMERCIAL BANKS

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1.10 MONETARY AGGREGATES AND INTEREST RATES

| Item | 1977 | | | | 1977 | | | | 1978 |
|--|------|------|------|------|-------|-------|------|------|-------|
| | Q1 | Q2 | Q3 | Q4 | Sept. | Oct. | Nov. | Dec. | Jan. |
| Monetary and credit aggregates (annual rates of change, seasonally adjusted in per cent) ^{1,2} | | | | | | | | | |
| Member bank reserves | | | | | | | | | |
| 1 Total..... | 2.7 | 3.0 | 9.0 | 5.6 | -.5 | 9.1 | 3.7 | 6.6 | 22.6 |
| 2 Required..... | 3.0 | 3.5 | 8.6 | 5.8 | -.8 | 9.1 | 2.4 | 8.7 | 20.2 |
| 3 Nonborrowed..... | 2.6 | 1.9 | 3.4 | 2.9 | 14.6 | -14.1 | 19.3 | 16.7 | 25.9 |
| Concepts of money ¹ | | | | | | | | | |
| 4 M-1..... | 4.2 | 8.4 | 9.3 | 6.8 | 7.3 | 12.0 | -1.4 | 7.6 | 7.2 |
| 5 M-2..... | 9.9 | 9.2 | 10.3 | 7.6 | 7.9 | 10.1 | 4.7 | 5.7 | 8.2 |
| 6 M-3..... | 11.3 | 10.0 | 12.4 | 10.8 | 12.3 | 12.5 | 7.5 | 7.4 | 7.9 |
| Time and savings deposits | | | | | | | | | |
| Commercial banks: | | | | | | | | | |
| 7 Total..... | 12.5 | 8.3 | 10.0 | 12.9 | 7.6 | 14.6 | 18.3 | 12.2 | 11.2 |
| 8 Other than large CD's..... | 14.0 | 9.8 | 10.9 | 8.1 | 8.6 | 8.6 | 9.0 | 4.3 | 8.9 |
| 9 Thrift institutions ² | 13.4 | 11.2 | 15.5 | 15.4 | 18.8 | 15.9 | 11.8 | 9.8 | 7.2 |
| 10 Total loans and investments at commercial banks ³ | 9.5 | 13.3 | 9.8 | 9.3 | 3.8 | 13.5 | 11.8 | -.7 | 12.1 |
| Interest rates (levels, per cent per annum) | | | | | | | | | |
| Short-term rates | | | | | | | | | |
| 11 Federal funds ⁴ | 4.66 | 5.16 | 5.82 | 6.51 | 6.47 | 6.51 | 6.56 | 6.70 | 6.78 |
| 12 Federal Reserve discount ⁵ | 5.25 | 5.25 | 5.42 | 5.93 | 5.80 | 6.00 | 6.00 | 6.37 | 6.50 |
| 13 Treasury bills (3-month market yield) ⁶ | 4.63 | 4.84 | 5.50 | 6.11 | 6.16 | 6.10 | 6.07 | 6.44 | 6.45 |
| 14 Commercial paper (90- to 119-day) ⁷ | 4.74 | 5.15 | 5.74 | 6.56 | 6.51 | 6.54 | 6.61 | 6.75 | 6.76 |
| Long-term rates | | | | | | | | | |
| Bonds: | | | | | | | | | |
| 15 U.S. Govt. ⁸ | 7.62 | 7.68 | 7.60 | 7.78 | 7.71 | 7.76 | 7.87 | 8.14 | 8.22 |
| 16 State and local government ⁹ | 5.88 | 5.70 | 5.59 | 5.57 | 5.64 | 5.49 | 5.57 | 5.71 | 5.62 |
| 17 Aaa utility (new issue) ¹⁰ | 8.17 | 8.21 | 8.09 | 8.27 | 8.23 | 8.27 | 8.34 | 8.68 | 8.69 |
| 18 Conventional mortgages ¹¹ | 8.82 | 8.95 | 9.00 | 9.05 | 9.00 | 9.05 | 9.10 | 9.15 | ..... |

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

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

⁴ Savings and loan associations, mutual savings banks, and credit unions.

⁵ Quarterly changes calculated from figures shown in Table 1.23.
⁶ Seven-day averages of daily effective rates (average of the rates on a given date weighted by the volume of transactions at those rates).

⁷ Rate for the Federal Reserve Bank of New York.

⁸ Quoted on a bank-discount rate basis.

⁹ Beginning Nov. 1977, unweighted average of offering rates quoted by five dealers. Previously, most representative rate quoted by these dealers.

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

¹¹ Bond Buyer series for 20 issues of mixed quality.

¹² 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.

¹³ Average rates on new commitments for conventional first mortgages on new homes in primary markets, unweighted and rounded to nearest 5 basis points, from Dept. of Housing and Urban Development.

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

1.11 FACTORS AFFECTING MEMBER BANK RESERVES

Millions of dollars

| Factors | | Monthly averages of daily figures | | | Weekly averages of daily figures for weeks ending— | | | | | | |
|-------------------------|---|-----------------------------------|---------|---------|--|---------|---------|---------|---------|---------|----------------------|
| | | 1977 | 1978 | | 1978 | | | | | | |
| | | | Dec. | Jan. | Feb. ^p | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 | Feb. 8 | Feb. 15 ^p | Feb. 22^{p} |
| SUPPLYING RESERVE FUNDS | | | | | | | | | | | |
| 1 | Reserve Bank credit outstanding. . . | 116,382 | 118,598 | 115,402 | 117,750 | 117,182 | 118,311 | 120,178 | 117,212 | 114,927 | 115,313 |
| 2 | U.S. Govt. securities ¹ | 100,185 | 100,076 | 98,739 | 99,635 | 100,482 | 99,710 | 98,728 | 100,144 | 96,846 | 99,547 |
| 3 | Bought outright. | 98,957 | 99,544 | 98,032 | 99,313 | 100,105 | 99,646 | 97,867 | 99,620 | 96,451 | 98,517 |
| 4 | Held under repurchase agree- ment. | 1,228 | 532 | 707 | 322 | 377 | 64 | 861 | 524 | 395 | 1,028 |
| 5 | Federal agency securities. | 7,763 | 8,119 | 8,069 | 8,090 | 8,119 | 8,010 | 8,138 | 8,069 | 8,002 | 8,119 |
| 6 | Bought outright. | 7,541 | 8,004 | 7,982 | 8,004 | 8,004 | 8,004 | 8,001 | 7,982 | 7,982 | 7,982 |
| 7 | Held under repurchase agree- ment. | 222 | 115 | 87 | 86 | 115 | 6 | 137 | 87 | 20 | 137 |
| 8 | Acceptances. | 326 | 178 | 106 | 124 | 112 | 31 | 91 | 135 | 63 | 135 |
| 9 | Loans. | 558 | 481 | 405 | 442 | 418 | 592 | 426 | 493 | 282 | 442 |
| 10 | Float. | 5,308 | 7,065 | 5,522 | 7,062 | 5,494 | 7,141 | 10,014 | 5,509 | 6,760 | 4,948 |
| 11 | Other Federal Reserve assets. . . . | 2,242 | 2,679 | 2,561 | 2,396 | 2,557 | 2,827 | 2,782 | 2,862 | 2,974 | 2,123 |
| 12 | Gold stock. | 11,696 | 11,719 | 11,718 | 11,719 | 11,719 | 11,719 | 11,719 | 11,718 | 11,718 | 11,718 |
| 13 | Special Drawing Rights certificate account. | 1,208 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 |
| 14 | Treasury currency outstanding. . . . | 11,354 | 11,392 | 11,423 | 11,385 | 11,392 | 11,396 | 11,406 | 11,413 | 11,421 | 11,429 |
| ABSORBING RESERVE FUNDS | | | | | | | | | | | |
| 15 | Currency in circulation. | 102,862 | 102,090 | 101,190 | 103,157 | 102,136 | 101,173 | 100,698 | 100,846 | 101,414 | 101,402 |
| 16 | Treasury cash holdings. | 408 | 395 | 389 | 393 | 397 | 397 | 393 | 390 | 389 | 390 |
| | Deposits, other than member bank reserves with F.R. Banks: | | | | | | | | | | |
| 17 | Treasury. | 5,640 | 7,519 | 5,707 | 6,422 | 5,257 | 8,210 | 10,866 | 8,213 | 5,018 | 4,670 |
| 18 | Foreign. | 298 | 335 | 297 | 436 | 305 | 283 | 288 | 291 | 295 | 266 |
| 19 | Other ² | 658 | 839 | 772 | 647 | 759 | 966 | 740 | 802 | 754 | 668 |
| 20 | Other F.R. liabilities and capital. . . | 3,718 | 3,652 | 3,926 | 3,419 | 3,610 | 3,753 | 4,090 | 3,629 | 3,953 | 4,213 |
| 21 | Member bank reserves with F.R. Banks. | 27,057 | 28,129 | 27,512 | 27,629 | 29,077 | 27,893 | 27,479 | 27,423 | 27,493 | 28,101 |
| End-of-month figures | | | | | Wednesday figures | | | | | | |
| | | 1977 | 1978 | | 1978 | | | | | | |
| | | | Dec. | Jan. | Feb. ^p | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 | Feb. 8 | Feb. 15 ^p | Feb. 22^{p} |
| SUPPLYING RESERVE FUNDS | | | | | | | | | | | |
| 22 | Reserve Bank credit outstanding. . . | 118,745 | 112,788 | 111,906 | 111,852 | 118,907 | 118,739 | 118,572 | 116,630 | 117,245 | 117,572 |
| 23 | U.S. Govt. securities ¹ | 102,819 | 97,004 | 98,450 | 94,462 | 99,958 | 98,337 | 101,644 | 96,720 | 99,508 | 101,282 |
| 24 | Bought outright. | 100,918 | 97,004 | 98,450 | 94,462 | 99,615 | 97,888 | 96,196 | 96,720 | 97,107 | 98,044 |
| 25 | Held under repurchase agree- ment. | 1,901 | 8,004 | 7,982 | 8,004 | 343 | 449 | 5,448 | 7,982 | 2,401 | 3,238 |
| 26 | Federal agency securities. | 8,455 | 8,004 | 7,982 | 8,004 | 8,222 | 8,044 | 8,664 | 7,982 | 8,116 | 8,446 |
| 27 | Bought outright. | 8,004 | 8,004 | 7,982 | 8,004 | 8,004 | 8,004 | 7,982 | 7,982 | 7,982 | 7,982 |
| 28 | Held under repurchase agree- ment. | 451 | | | | 218 | 40 | 682 | | 134 | 464 |
| 29 | Acceptances. | 954 | | | | 214 | 214 | 414 | | 349 | 453 |
| 30 | Loans. | 265 | 758 | 303 | 792 | 553 | 2,332 | 889 | 326 | 600 | 318 |
| 31 | Float. | 3,810 | 4,083 | 3,272 | 6,197 | 7,482 | 7,116 | 4,013 | 8,270 | 6,371 | 5,100 |
| 32 | Other Federal Reserve assets. . . . | 2,442 | 2,939 | 1,899 | 2,397 | 2,478 | 2,696 | 2,948 | 3,332 | 2,301 | 1,973 |
| 33 | Gold stock. | 11,718 | 11,718 | 11,718 | 11,719 | 11,719 | 11,719 | 11,718 | 11,718 | 11,718 | 11,718 |
| 34 | Special Drawing Rights certificate account. | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 |
| 35 | Treasury currency outstanding. . . . | 11,331 | 11,380 | 11,435 | 11,386 | 11,395 | 11,398 | 11,412 | 11,416 | 11,429 | 11,432 |
| ABSORBING RESERVE FUNDS | | | | | | | | | | | |
| 36 | Currency in circulation. | 103,811 | 100,819 | 101,400 | 102,918 | 101,907 | 101,076 | 100,905 | 101,383 | 101,707 | 101,597 |
| 37 | Treasury cash holdings. | 392 | 387 | 400 | 395 | 396 | 396 | 392 | 388 | 389 | 387 |
| | Deposits, other than member bank reserves with F.R. Banks: | | | | | | | | | | |
| 38 | Treasury. | 7,114 | 11,228 | 3,615 | 5,360 | 6,155 | 9,841 | 9,643 | 6,787 | 3,710 | 3,831 |
| 39 | Foreign. | 379 | 422 | 445 | 289 | 253 | 262 | 282 | 271 | 427 | 311 |
| 40 | Other ² | 1,187 | 871 | 698 | 660 | 641 | 640 | 792 | 842 | 831 | 667 |
| 41 | Other F.R. liabilities and capital. . . | 3,292 | 4,109 | 3,933 | 3,466 | 3,666 | 3,874 | 4,221 | 3,641 | 4,093 | 3,907 |
| 42 | Member bank reserves with F.R. Banks. | 26,870 | 19,301 | 25,819 | 23,118 | 30,252 | 27,017 | 26,716 | 27,702 | 30,485 | 31,272 |

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 | Monthly averages of daily figures | | | | | | | | | |
|--|-----------------------------------|---------|--------|---------|---------|---------|--------|--------|----------------------|----------------------|
| | 1976 | 1977 | | | | | | | 1978 | |
| | Dec. | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. ^p |
| All member banks | | | | | | | | | | |
| Reserves: | | | | | | | | | | |
| 1 At F.R. Banks..... | 26,430 | 25,646 | 26,663 | 26,373 | 26,152 | 26,933 | 26,783 | 27,057 | 28,129 | 27,512 |
| 2 Currency and coin..... | 8,548 | 8,609 | 8,622 | 8,712 | 8,887 | 8,820 | 8,932 | 9,351 | 9,980 | 9,321 |
| 3 Total held ¹ | 35,136 | 34,406 | 35,391 | 35,186 | 35,156 | 35,860 | 35,782 | 36,471 | 38,185 | 36,908 |
| 4 Required..... | 34,964 | 34,293 | 35,043 | 34,987 | 34,965 | 35,521 | 35,647 | 36,297 | 37,880 | 36,602 |
| 5 Excess ¹ | 172 | 113 | 348 | 199 | 191 | 339 | 135 | 174 | 305 | 306 |
| Borrowings at F.R. Banks: ² | | | | | | | | | | |
| 6 Total..... | 62 | 262 | 336 | 1,071 | 634 | 1,319 | 840 | 558 | 481 | 405 |
| 7 Seasonal..... | 12 | 55 | 60 | 101 | 112 | 114 | 83 | 54 | 32 | 51 |
| Large banks in New York City | | | | | | | | | | |
| 8 Reserves held..... | 6,520 | 6,241 | 6,359 | 6,272 | 6,025 | 6,175 | 6,181 | 6,244 | 6,804 | 6,339 |
| 9 Required..... | 6,602 | 6,188 | 6,342 | 6,247 | 6,022 | 6,120 | 6,175 | 6,279 | 6,775 | 6,584 |
| 10 Excess..... | -82 | 53 | 17 | 25 | 3 | 55 | 6 | -35 | 29 | -245 |
| 11 Borrowings ² | 15 | 36 | 74 | 157 | 75 | 133 | 132 | 48 | 77 | 13 |
| Large banks in Chicago | | | | | | | | | | |
| 12 Reserves held..... | 1,632 | 1,662 | 1,573 | 1,653 | 1,655 | 1,666 | 1,607 | 1,593 | 1,733 | 1,597 |
| 13 Required..... | 1,641 | 1,627 | 1,606 | 1,622 | 1,634 | 1,656 | 1,609 | 1,613 | 1,684 | 1,634 |
| 14 Excess..... | -9 | 35 | -33 | 31 | 21 | 10 | -2 | -20 | 49 | -37 |
| 15 Borrowings ² | 4 | 15 | 6 | 5 | 12 | 24 | 23 | 26 | 14 | ..... |
| Other large banks | | | | | | | | | | |
| 16 Reserves held..... | 13,117 | 12,869 | 13,438 | 13,290 | 13,362 | 13,711 | 13,607 | 13,993 | 14,487 | 13,657 |
| 17 Required..... | 13,053 | 12,943 | 13,286 | 13,270 | 13,355 | 13,598 | 13,602 | 13,931 | 14,504 | 13,856 |
| 18 Excess..... | 64 | -74 | 152 | 20 | 7 | 113 | 5 | 62 | -17 | -199 |
| 19 Borrowings ² | 14 | 80 | 79 | 530 | 183 | 681 | 355 | 243 | 164 | 151 |
| All other banks | | | | | | | | | | |
| 20 Reserves held..... | 13,867 | 13,634 | 14,021 | 13,971 | 14,114 | 14,308 | 14,387 | 14,641 | 15,161 | 14,616 |
| 21 Required..... | 13,668 | 13,535 | 13,809 | 13,848 | 13,954 | 14,147 | 14,261 | 14,474 | 14,917 | 14,528 |
| 22 Excess..... | 199 | 99 | 212 | 123 | 160 | 161 | 126 | 167 | 244 | 88 |
| 23 Borrowings ² | 29 | 131 | 177 | 379 | 364 | 481 | 330 | 241 | 226 | 241 |
| Weekly averages of daily figures for weeks ending— | | | | | | | | | | |
| | 1977 | | 1978 | | | | | | | |
| | Dec. 21 | Dec. 28 | Jan. 4 | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 | Feb. 8 | Feb. 15 ^p | Feb. 22 ^p |
| All member banks | | | | | | | | | | |
| Reserves: | | | | | | | | | | |
| 24 At F.R. Banks..... | 27,584 | 27,394 | 28,422 | 27,629 | 29,077 | 27,893 | 27,479 | 27,423 | 27,493 | 28,101 |
| 25 Currency and coin..... | 8,923 | 9,360 | 9,421 | 9,536 | 10,678 | 10,119 | 9,893 | 9,803 | 9,728 | 8,566 |
| 26 Total held ¹ | 36,570 | 36,807 | 37,902 | 37,240 | 39,834 | 38,091 | 37,450 | 37,304 | 37,290 | 36,742 |
| 27 Required..... | 36,425 | 36,562 | 37,615 | 36,935 | 39,573 | 37,776 | 37,292 | 36,934 | 36,920 | 36,373 |
| 28 Excess ¹ | 145 | 245 | 287 | 305 | 261 | 315 | 158 | 370 | 370 | 369 |
| Borrowings at F.R. Banks: ² | | | | | | | | | | |
| 29 Total..... | 527 | 686 | 506 | 442 | 418 | 592 | 470 | 493 | 282 | 442 |
| 30 Seasonal..... | 53 | 53 | 31 | 26 | 27 | 36 | 44 | 49 | 48 | 53 |
| Large banks in New York City | | | | | | | | | | |
| 31 Reserves held..... | 6,419 | 6,273 | 6,640 | 6,641 | 7,437 | 6,566 | 6,606 | 6,667 | 6,546 | 6,281 |
| 32 Required..... | 6,401 | 6,268 | 6,699 | 6,517 | 7,473 | 6,563 | 6,558 | 6,680 | 6,683 | 6,692 |
| 33 Excess..... | 18 | 5 | -59 | 124 | -36 | 3 | 48 | -13 | -137 | -411 |
| 34 Borrowings ² | 50 | 32 | 101 | 27 | ..... | 211 | ..... | 14 | 36 | ..... |
| Large banks in Chicago | | | | | | | | | | |
| 35 Reserves held..... | 1,562 | 1,600 | 1,774 | 1,549 | 1,866 | 1,643 | 1,630 | 1,685 | 1,651 | 1,535 |
| 36 Required..... | 1,574 | 1,593 | 1,693 | 1,596 | 1,835 | 1,661 | 1,630 | 1,668 | 1,703 | 1,589 |
| 37 Excess..... | -12 | 7 | 81 | -47 | 31 | -18 | ..... | 17 | -52 | -54 |
| 38 Borrowings ² | 27 | 73 | ..... | 14 | 29 | 19 | ..... | ..... | ..... | ..... |
| Other large banks | | | | | | | | | | |
| 39 Reserves held..... | 13,990 | 14,161 | 14,443 | 14,150 | 15,211 | 14,526 | 14,185 | 14,151 | 13,830 | 13,379 |
| 40 Required..... | 13,992 | 14,083 | 14,399 | 14,118 | 15,181 | 14,490 | 14,239 | 13,962 | 14,091 | 13,588 |
| 41 Excess..... | -2 | 78 | 44 | 32 | 30 | 36 | -54 | 189 | -261 | -209 |
| 42 Borrowings ² | 229 | 292 | 129 | 204 | 211 | 138 | 178 | 237 | 71 | 178 |
| All other banks | | | | | | | | | | |
| 43 Reserves held..... | 14,599 | 14,773 | 15,045 | 14,900 | 15,320 | 15,356 | 15,029 | 14,801 | 14,701 | 14,502 |
| 44 Required..... | 14,458 | 14,618 | 14,824 | 14,704 | 15,084 | 15,062 | 14,865 | 14,624 | 14,443 | 14,504 |
| 45 Excess..... | 141 | 155 | 221 | 196 | 236 | 294 | 164 | 177 | 258 | -2 |
| 46 Borrowings ² | 221 | 289 | 276 | 197 | 178 | 224 | 292 | 242 | 175 | 264 |

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— | | | | | | | |
|--|--------------------|---------|---------|---------|---------|---------|---------|---------|
| | Jan. 4 | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 | Feb. 8 | Feb. 15 | Feb. 22 |
| Total, 46 banks | | | | | | | | |
| Basic reserve position | | | | | | | | |
| 1 Excess reserves ¹ | 84 | 86 | 37 | 57 | 3 | 170 | 126 | 121 |
| 2 LESS: | | | | | | | | |
| 3 Borrowings at F.R. Banks..... | 156 | 129 | 128 | 277 | 76 | 221 | 54 | 102 |
| 4 Net interbank Federal funds transactions.... | 15,135 | 20,710 | 20,198 | 18,005 | 15,436 | 18,143 | 18,273 | 17,604 |
| 5 EQUALS: Net surplus, or deficit (—): | | | | | | | | |
| 6 Amount..... | -15,207 | -20,754 | -20,290 | -18,225 | -15,508 | -18,193 | -18,201 | -17,584 |
| 7 Per cent of average required reserves..... | 94.4 | 132.5 | 115.9 | 114.0 | 98.3 | 115.2 | 114.0 | 113.4 |
| Interbank Federal funds transactions | | | | | | | | |
| 8 Gross transactions: | | | | | | | | |
| 9 Purchases..... | 25,020 | 28,330 | 27,896 | 24,683 | 22,456 | 25,246 | 25,118 | 25,101 |
| 10 Sales..... | 9,885 | 7,620 | 7,968 | 6,678 | 7,020 | 7,103 | 6,845 | 7,497 |
| 11 Two-way transactions ² | 6,092 | 5,221 | 5,511 | 5,575 | 5,351 | 5,671 | 5,990 | 6,078 |
| 12 Net transactions: | | | | | | | | |
| 13 Purchases of net buying banks..... | 18,928 | 23,110 | 22,385 | 19,108 | 17,105 | 19,575 | 19,128 | 19,024 |
| 14 Sales of net selling banks..... | 3,794 | 2,400 | 2,188 | 1,102 | 1,669 | 1,432 | 855 | 1,420 |
| Related transactions with U.S. Govt. securities dealers | | | | | | | | |
| 15 Loans to dealers ³ | 4,004 | 5,050 | 2,912 | 4,006 | 4,451 | 3,719 | 4,308 | 2,937 |
| 16 Borrowing from dealers ⁴ | 1,693 | 1,462 | 1,776 | 2,340 | 2,462 | 2,091 | 1,946 | 2,474 |
| 17 Net loans..... | 2,312 | 3,588 | 1,136 | 1,666 | 1,990 | 1,628 | 2,362 | 464 |
| 8 banks in New York City | | | | | | | | |
| Basic reserve position | | | | | | | | |
| 18 Excess reserves ¹ | -46 | 94 | 21 | 30 | 52 | 23 | 4 | 45 |
| 19 LESS: | | | | | | | | |
| 20 Borrowings at F.R. Banks..... | 101 | 27 | ..... | 211 | ..... | 14 | 36 | ..... |
| 21 Net interbank Federal funds transactions.... | 6,528 | 7,766 | 6,373 | 5,314 | 4,045 | 5,065 | 4,874 | 5,286 |
| 22 EQUALS: Net surplus, or deficit (—): | | | | | | | | |
| 23 Amount..... | -6,675 | -7,699 | -6,352 | -5,496 | -3,993 | -5,056 | -4,906 | -5,241 |
| 24 Per cent of average required reserves..... | 109.4 | 129.8 | 93.1 | 92.6 | 67.3 | 83.2 | 80.6 | 85.4 |
| Interbank Federal funds transactions | | | | | | | | |
| 25 Gross transactions: | | | | | | | | |
| 26 Purchases..... | 7,291 | 8,342 | 7,297 | 6,246 | 5,032 | 6,432 | 6,121 | 6,665 |
| 27 Sales..... | 763 | 576 | 924 | 932 | 988 | 1,367 | 1,247 | 1,379 |
| 28 Two-way transactions ² | 764 | 576 | 924 | 932 | 988 | 1,194 | 1,246 | 1,279 |
| 29 Net transactions: | | | | | | | | |
| 30 Purchases of net buying banks..... | 6,527 | 7,766 | 6,373 | 5,314 | 4,045 | 5,238 | 4,874 | 5,386 |
| 31 Sales of net selling banks..... | ..... | ..... | ..... | ..... | ..... | 173 | ..... | 100 |
| Related transactions with U.S. Govt. securities dealers | | | | | | | | |
| 32 Loans to dealers ³ | 2,718 | 2,902 | 1,747 | 2,200 | 2,250 | 2,283 | 1,941 | 1,580 |
| 33 Borrowing from dealers ⁴ | 1,031 | 1,147 | 1,168 | 1,509 | 1,224 | 1,068 | 973 | 1,287 |
| 34 Net loans..... | 1,687 | 1,755 | 579 | 691 | 1,026 | 1,215 | 968 | 294 |
| 38 banks outside New York City | | | | | | | | |
| Basic reserve position | | | | | | | | |
| 35 Excess reserves ¹ | 130 | -9 | 16 | 27 | -49 | 146 | 122 | 76 |
| 36 LESS: | | | | | | | | |
| 37 Borrowings at F.R. Banks..... | 55 | 102 | 128 | 66 | 76 | 206 | 18 | 102 |
| 38 Net interbank Federal funds transactions.... | 8,607 | 12,944 | 13,825 | 12,691 | 11,391 | 13,077 | 13,399 | 12,318 |
| 39 EQUALS: Net surplus, or deficit (—): | | | | | | | | |
| 40 Amount..... | -8,533 | -13,055 | -13,938 | -12,729 | -11,516 | -13,137 | -13,295 | -12,344 |
| 41 Per cent of average required reserves..... | 85.2 | 134.1 | 130.4 | 126.6 | 117.1 | 135.2 | 134.5 | 131.7 |
| Interbank Federal funds transactions | | | | | | | | |
| 42 Gross transactions: | | | | | | | | |
| 43 Purchases..... | 17,729 | 19,988 | 20,599 | 18,437 | 17,423 | 18,814 | 18,997 | 18,436 |
| 44 Sales..... | 9,122 | 7,045 | 6,774 | 5,746 | 6,032 | 5,737 | 5,598 | 6,118 |
| 45 Two-way transactions ² | 5,328 | 4,645 | 4,587 | 4,643 | 4,363 | 4,478 | 4,744 | 4,798 |
| 46 Net transactions: | | | | | | | | |
| 47 Purchases of net buying banks..... | 12,401 | 15,343 | 16,012 | 13,794 | 13,060 | 14,336 | 14,253 | 13,638 |
| 48 Sales of net selling banks..... | 3,794 | 2,400 | 2,188 | 1,102 | 1,669 | 1,259 | 855 | 1,320 |
| Related transactions with U.S. Govt. securities dealers | | | | | | | | |
| 49 Loans to dealers ³ | 1,287 | 2,148 | 1,165 | 1,805 | 2,201 | 1,436 | 2,368 | 1,357 |
| 50 Borrowing from dealers ⁴ | 662 | 315 | 608 | 830 | 1,238 | 1,023 | 973 | 1,187 |
| 51 Net loans..... | 625 | 1,833 | 558 | 975 | 963 | 413 | 1,395 | 170 |

For notes see end of table.

1.13 Continued

| Type | 1978, week ending— | | | | | | | |
|--|--------------------|---------|---------|---------|--------|--------|---------|---------|
| | Jan. 4 | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 | Feb. 8 | Feb. 15 | Feb. 22 |
| 5 banks in City of Chicago | | | | | | | | |
| Basic reserve position | | | | | | | | |
| 40 Excess reserves ¹ | 91 | -20 | 19 | 8 | -1 | 20 | 17 | 7 |
| LESS: | | | | | | | | |
| 41 Borrowings at F.R. Banks..... | | 14 | 29 | 19 | | | | |
| 42 Net interbank Federal funds transactions.... | 5,447 | 6,502 | 6,654 | 6,168 | 5,492 | 5,926 | 6,180 | 5,535 |
| EQUALS: Net surplus, or deficit (-): | | | | | | | | |
| 43 Amount..... | -5,356 | -6,536 | -6,663 | -6,179 | -5,493 | -5,906 | -6,163 | -5,528 |
| 44 Per cent of average required reserves | 339.2 | 441.5 | 387.7 | 399.2 | 361.6 | 379.4 | 387.7 | 373.8 |
| Interbank Federal funds transactions | | | | | | | | |
| Gross transactions: | | | | | | | | |
| 45 Purchases..... | 6,539 | 7,492 | 7,928 | 7,256 | 6,714 | 7,063 | 7,056 | 6,931 |
| 46 Sales..... | 1,092 | 991 | 1,274 | 1,088 | 1,222 | 1,138 | 876 | 1,396 |
| 47 Two-way transactions ² | 1,018 | 911 | 1,217 | 1,049 | 1,184 | 1,118 | 873 | 1,370 |
| Net transactions: | | | | | | | | |
| 48 Purchases of net buying banks..... | 5,522 | 6,582 | 6,710 | 6,206 | 5,530 | 5,946 | 6,183 | 5,561 |
| 49 Sales of net selling banks..... | 74 | 80 | 57 | 39 | 38 | 20 | 3 | 26 |
| Related transactions with U.S. Govt. securities dealers | | | | | | | | |
| 50 Loans to dealers ³ | 180 | 387 | 201 | 206 | 341 | 253 | 283 | 242 |
| 51 Borrowing from dealers ⁴ | 246 | 34 | 228 | 290 | 463 | 230 | 263 | 423 |
| 52 Net loans..... | -66 | 353 | -28 | -84 | -122 | 23 | 20 | -182 |
| 33 other banks | | | | | | | | |
| Basic reserve position | | | | | | | | |
| 53 Excess reserves ¹ | 39 | 11 | -3 | 20 | -47 | 127 | 105 | 70 |
| LESS: | | | | | | | | |
| 54 Borrowings at F.R. Banks..... | 55 | 88 | 100 | 47 | 76 | 206 | 18 | 102 |
| 55 Net interbank Federal funds transactions.... | 3,160 | 6,442 | 7,172 | 6,523 | 5,899 | 7,152 | 7,219 | 6,783 |
| EQUALS: Net surplus, or deficit (-): | | | | | | | | |
| 56 Amount..... | -3,177 | -6,519 | -7,275 | -6,550 | -6,022 | -7,231 | -7,132 | -6,815 |
| 57 Per cent of average required reserves | 37.7 | 79.0 | 81.1 | 77.0 | 72.4 | 88.6 | 86.0 | 86.3 |
| Interbank Federal funds transactions | | | | | | | | |
| Gross transactions: | | | | | | | | |
| 58 Purchases..... | 11,189 | 12,496 | 12,672 | 11,181 | 10,709 | 11,751 | 11,941 | 11,505 |
| 59 Sales..... | 8,030 | 6,054 | 5,500 | 4,658 | 4,810 | 4,599 | 4,722 | 4,722 |
| 60 Two-way transactions ² | 4,310 | 3,734 | 3,370 | 3,594 | 3,179 | 3,360 | 3,871 | 3,428 |
| Net transactions: | | | | | | | | |
| 61 Purchases of net buying banks..... | 6,879 | 8,762 | 9,302 | 7,588 | 7,531 | 8,391 | 8,070 | 8,077 |
| 62 Sales of net selling banks..... | 3,719 | 2,320 | 2,131 | 1,064 | 1,631 | 1,239 | 852 | 1,294 |
| Related transactions with U.S. Govt. securities dealers | | | | | | | | |
| 63 Loans to dealers ³ | 1,107 | 1,761 | 965 | 1,600 | 1,860 | 1,184 | 2,085 | 1,116 |
| 64 Borrowing from dealers ⁴ | 416 | 281 | 379 | 540 | 775 | 793 | 740 | 764 |
| 65 Net loans..... | 691 | 1,480 | 585 | 1,059 | 1,086 | 391 | 1,375 | 352 |

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 2/28/78 | Effective date | Previous rate | Rate on 2/28/78 | Effective date | Previous rate | Rate on 2/28/78 | Effective date | Previous rate | Rate on 2/28/78 | Effective date | Previous rate |
| Boston | 6½ | 1/10/78 | 6 | 7 | 1/10/78 | 6½ | 7½ | 1/10/78 | 7 | 9½ | 1/10/78 | 9 |
| New York | 6½ | 1/9/78 | 6 | 7 | 1/9/78 | 6½ | 7½ | 1/9/78 | 7 | 9½ | 1/9/78 | 9 |
| Philadelphia | 6½ | 1/20/78 | 6 | 7 | 1/20/78 | 6½ | 7½ | 1/20/78 | 7 | 9½ | 1/20/78 | 9 |
| Cleveland | 6½ | 1/20/78 | 6 | 7 | 1/20/78 | 6½ | 7½ | 1/20/78 | 7 | 9½ | 1/20/78 | 9 |
| Richmond | 6½ | 1/13/78 | 6 | 7 | 1/13/78 | 6½ | 7½ | 1/13/78 | 7 | 9½ | 1/13/78 | 9 |
| Atlanta | 6½ | 1/16/78 | 6 | 7 | 1/16/78 | 6½ | 7½ | 1/16/78 | 7 | 9½ | 1/16/78 | 9 |
| Chicago | 6½ | 1/9/78 | 6 | 7 | 1/9/78 | 6½ | 7½ | 1/9/78 | 7 | 9½ | 1/9/78 | 9 |
| St. Louis | 6½ | 1/13/78 | 6 | 7 | 1/13/78 | 6½ | 7½ | 1/13/78 | 7 | 9½ | 1/13/78 | 9 |
| Minneapolis | 6½ | 1/10/78 | 6 | 7 | 1/10/78 | 6½ | 7½ | 1/10/78 | 7 | 9½ | 1/10/78 | 9 |
| Kansas City | 6½ | 1/10/78 | 6 | 7 | 1/10/78 | 6½ | 7½ | 1/10/78 | 7 | 9½ | 1/10/78 | 9 |
| Dallas | 6½ | 1/13/78 | 6 | 7 | 1/13/78 | 6½ | 7½ | 1/13/78 | 7 | 9½ | 1/13/78 | 9 |
| San Francisco | 6½ | 1/13/78 | 6 | 7 | 1/13/78 | 6½ | 7½ | 1/13/78 | 7 | 9½ | 1/13/78 | 9 |

Range of rates in recent years⁵

| Effective date | Range (or level)—All F.R. Banks | F.R. Bank of N.Y. | Effective date | Range (or level)—All F.R. Banks | F.R. Bank of N.Y. | Effective date | Range (or level)—All F.R. Banks | F.R. Bank of N.Y. |
|------------------------------|---------------------------------|-------------------|-------------------|---------------------------------|-------------------|----------------------------|---------------------------------|-------------------|
| In effect Dec. 31, 1970..... | 5½ | 5½ | 1973—Jan. 15..... | 5 | 5 | 1975—Jan. 6..... | 7¼–7¾ | 7¾ |
| 1971—Jan. 8..... | 5¼–5½ | 5¼ | Feb. 26..... | 5–5½ | 5½ | 10..... | 7¼–7¾ | 7¼ |
| 15..... | 5¼ | 5¼ | Mar. 2..... | 5½ | 5½ | 24..... | 7¼ | 7¼ |
| 19..... | 5–5¼ | 5¼ | Apr. 23..... | 5½–5¾ | 5½ | Feb. 5..... | 6¾–7¼ | 6¾ |
| 22..... | 5–5¼ | 5 | May 4..... | 5¾ | 5¾ | 7..... | 6¾ | 6¾ |
| 29..... | 5 | 5 | 11..... | 5¾–6 | 6 | Mar. 10..... | 6¼–6¾ | 6¼ |
| Feb. 13..... | 4¾–5 | 5 | 18..... | 6 | 6 | 14..... | 6¼ | 6¼ |
| 19..... | 4¾ | 4¾ | June 11..... | 6–6½ | 6½ | May 16..... | 6–6¼ | 6 |
| July 16..... | 4¾–5 | 5 | 15..... | 6½ | 6½ | 23..... | 6 | 6 |
| 23..... | 5 | 5 | July 2..... | 7 | 7 | | | |
| Nov. 11..... | 4¾–5 | 5 | Aug. 14..... | 7–7½ | 7½ | 1976—Jan. 19..... | 5½–6 | 5½ |
| 19..... | 4¾ | 4¾ | 23..... | 7½ | 7½ | 23..... | 5½ | 5½ |
| Dec. 13..... | 4½–4¾ | 4¾ | 1974—Apr. 25..... | 7½–8 | 8 | Nov. 22..... | 5¼–5½ | 5¼ |
| 17..... | 4½–4¾ | 4½ | 30..... | 8 | 8 | 26..... | 5¼ | 5¼ |
| 24..... | 4½ | 4½ | Dec. 9..... | 7¾–8 | 7¾ | 1977—Aug. 30..... | 5¼–5¾ | 5¼ |
| | | | 16..... | 7¾ | 7¾ | 31..... | 5¼–5¾ | 5¾ |
| | | | | | | Sept. 2..... | 5¾ | 5¾ |
| | | | | | | Oct. 26..... | 6 | 6 |
| | | | | | | 1978—Jan. 9..... | 6–6½ | 6½ |
| | | | | | | 20..... | 6½ | 6½ |
| | | | | | | In effect Feb. 28, 1978... | 6½ | 6½ |

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 REQUIREMENTS¹

Per cent of deposits

| Type of deposit, and deposit interval in millions of dollars | Requirements in effect Feb. 28, 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..... | 16¾ | 12/30/76 | 16½ | 2/13/75 |
| Time: ^{2,3} | | | | |
| Savings..... | 3 | 3/16/67 | 3½ | 3/2/67 |
| Other time: | | | | |
| 0-5, maturing in— | | | | |
| 30-179 days..... | 3 | 3/16/67 | 3½ | 3/2/67 |
| 180 days to 4 years..... | 4 2½ | 1/8/76 | 3 | 3/16/67 |
| 4 years or more..... | 4 1 | 10/30/75 | 3 | 3/16/67 |
| Over 5, maturing in— | | | | |
| 30-179 days..... | 6 | 12/12/74 | 5 | 10/1/70 |
| 180 days to 4 years..... | 4 2½ | 1/8/76 | 3 | 12/12/74 |
| 4 years or more..... | 4 1 | 10/30/75 | 3 | 12/12/74 |
| Legal limits, Feb. 28, 1978 | | | | |
| | Minimum | | Maximum | |
| Net demand: | | | | |
| Reserve city banks..... | 10 | | 22 | |
| Other banks..... | 7 | | 14 | |
| Time..... | 3 | | 10 | |

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 I3.

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

(b) The Federal Reserve Act specifies different ranges of requirements for reserve city banks and for other banks. Reserve cities are designated under a criterion adopted effective Nov. 9, 1972, by which a bank having net demand deposits of more than \$400 million is considered to have the character of business of a reserve city bank. The presence of the head office of such a bank constitutes designation of that place as a reserve city. Cities in which there are F.R. Banks or branches are also reserve cities. Any banks having net demand deposits of \$400 million or less are considered to have the character of business of banks outside of reserve cities and are permitted to maintain reserves at ratios set for banks not in reserve cities. For details, see the Board's Regulation D.

(c) The Board's Regulation M requires a 4 per cent reserve against net balances due from domestic banks to their foreign branches and to foreign banks abroad. Effective Dec. 1, 1977, a 1 per cent reserve is required against deposits that foreign branches of U.S. banks use for lending to U.S. residents. Loans aggregating \$100,000 or less to any U.S. resident are excluded from computations, as are total loans of a bank to U.S. residents if not exceeding \$1 million. Regulation D imposes a similar reserve requirement on borrowings from foreign banks by domestic offices of a member bank.

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

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

NOTE.—Required reserves must be held in the form of deposits with F.R. Banks or vault cash.

1.16 MAXIMUM INTEREST RATES PAYABLE on Time and Savings Deposits at Federally Insured Institutions

Per cent per annum

| Type and maturity of deposit | Commercial banks | | | | Savings and loan associations and mutual savings banks | | | |
|--|-------------------------|----------------|------------------|----------------|--|----------------|------------------|----------------|
| | In effect Feb. 28, 1978 | | Previous maximum | | In effect Feb. 28, 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 | (6) | 5 | (7) |
| 2 Negotiable order of withdrawal (NOW) accounts ¹ | 5 | 1/1/74 | ..... | ..... | 5 | 1/1/74 | ..... | ..... |
| Time (multiple- and single-maturity unless otherwise indicated): ² | | | | | | | | |
| 30-89 days: | | | | | | | | |
| 3 Multiple-maturity..... | 5 | 7/1/73 | 4½ | 1/21/70 | (8) | ..... | (8) | ..... |
| 4 Single-maturity..... | | | 5 | 9/26/66 | | | | |
| 90 days to 1 year: | | | | | | | | |
| 5 Multiple-maturity..... | 5½ | 7/1/73 | 5 | 7/20/66 | 3 5¼ | (6) | 5¼ | 1/21/70 |
| 6 Single-maturity..... | | | 5 | 9/26/66 | | | | |
| 7 1 to 2 years ³ | 6 | 7/1/73 | 5½ | 1/21/70 | 6½ | (6) | 5¾ | 1/21/70 |
| 8 2 to 2½ years ³ | | | 5¾ | 1/21/70 | | | 6 | 1/21/70 |
| 9 2½ to 4 years ³ | 6½ | 7/1/73 | 5¾ | 1/21/70 | 6¾ | (6) | 6 | 1/21/70 |
| 10 4 to 6 years ⁴ | 7¼ | 11/1/73 | (9) | ..... | 7½ | 11/1/73 | (9) | ..... |
| 11 6 years or more ⁴ | 7½ | 12/23/74 | 7¾ | 11/1/73 | 7¾ | 12/23/74 | 7½ | 11/1/73 |
| 12 Governmental units (all maturities)..... | 7¾ | 12/23/74 | 7½ | 11/27/74 | 7¾ | 12/23/74 | 7½ | 11/27/74 |
| 13 Individual retirement accounts and Keogh (H.R. 10) plans ⁵ | 7¾ | 7/6/77 | (8) | ..... | 7¾ | 7/6/77 | (8) | ..... |

¹ For authorized States only. Federally insured commercial banks, savings and loan associations, cooperative banks, and mutual savings banks were first permitted to offer NOW accounts on Jan. 1, 1974. Authorization to issue NOW accounts was extended to similar institutions throughout New England on Feb. 27, 1976.

² For exceptions with respect to certain foreign time deposits see the Federal Reserve BULLETIN for October 1962 (p. 1279), August 1965 (p. 1094), and February 1968 (p. 167).

³ A minimum of \$1,000 is required for savings and loan associations, except in areas where mutual savings banks permit lower minimum denominations. This restriction was removed for deposits maturing in less than 1 year, effective Nov. 1, 1973.

⁴ \$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.

⁵ 3-year minimum maturity.

⁶ July 1, 1973, for mutual savings banks; July 6, 1973, for savings and loan associations.

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

⁸ No separate account category.

⁹ Between July 1, 1973, and Oct. 31, 1973, there was no ceiling for certificates maturing in 4 years or more with minimum denominations of \$1,000; however, the amount of such certificates that an institution could issue was limited to 5 per cent of its total time and savings deposits. Sales in excess of that amount, as well as certificates of less than \$1,000, were limited to the 6½ per cent ceiling on time deposits maturing in 2½ years or more.

Effective Nov. 1, 1973, the present ceilings were imposed on certificates maturing in 4 years or more with minimum denominations of \$1,000. There is no limitation on the amount of these certificates that banks can issue.

NOTE—Maximum rates that can be paid by Federally insured commercial banks, mutual savings banks, and savings and loan associations are established by the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board under the provisions of 12 CFR 217, 329, and 526, respectively. The maximum rates on time deposits in denominations of \$100,000 or more were suspended in mid-1973. For information regarding previous interest rate ceilings on all types of accounts, see earlier issues of the Federal Reserve BULLETIN, the Federal Home Loan Bank Board Journal, and the Annual Report of the Federal Deposit Insurance Corporation.

1.161 MARGIN REQUIREMENTS

Per cent of market value; effective dates shown.

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

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

difference between the market value (100 per cent) and the maximum loan value. The term "margin stocks" is defined in the corresponding regulation.

Regulation G and special margin requirements for bonds convertible into stocks were adopted by the Board of Governors effective Mar. 11, 1968.

1.17 FEDERAL RESERVE OPEN MARKET TRANSACTIONS

Millions of dollars

| Type of transaction | | 1975 | 1976 | 1977 | 1977 | | | | | | 1978 |
|--|-------------------------------------|---------|---------|---------|--------|--------|--------|---------|--------|--------|--------|
| | | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. |
| U.S. GOVT. SECURITIES | | | | | | | | | | | |
| Outright transactions (excl. matched sale-purchase transactions) | | | | | | | | | | | |
| Treasury bills: | | | | | | | | | | | |
| 1 | Gross purchases | 11,562 | 14,343 | 13,738 | 118 | 812 | 2,005 | | | 3,109 | 696 |
| 2 | Gross sales | 5,599 | 8,462 | 7,241 | 753 | 176 | 303 | 1,877 | 436 | 311 | 1,323 |
| 3 | Redemptions | 26,431 | 25,017 | 2,136 | 500 | | 317 | | 300 | | |
| Others within 1 year: ¹ | | | | | | | | | | | |
| 4 | Gross purchases | 3,886 | 472 | 3,017 | | | 2,616 | | | 99 | 56 |
| 5 | Gross sales | | | | | | | | | | |
| 6 | Exchange, or maturity shift | -4 | 792 | 4,499 | 238 | 2,321 | 320 | -45 | 1,352 | 623 | -511 |
| 7 | Redemptions | 3,549 | | 2,500 | | | | 2,500 | | | |
| 1 to 5 years: | | | | | | | | | | | |
| 8 | Gross purchases | 23,284 | 23,202 | 2,833 | | | 681 | | | 628 | 311 |
| 9 | Gross sales | | 177 | | | | | | | | |
| 10 | Exchange, or maturity shift | 3,854 | -2,588 | -6,649 | -238 | -1,664 | -320 | 45 | -1,267 | -623 | 511 |
| 5 to 10 years: | | | | | | | | | | | |
| 11 | Gross purchases | 1,510 | 1,048 | 758 | | | 96 | | | 166 | 89 |
| 12 | Gross sales | | | | | | | | | | |
| 13 | Exchange, or maturity shift | -4,697 | 1,572 | 584 | | -782 | | | -325 | | |
| Over 10 years: | | | | | | | | | | | |
| 14 | Gross purchases | 1,070 | 642 | 553 | | | 128 | | | 108 | 100 |
| 15 | Gross sales | | | | | | | | | | |
| 16 | Exchange, or maturity shift | 848 | 225 | 1,565 | | 125 | | | 240 | | |
| All maturities: ¹ | | | | | | | | | | | |
| 17 | Gross purchases | 221,313 | 219,707 | 20,898 | 118 | 812 | 5,526 | | | 4,110 | 1,252 |
| 18 | Gross sales | 5,599 | 8,639 | 7,241 | 753 | 176 | 303 | 1,877 | 436 | 311 | 1,323 |
| 19 | Redemptions | 29,980 | 25,017 | 4,636 | 500 | | 317 | 2,500 | 300 | | |
| Matched sale-purchase transactions | | | | | | | | | | | |
| 20 | Gross sales | 151,205 | 196,078 | 425,214 | 27,947 | 45,831 | 39,552 | 48,204 | 56,899 | 32,320 | 54,859 |
| 21 | Gross purchases | 152,132 | 196,579 | 423,841 | 27,301 | 46,170 | 39,694 | 44,772 | 57,477 | 35,001 | 51,016 |
| Repurchase agreements | | | | | | | | | | | |
| 22 | Gross purchases | 140,311 | 232,891 | 178,683 | 13,973 | 4,397 | 16,700 | 9,578 | 6,472 | 18,071 | 10,229 |
| 23 | Gross sales | 139,538 | 230,355 | 180,535 | 15,719 | 5,648 | 15,469 | 11,889 | 4,433 | 18,208 | 12,130 |
| 24 | Net change in U.S. Govt. securities | 7,434 | 9,087 | 5,798 | -3,528 | -276 | 6,279 | -10,118 | 1,880 | 6,342 | -5,815 |
| FEDERAL AGENCY OBLIGATIONS | | | | | | | | | | | |
| Outright transactions: | | | | | | | | | | | |
| 25 | Gross purchases | 1,616 | 891 | 1,433 | | | | | | 707 | |
| 26 | Gross sales | | | | | | | | | | |
| 27 | Redemptions | 246 | 169 | 223 | | 69 | 25 | | * | 32 | * |
| Repurchase agreements: | | | | | | | | | | | |
| 28 | Gross purchases | 15,179 | 10,520 | 13,811 | 1,672 | 265 | 1,136 | 741 | 615 | 2,712 | 1,680 |
| 29 | Gross sales | 15,566 | 10,360 | 13,638 | 1,938 | 459 | 978 | 1,051 | 484 | 2,392 | 2,131 |
| BANKERS ACCEPTANCES | | | | | | | | | | | |
| 30 | Outright transactions, net | 163 | -545 | -196 | -24 | -15 | * | -4 | | | |
| 31 | Repurchase agreements, net | -35 | 410 | 159 | -204 | -247 | 351 | -478 | 248 | 705 | -954 |
| 32 | Net change in total System Account | 8,539 | 9,833 | 7,143 | -4,020 | -801 | 6,764 | -10,910 | 2,260 | 8,042 | -7,220 |

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 | | | | | End of month | | |
|--|----------------------------------|---------|---------|----------------------|----------------------|--------------|---------|-------------------|
| | 1978 | | | | | 1977 | 1978 | |
| | Jan. 25 | Feb. 1 | Feb. 8 | Feb. 15 ^p | Feb. 22 ^p | Dec. | Jan. | Feb. ^p |
| | Consolidated condition statement | | | | | | | |
| ASSETS | | | | | | | | |
| 1 Gold certificate account..... | 11,719 | 11,718 | 11,718 | 11,718 | 11,718 | 11,718 | 11,718 | 11,718 |
| 2 Special Drawing Rights certificate account..... | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 |
| 3 Coin ¹ | 322 | 335 | 340 | 343 | 339 | 282 | 334 | 339 |
| Loans: | | | | | | | | |
| 4 Member bank borrowings..... | 2,332 | 889 | 326 | 600 | 318 | 265 | 758 | 303 |
| 5 Other..... | | | | | | | | |
| Acceptances: | | | | | | | | |
| 6 Bought outright..... | | | | | | | | |
| 7 Held under repurchase agreements..... | 214 | 414 | | 349 | 453 | 954 | | |
| Federal agency obligations: | | | | | | | | |
| 8 Bought outright..... | 8,004 | 7,982 | 7,982 | 7,982 | 7,982 | 8,004 | 8,004 | 7,982 |
| 9 Held under repurchase agreements..... | 40 | 682 | | 134 | 464 | 451 | | |
| U.S. Govt. securities | | | | | | | | |
| Bought outright: | | | | | | | | |
| 10 Bills..... | 37,974 | 36,282 | 36,806 | 37,193 | 38,130 | 41,561 | 37,090 | 38,536 |
| 11 Certificates—Special..... | | | | | | | | |
| 12 Other..... | | | | | | | | |
| 13 Notes..... | 50,965 | 50,965 | 50,965 | 50,516 | 50,516 | 50,509 | 50,965 | 50,516 |
| 14 Bonds..... | 8,949 | 8,949 | 8,949 | 9,398 | 9,398 | 8,848 | 8,949 | 9,398 |
| 15 Total ² | 97,888 | 96,196 | 96,720 | 97,107 | 98,044 | 100,918 | 97,004 | 98,450 |
| 16 Held under repurchase agreements..... | 449 | 5,448 | | 2,401 | 3,238 | 1,901 | | |
| 17 Total U.S. Govt. securities..... | 98,337 | 101,644 | 96,720 | 99,508 | 101,282 | 102,819 | 97,004 | 98,450 |
| 18 Total loans and securities..... | 108,927 | 111,611 | 105,028 | 108,573 | 110,499 | 112,493 | 105,766 | 106,735 |
| 19 Cash items in process of collection..... | 13,277 | 10,507 | 13,758 | 13,898 | 14,068 | 9,617 | 10,999 | 10,262 |
| 20 Bank premises..... | 379 | 380 | 380 | 380 | 381 | 378 | 379 | 380 |
| Other assets: | | | | | | | | |
| 21 Denominated in foreign currencies..... | 262 | 282 | 271 | 427 | 311 | 18 | 422 | 445 |
| 22 All other..... | 2,055 | 2,286 | 2,681 | 1,494 | 1,281 | 2,046 | 2,138 | 1,074 |
| 23 Total assets..... | 138,191 | 138,369 | 135,426 | 138,083 | 139,847 | 137,802 | 133,006 | 132,203 |
| LIABILITIES | | | | | | | | |
| 24 F.R. notes..... | 90,396 | 90,219 | 90,695 | 91,010 | 90,891 | 93,153 | 90,159 | 90,703 |
| Deposits: | | | | | | | | |
| 25 Member bank reserves..... | 27,017 | 26,716 | 27,702 | 30,485 | 31,272 | 26,870 | 19,301 | 25,819 |
| 26 U.S. Treasury—General account..... | 9,841 | 9,643 | 6,787 | 3,710 | 3,831 | 7,114 | 11,228 | 3,615 |
| 27 Foreign..... | 262 | 282 | 271 | 427 | 311 | 379 | 422 | 445 |
| 28 Other ³ | 640 | 792 | 842 | 831 | 667 | 1,187 | 871 | 698 |
| 29 Total deposits..... | 37,760 | 37,433 | 35,602 | 35,453 | 36,081 | 35,550 | 31,822 | 30,577 |
| 30 Deferred availability cash items..... | 6,161 | 6,496 | 5,488 | 7,527 | 8,968 | 5,807 | 6,916 | 6,990 |
| 31 Other liabilities and accrued dividends..... | 1,348 | 1,570 | 1,418 | 1,732 | 1,417 | 1,234 | 1,474 | 1,328 |
| 32 Total liabilities..... | 135,665 | 135,718 | 133,203 | 135,722 | 137,357 | 135,744 | 130,371 | 129,598 |
| CAPITAL ACCOUNTS | | | | | | | | |
| 33 Capital paid in..... | 1,035 | 1,039 | 1,039 | 1,041 | 1,041 | 1,029 | 1,039 | 1,044 |
| 34 Surplus..... | 1,029 | 1,029 | 1,029 | 1,029 | 1,029 | 1,029 | 1,029 | 1,029 |
| 35 Other capital accounts..... | 462 | 283 | 155 | 291 | 420 | | 567 | 532 |
| 36 Total liabilities and capital accounts..... | 138,191 | 138,369 | 135,426 | 138,083 | 139,847 | 137,802 | 133,006 | 132,203 |
| 37 MEMO: Marketable U.S. Govt. securities held in custody for foreign and intl. account..... | 79,725 | 80,147 | 79,459 | 80,275 | 81,340 | 76,055 | 80,009 | 83,261 |
| Federal Reserve note statement | | | | | | | | |
| 38 F.R. notes outstanding (issued to Bank)..... | 102,112 | 102,496 | 102,644 | 102,595 | 102,664 | 100,534 | 102,355 | 102,773 |
| Collateral held against notes outstanding: | | | | | | | | |
| 39 Gold certificate account..... | 11,719 | 11,718 | 11,718 | 11,718 | 11,718 | 11,713 | 11,718 | 11,718 |
| 40 Special Drawing Rights certificate account.... | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 880 | 1,250 | 1,250 |
| 41 Eligible paper..... | 2,317 | 854 | 321 | 545 | 303 | | 733 | 292 |
| 42 U.S. Govt. securities..... | 86,826 | 88,674 | 89,355 | 89,082 | 89,393 | 89,675 | 88,654 | 89,513 |
| 43 Total collateral..... | 102,112 | 102,496 | 102,644 | 102,595 | 102,664 | 102,268 | 102,355 | 102,773 |

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

² 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.

³ Includes certain deposits of domestic nonmember banks and foreign-

owned banking institutions voluntarily held with member banks and redeposited in full with F.R. Banks.

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

1.19 FEDERAL RESERVE BANKS Maturity Distribution of Loan and Security Holdings

Millions of dollars

| Type and maturity | Wednesday | | | | | End of month | | |
|--------------------------------------|-----------|---------|--------|---------|---------|--------------|---------|---------|
| | 1978 | | | | | 1977 | 1978 | |
| | Jan. 25 | Feb. 1 | Feb. 8 | Feb. 15 | Feb. 22 | Dec. 31 | Jan. 31 | Feb. 28 |
| 1 Loans..... | 2,332 | 890 | 329 | 600 | 318 | 266 | 757 | 303 |
| 2 Within 15 days..... | 2,324 | 876 | 306 | 586 | 308 | 256 | 740 | 294 |
| 3 16 days to 90 days..... | 8 | 14 | 23 | 14 | 10 | 10 | 17 | 9 |
| 4 91 days to 1 year..... | | | | | | | | |
| 5 Acceptances..... | 214 | 414 | | 349 | 453 | 954 | | |
| 6 Within 15 days..... | 214 | 414 | | 349 | 453 | 954 | | |
| 7 16 days to 90 days..... | | | | | | | | |
| 8 91 days to 1 year..... | | | | | | | | |
| 9 U.S. Govt. securities..... | 98,337 | 101,644 | 96,720 | 99,508 | 101,282 | 102,819 | 97,004 | 98,450 |
| 10 Within 15 days ¹ | 4,073 | 10,978 | 5,127 | 4,799 | 6,007 | 4,947 | 5,836 | 2,512 |
| 11 16 days to 90 days..... | 15,752 | 13,558 | 13,980 | 17,595 | 18,217 | 20,362 | 13,155 | 19,549 |
| 12 91 days to 1 year..... | 33,336 | 31,749 | 32,254 | 30,829 | 30,773 | 32,539 | 32,654 | 30,377 |
| 13 Over 1 year to 5 years..... | 27,532 | 27,715 | 27,715 | 29,097 | 29,097 | 27,516 | 27,715 | 28,824 |
| 14 Over 5 years to 10 years..... | 10,477 | 10,477 | 10,477 | 9,571 | 9,571 | 10,388 | 10,477 | 9,571 |
| 15 Over 10 years..... | 7,167 | 7,167 | 7,167 | 7,617 | 7,617 | 7,067 | 7,167 | 7,617 |
| 16 Federal agency obligations..... | 8,044 | 8,664 | 7,982 | 8,116 | 8,446 | 8,455 | 8,004 | 7,982 |
| 17 Within 15 days ¹ | 105 | 682 | | 264 | 594 | 540 | 65 | 222 |
| 18 16 days to 90 days..... | 354 | 375 | 375 | 279 | 279 | 423 | 375 | 140 |
| 19 91 days to 1 year..... | 886 | 908 | 908 | 874 | 874 | 740 | 865 | 1,127 |
| 20 Over 1 year to 5 years..... | 4,175 | 4,175 | 4,175 | 4,175 | 4,175 | 4,149 | 4,175 | 3,954 |
| 21 Over 5 years to 10 years..... | 1,623 | 1,644 | 1,644 | 1,644 | 1,644 | 1,648 | 1,623 | 1,659 |
| 22 Over 10 years..... | 901 | 880 | 880 | 880 | 880 | 955 | 901 | 880 |

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. Monthly data are at annual rates.

| Bank group, or type of customer | 1974 | 1975 | 1976 | 1977 | | | | 1978 |
|---|----------|----------|----------|----------|----------|----------|----------|-------|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. |
| Debits to demand deposits ² (seasonally adjusted) | | | | | | | | |
| 1 All commercial banks..... | 22,937.8 | 25,028.5 | 29,180.4 | 36,321.9 | 37,068.4 | 36,831.9 | 37,331.1 | ..... |
| 2 Major New York City banks.. | 8,434.8 | 9,670.7 | 11,467.2 | 14,388.9 | 14,976.2 | 14,216.3 | 14,633.3 | ..... |
| 3 Other banks..... | 14,503.0 | 15,357.8 | 17,713.2 | 21,933.0 | 22,092.2 | 22,615.7 | 22,697.8 | ..... |
| Debits to savings deposits ³ (not seasonally adjusted) | | | | | | | | |
| 4 All customers..... | | | | 345.5 | 360.0 | 334.6 | 359.2 | ..... |
| 5 Business ¹ | | | | 46.9 | 47.7 | 45.3 | 54.7 | ..... |
| 6 Others..... | | | | 298.6 | 312.3 | 289.4 | 304.5 | ..... |
| Demand deposit turnover ² (seasonally adjusted) | | | | | | | | |
| 7 All commercial banks..... | 99.0 | 105.3 | 116.8 | 133.7 | 134.2 | 133.5 | 134.3 | ..... |
| 8 Major New York City banks.. | 321.6 | 356.9 | 411.6 | 533.8 | 533.9 | 524.4 | 539.2 | ..... |
| 9 Other banks..... | 70.6 | 72.9 | 79.8 | 89.6 | 89.0 | 90.9 | 90.5 | ..... |
| Savings deposit turnover ³ (not seasonally adjusted) | | | | | | | | |
| 10 All customers..... | | | | 1.6 | 1.7 | 1.6 | 1.7 | ..... |
| 11 Business ¹ | | | | 4.4 | 4.4 | 4.1 | 5.0 | ..... |
| 12 Others..... | | | | 1.5 | 1.5 | 1.4 | 1.5 | ..... |

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. | 1977 | | | | | 1978 |
|--|--------------|--------------|--------------|--------------|---------|---------|---------|---------|----------|---------|
| | | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. |
| Seasonally adjusted | | | | | | | | | | |
| MEASURES¹ | | | | | | | | | | |
| 1 M-1..... | 283.1 | 294.8 | 312.4 | 335.4 | 328.4 | 330.4 | 333.7 | 333.3 | 335.4 | 337.4 |
| 2 M-2..... | 612.4 | 664.3 | 740.3 | 806.5 | 787.7 | 792.9 | 799.6 | 802.7 | 806.5 | 812.0 |
| 3 M-3..... | 981.5 | 1,092.6 | 1,237.1 | *1,374.0 | 1,329.5 | 1,343.1 | 1,357.1 | 1,365.6 | *1,374.0 | 1,383.0 |
| 4 M-4..... | 701.4 | 746.5 | 803.5 | 881.2 | 850.9 | 856.2 | 865.9 | 873.5 | 881.2 | 888.3 |
| 5 M-5..... | 1,070.5 | 1,174.7 | 1,300.3 | 1,448.8 | 1,392.7 | 1,406.3 | 1,423.5 | 1,436.5 | 1,448.8 | 1,459.3 |
| COMPONENTS | | | | | | | | | | |
| 6 Currency..... | 67.8 | 73.7 | 80.5 | 88.4 | 85.5 | 86.4 | 87.1 | 87.8 | 88.4 | 89.2 |
| Commercial bank deposits: | | | | | | | | | | |
| 7 Demand..... | 215.3 | 221.0 | 231.9 | 247.0 | 242.9 | 244.0 | 246.6 | 245.5 | 247.0 | 248.2 |
| 8 Time and savings..... | 418.3 | 451.7 | 491.1 | 545.8 | 522.5 | 525.8 | 532.2 | 540.3 | 545.8 | 550.9 |
| 9 Negotiable CD's ² | 89.0 | 82.1 | 63.3 | 74.7 | 63.2 | 63.2 | 66.4 | 70.9 | 74.7 | 76.3 |
| 10 Other..... | 329.3 | 369.6 | 427.9 | 471.1 | 459.3 | 462.6 | 465.9 | 469.4 | 471.1 | 474.6 |
| 11 Nonbank thrift institutions ³ | 369.1 | 428.3 | 496.8 | 567.6 | 541.7 | 550.2 | 557.5 | 563.0 | 567.6 | 571.0 |
| Not seasonally adjusted | | | | | | | | | | |
| MEASURES¹ | | | | | | | | | | |
| 12 M-1..... | 291.3 | 303.2 | 321.3 | 344.9 | 325.2 | 328.2 | 332.5 | 335.4 | 344.9 | 343.8 |
| 13 M-2..... | 617.5 | 669.3 | 745.3 | 811.7 | 784.4 | 788.9 | 796.4 | 800.0 | 811.7 | 817.2 |
| 14 M-3..... | 983.8 | 1,094.3 | 1,237.9 | *1,374.2 | 1,326.6 | 1,337.1 | 1,350.6 | 1,357.4 | *1,374.2 | 1,385.3 |
| 15 M-4..... | 708.0 | 752.8 | 809.5 | 887.6 | 848.8 | 854.3 | 864.7 | 871.6 | 887.6 | 893.6 |
| 16 M-5..... | 1,074.3 | 1,177.7 | 1,302.1 | 1,450.2 | 1,391.1 | 1,402.6 | 1,419.0 | 1,429.0 | 1,450.2 | 1,461.6 |
| COMPONENTS | | | | | | | | | | |
| 17 Currency..... | 69.0 | 75.1 | 82.0 | 90.0 | 85.8 | 86.1 | 86.9 | 88.4 | 90.0 | 88.6 |
| Commercial bank deposits: | | | | | | | | | | |
| 18 Demand..... | 222.2 | 228.1 | 239.3 | 254.9 | 239.3 | 242.1 | 245.6 | 247.0 | 254.9 | 255.2 |
| 19 Member..... | 159.7 | 162.1 | 168.5 | 176.3 | 166.3 | 167.5 | 170.0 | 170.3 | 176.3 | 175.8 |
| 20 Domestic nonmember..... | 58.5 | 62.6 | 67.3 | 74.3 | 69.1 | 70.4 | 71.3 | 72.4 | 74.3 | 74.9 |
| 21 Time and savings..... | 416.7 | 449.6 | 488.2 | 542.7 | 523.7 | 526.1 | 532.2 | 536.2 | 542.7 | 549.8 |
| 22 Negotiable CD's ² | 90.5 | 83.5 | 64.3 | 75.9 | 64.5 | 65.4 | 68.3 | 71.6 | 75.9 | 76.4 |
| 23 Other..... | 326.3 | 366.2 | 423.9 | 466.8 | 459.2 | 460.7 | 463.8 | 464.6 | 466.8 | 473.4 |
| 24 Nonbank thrift institutions ³ | 366.3 | 424.9 | 492.6 | *562.5 | 542.3 | 548.2 | 554.3 | 557.4 | *562.5 | 568.1 |
| 25 U.S. Govt. deposits (all commercial banks)..... | 4.9 | 4.1 | 4.7 | 5.5 | 3.7 | 5.4 | 4.1 | 3.8 | 5.5 | 4.6 |

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-2: M-1 plus savings deposits, time deposits open account, and time certificates of deposit (CD's) other than negotiable CD's of \$100,000 or more of large weekly reporting banks.

M-3: M-2 plus the average of the beginning- and end-of-month deposits of mutual savings banks, savings and loan shares, and credit union shares (nonbank thrift).

M-4: M-2 plus large negotiable CD's.

M-5: M-3 plus large negotiable CD's.

For a description of the latest revisions in the money stock measures see "Money Stock Measures: Revision" in the March 1977 BULLETIN, pp. 305 and 306.

Latest monthly and weekly figures are available from the Board's H.6 release. Back data are available from the Banking Section, Division of Research and Statistics.

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

³ Average of the beginning- and end-of-month figures for deposits of mutual savings banks, for savings capital at savings and loan associations, and for credit union shares.

NOTES TO TABLE 1.23:

¹ Adjusted to exclude domestic commercial interbank loans.

² Loans sold are those sold outright to banks' own foreign branches, nonconsolidated nonbank affiliates of the bank, the banks' holding company (if not a bank), and nonconsolidated nonbank subsidiaries of the holding company. Prior to Aug. 28, 1974, the institutions included had been defined somewhat differently, and the reporting panel of banks was also different. On the new basis, both "Total loans" and "Commercial and industrial loans" were reduced by about \$100 million.

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

⁴ As of Dec. 31, 1977, commercial and industrial loans were reduced by \$300 million as the result of loan reclassifications at one large bank.

⁵ Data beginning June 30, 1974, include one large mutual savings bank that merged with a nonmember commercial bank. As of that date

there were increases of about \$500 million in loans, \$100 million in "Other" securities, and \$600 million in "Total loans and investments."

As of Oct. 31, 1974, "Total loans and investments" of all commercial banks were reduced by \$1.5 billion in connection with the liquidation of one large bank. Reductions in other items were: "Total loans," \$1.0 billion (of which \$0.6 billion was in "Commercial and industrial loans"), and "Other securities," \$0.5 billion. In late November "Commercial and industrial loans" were increased by \$0.1 billion as a result of loan reclassifications at another large bank.

NOTE.—Data are for last Wednesday of month except for June 30 and Dec. 31; data are partly or wholly estimated except when June 30 and Dec. 31 are call dates.

1.22 AGGREGATE RESERVES AND DEPOSITS Member Banks

Billions of dollars, averages of daily figures

| Item | 1974 Dec. | 1975 Dec. | 1976 Dec. | 1977 | | | | | | | 1978 |
|---|-------------------------|--------------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |  | Jan. |
| | Seasonally adjusted | | | | | | | | | | |
| 1 Reserves ¹ | 36.60 | 34.73 | 34.95 | 34.86 | 35.35 | 35.64 | 35.63 | 35.90 | 36.01 | 36.21 | 36.89 |
| 2 Nonborrowed..... | 35.87 | 34.60 | 34.90 | 34.60 | 35.03 | 34.58 | 35.00 | 34.59 | 35.15 | 35.64 | 36.40 |
| 3 Required..... | 36.34 | 34.47 | 34.68 | 34.71 | 35.08 | 35.44 | 35.42 | 35.69 | 35.76 | 36.02 | 36.62 |
| 4 Deposits subject to reserve requirements ² | 486.2 | 505.4 | 529.6 | 544.5 | 547.7 | 551.4 | 552.9 | 559.4 | 564.6 | 569.9 | 575.7 |
| 5 Time and savings..... | 322.1 | 337.9 | 355.0 | 367.0 | 369.2 | 370.8 | 372.4 | 377.1 | 383.5 | 387.7 | 390.5 |
| Demand: | | | | | | | | | | | |
| 6 Private..... | 160.6 | 164.5 | 171.4 | 173.8 | 175.8 | 177.0 | 176.9 | 179.0 | 177.6 | 178.5 | 182.3 |
| 7 U.S. Govt..... | 3.5 | 3.0 | 3.2 | 3.7 | 2.8 | 3.6 | 3.7 | 3.3 | 3.5 | 3.7 | 3.0 |
| | Not seasonally adjusted | | | | | | | | | | |
| 8 Deposits subject to reserve requirements ² | 491.8 | 510.9 | 534.8 | 544.5 | 547.6 | 548.3 | 552.1 | 558.2 | 562.1 | 575.3 | 581.3 |
| 9 Time and savings..... | 321.7 | 337.2 | 353.6 | 367.8 | 369.5 | 371.7 | 373.0 | 377.5 | 380.7 | 386.4 | 390.3 |
| Demand: | | | | | | | | | | | |
| 10 Private..... | 166.6 | 170.7 | 177.9 | 173.0 | 175.6 | 174.1 | 175.2 | 178.0 | 178.7 | 185.1 | 187.9 |
| 11 U.S. Govt..... | 3.4 | 3.1 | 3.3 | 3.7 | 2.6 | 2.5 | 3.8 | 2.7 | 2.6 | 3.8 | 3.1 |

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 | 1973 Dec. 31 | 1974 Dec. 31 _s | 1975 Dec. 31 | 1976 Dec. 31 | 1977 | | | | 1978 | |
|---|-----------------|---------------------------------|-----------------|-----------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | | | | Sept. 28 _p | Oct. 26 _p | Nov. 30 _p | Dec. 31 _p | Jan. 25 _p | Feb. 22 _p |
| | | | | | | | | | | |
| Seasonally adjusted | | | | | | | | | | |
| 1 Loans and investments ¹ | 633.4 | 690.4 | 721.1 | 784.4 | 848.4 | 857.9 | 866.1 | 865.4 | 874.3 | 881.9 |
| 2 Including loans sold outright ² | 637.7 | 695.2 | 725.5 | 788.2 | 852.4 | 862.0 | 870.5 | 870.0 | 878.8 | 886.2 |
| Loans: | | | | | | | | | | |
| 3 Total..... | 449.0 | 500.2 | 496.9 | 538.9 | 592.2 | 602.5 | 611.2 | 612.9 | 622.4 | 625.4 |
| 4 Including loans sold outright ² | 453.3 | 505.0 | 501.3 | 542.7 | 596.2 | 606.6 | 615.6 | 617.5 | 626.9 | 629.7 |
| 5 Commercial and industrial ^{3,4} | 156.4 | 183.3 | 176.0 | 179.5 | 195.1 | 199.3 | 201.6 | 202.2 | 204.6 | 207.1 |
| 6 Including loans sold outright ^{2,3,4} | 159.0 | 186.0 | 178.5 | 181.9 | 197.9 | 202.2 | 204.7 | 205.5 | 207.7 | 210.1 |
| Investments: | | | | | | | | | | |
| 7 U.S. Treasury..... | 54.5 | 50.4 | 79.4 | 97.3 | 100.1 | 97.8 | 95.0 | 93.5 | 92.5 | 97.5 |
| 8 Other..... | 129.9 | 139.8 | 144.8 | 148.2 | 156.1 | 157.6 | 159.9 | 159.0 | 159.4 | 159.0 |
| Not seasonally adjusted | | | | | | | | | | |
| 9 Loans and investments ¹ | 647.3 | 705.6 | 737.0 | 801.6 | 848.4 | 856.1 | 866.4 | 884.5 | 872.7 | 875.0 |
| 10 Including loans sold outright..... | 651.6 | 710.4 | 741.4 | 805.4 | 852.4 | 860.2 | 870.8 | 889.1 | 877.2 | 879.3 |
| Loans: | | | | | | | | | | |
| 11 Total ¹ | 458.5 | 510.7 | 507.4 | 550.2 | 594.0 | 601.3 | 610.1 | 625.7 | 617.0 | 617.9 |
| 12 Including loans sold outright ² | 462.8 | 515.5 | 511.8 | 554.0 | 598.0 | 605.4 | 614.6 | 630.4 | 621.5 | 622.2 |
| 13 Commercial and industrial ^{3,4} | 159.4 | 186.8 | 179.3 | 182.9 | 195.5 | 198.6 | 200.8 | 206.0 | 202.5 | 205.0 |
| 14 Including loans sold outright ^{2,3,4} | 162.0 | 189.5 | 181.8 | 185.3 | 198.3 | 201.5 | 203.9 | 209.3 | 205.6 | 208.0 |
| Investments: | | | | | | | | | | |
| 15 U.S. Treasury..... | 58.3 | 54.5 | 84.1 | 102.5 | 98.5 | 97.7 | 97.9 | 98.9 | 97.2 | 98.9 |
| 16 Other..... | 130.6 | 140.5 | 145.5 | 148.9 | 155.9 | 157.1 | 158.4 | 159.8 | 158.5 | 158.1 |

For notes see bottom of opposite page.

1.24 COMMERCIAL BANK ASSETS AND LIABILITIES Last-Wednesday-of-Month Series

Billions of dollars except for number of banks

| Account | 1976 | 1977 ³ | | | | | | | | 1978 | |
|--|-------------------|-------------------|---------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Dec. ³ | May | June | July ^p | Aug. ^p | Sept. ^p | Oct. ^p | Nov. ^p | Dec. ^p | Jan. ^p | Feb. ^p |
| All commercial | | | | | | | | | | | |
| 1 Loans and investments..... | 846.4 | 860.4 | 877.5 | 875.0 | 886.8 | 891.4 | 897.7 | 915.0 | 931.6 | 919.9 | 924.4 |
| 2 Loans, gross..... | 594.9 | 604.6 | 621.9 | 620.7 | 632.2 | 637.1 | 642.9 | 658.7 | 673.4 | 664.2 | 667.4 |
| Investments: | | | | | | | | | | | |
| 3 U.S. Treasury securities..... | 102.5 | 102.4 | 101.6 | 100.0 | 99.4 | 98.5 | 97.7 | 97.8 | 98.9 | 97.2 | 98.9 |
| 4 Other..... | 148.9 | 153.4 | 154.1 | 154.3 | 155.2 | 155.9 | 157.1 | 158.4 | 159.3 | 158.5 | 158.1 |
| 5 Cash assets..... | 136.1 | 120.6 | 139.1 | 126.9 | 135.5 | 128.7 | 129.4 | 138.8 | 150.1 | 128.0 | 146.5 |
| 6 Currency and coin..... | 12.1 | 13.1 | 12.7 | 13.5 | 13.7 | 13.9 | 13.9 | 14.7 | 15.8 | 14.1 | 13.9 |
| 7 Reserves with F.R. Banks..... | 26.1 | 24.0 | 25.5 | 27.2 | 28.2 | 30.0 | 28.3 | 26.3 | 32.1 | 26.6 | 31.0 |
| 8 Balances with banks..... | 49.6 | 42.4 | 47.4 | 42.4 | 45.3 | 42.7 | 44.4 | 46.8 | 48.8 | 43.3 | 47.4 |
| 9 Cash items in process of collection.. | 48.4 | 41.0 | 53.4 | 43.9 | 48.3 | 42.1 | 42.8 | 51.0 | 53.5 | 44.0 | 54.2 |
| 10 Total assets/total liabilities and capital ¹ | 1,030.7 | 1,036.2 | 1,074.2 | 1,059.3 | 1,079.7 | 1,076.7 | 1,083.9 | 1,117.5 | 1,145.4 | 1,112.8 | 1,136.7 |
| 11 Deposits..... | 838.2 | 824.4 | 861.9 | 843.2 | 857.6 | 852.1 | 858.8 | 883.5 | 908.5 | 880.3 | 895.8 |
| Demand: | | | | | | | | | | | |
| 12 Interbank..... | 45.4 | 35.7 | 46.5 | 38.2 | 39.6 | 37.1 | 37.5 | 41.8 | 43.7 | 37.3 | 42.8 |
| 13 U.S. Govt..... | 3.0 | 3.6 | 2.8 | 3.8 | 2.5 | 8.0 | 3.6 | 4.7 | 7.2 | 4.5 | 5.8 |
| 14 Other..... | 288.4 | 264.3 | 288.1 | 273.9 | 285.1 | 272.5 | 279.4 | 293.2 | 307.0 | 283.8 | 287.8 |
| Time: | | | | | | | | | | | |
| 15 Interbank..... | 9.2 | 8.5 | 8.9 | 8.3 | 8.0 | 8.3 | 8.5 | 9.0 | 9.6 | 9.2 | 8.8 |
| 16 Other..... | 492.2 | 512.3 | 515.6 | 519.0 | 522.6 | 526.1 | 529.9 | 534.8 | 541.1 | 545.5 | 550.7 |
| 17 Borrowings..... | 80.2 | 89.0 | 88.2 | 92.2 | 94.8 | 96.5 | 96.8 | 101.0 | 107.1 | 101.7 | 105.7 |
| 18 Total capital accounts ² | 78.1 | 78.2 | 81.8 | 79.0 | 79.6 | 80.1 | 80.5 | 81.4 | 81.6 | 82.2 | 82.6 |
| 19 MEMO: Number of banks..... | 14,671 | 14,695 | 14,718 | 14,709 | 14,713 | 14,724 | 14,718 | 14,718 | 14,703 | 14,702 | 14,702 |
| Member | | | | | | | | | | | |
| 20 Loans and investments..... | 620.5 | 620.1 | 632.8 | 628.9 | 637.9 | 640.8 | 645.2 | 658.6 | 670.8 | 659.5 | 661.8 |
| 21 Loans, gross..... | 442.9 | 441.5 | 453.4 | 451.3 | 459.9 | 463.0 | 467.1 | 479.0 | 489.9 | 481.8 | 483.1 |
| Investments: | | | | | | | | | | | |
| 22 U.S. Treasury securities..... | 74.6 | 72.6 | 72.6 | 70.8 | 70.5 | 69.6 | 68.9 | 69.2 | 69.9 | 67.7 | 69.2 |
| 23 Other..... | 103.1 | 106.0 | 106.7 | 106.8 | 107.5 | 108.3 | 109.3 | 110.3 | 111.1 | 110.0 | 109.5 |
| 24 Cash assets, total..... | 108.9 | 95.7 | 110.6 | 101.2 | 108.6 | 103.1 | 102.3 | 110.6 | 121.7 | 102.2 | 117.2 |
| 25 Currency and coin..... | 9.1 | 9.7 | 9.3 | 9.9 | 10.0 | 10.2 | 10.2 | 10.8 | 11.7 | 10.4 | 10.2 |
| 26 Reserves with F.R. Banks..... | 26.0 | 24.0 | 25.6 | 27.2 | 28.2 | 30.0 | 28.3 | 26.3 | 32.1 | 26.6 | 31.0 |
| 27 Balances with banks..... | 27.4 | 22.6 | 24.4 | 22.0 | 24.0 | 22.5 | 22.8 | 24.7 | 26.6 | 23.0 | 24.6 |
| 28 Cash items in process of collection.. | 46.5 | 39.3 | 51.3 | 42.1 | 46.4 | 40.4 | 41.0 | 48.9 | 51.3 | 42.2 | 51.4 |
| 29 Total assets/total liabilities and capital ¹ | 772.9 | 763.9 | 795.2 | 780.1 | 796.3 | 793.2 | 796.5 | 823.9 | 847.0 | 818.0 | 835.7 |
| 30 Deposits..... | 618.7 | 597.4 | 628.7 | 611.0 | 622.2 | 617.0 | 620.9 | 641.8 | 660.8 | 636.8 | 649.2 |
| Demand: | | | | | | | | | | | |
| 31 Interbank..... | 42.4 | 32.9 | 43.4 | 35.3 | 36.6 | 34.3 | 34.6 | 38.7 | 40.4 | 34.4 | 39.5 |
| 32 U.S. Govt..... | 2.1 | 2.7 | 2.0 | 2.8 | 1.7 | 6.4 | 2.6 | 3.6 | 5.3 | 3.4 | 4.4 |
| 33 Other..... | 215.5 | 195.1 | 213.9 | 202.2 | 211.0 | 200.3 | 205.3 | 216.4 | 226.3 | 208.4 | 211.8 |
| Time: | | | | | | | | | | | |
| 34 Interbank..... | 7.2 | 6.5 | 6.9 | 6.3 | 6.0 | 6.3 | 6.5 | 6.8 | 7.4 | 7.1 | 6.7 |
| 35 Other..... | 351.5 | 360.3 | 362.5 | 364.4 | 366.9 | 369.6 | 372.0 | 376.2 | 381.4 | 383.5 | 386.9 |
| 36 Borrowings..... | 71.7 | 77.5 | 77.0 | 80.4 | 82.5 | 84.0 | 83.8 | 87.8 | 93.4 | 88.0 | 90.8 |
| 37 Total capital accounts ² | 58.6 | 58.7 | 60.8 | 59.4 | 59.9 | 60.2 | 60.6 | 61.2 | 61.4 | 61.7 | 62.1 |
| 38 MEMO: Number of banks..... | 5,759 | 5,708 | 5,721 | 5,701 | 5,676 | 5,692 | 5,686 | 5,686 | 5,668 | 5,656 | 5,656 |

¹ Includes items not shown separately.

Effective Mar. 31, 1976, some of the item "reserve for loan losses" and all of the item "unearned income on loans" are no longer reported as liabilities. As of that date the "valuation" portion of "reserve for loan losses" and the "unearned income on loans" have been netted against "other assets," and against "total assets" as well.

Total liabilities continue to include the deferred income tax portion of "reserve for loan losses."

² Effective Mar. 31, 1976, includes "reserves for securities" and the contingency portion (which is small) of "reserve for loan losses."³ Figures partly estimated except on call dates.

NOTE.—Figures include all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries.

Commercial banks: All such banks in the United States, including member and nonmember banks, stock savings banks, nondeposit trust companies, and U.S. branches of foreign banks, but excluding one national bank in Puerto Rico and one in the Virgin Islands.*Member banks:* The following numbers of noninsured trust companies that are members of the Federal Reserve System are excluded from member banks in Tables 1.24 and 1.25 and are included with noninsured banks in Table 1.25: 1974—June, 2; December, 3; 1975—June and December, 4; 1976 (beginning month shown)—July, 5; December, 7; 1977—January, 8.

1.25 COMMERCIAL BANK ASSETS AND LIABILITIES Call-Date Series

Millions of dollars except for number of banks

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

¹ Includes items not shown separately.² Not available.

For Note see Table 1.24.

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

Asset and liability items are shown in millions of dollars.

| Asset account | Insured commercial banks | Member banks ¹ | | | | | Non-member banks ¹ |
|---|--------------------------|---------------------------|---------------|-----------------|-------------|-----------|-------------------------------|
| | | Total | Large banks | | | All other | |
| | | | New York City | City of Chicago | Other large | | |
| 1 Cash bank balances, items in process | 140,401 | 119,931 | 37,228 | 4,748 | 43,071 | 34,883 | 20,477 |
| 2 Currency and coin | 11,322 | 8,309 | 786 | 166 | 2,741 | 4,618 | 3,012 |
| 3 Reserves with F.R. Banks | 25,582 | 25,582 | 2,658 | 1,592 | 11,035 | 10,297 | |
| 4 Demand balances with banks in United States | 34,233 | 21,301 | 9,956 | 242 | 2,979 | 8,124 | 12,939 |
| 5 Other balances with banks in United States | 4,544 | 2,559 | 50 | 8 | 948 | 1,552 | 1,986 |
| 6 Balances with banks in foreign countries | 3,570 | 3,206 | 346 | 174 | 1,785 | 900 | 365 |
| 7 Cash items in process of collection | 61,150 | 58,974 | 23,433 | 2,565 | 23,583 | 9,392 | 2,176 |
| 8 Total securities held—Book value | 253,100 | 178,314 | 22,398 | 8,518 | 57,243 | 90,155 | 74,798 |
| 9 U.S. Treasury | 98,633 | 70,747 | 11,319 | 3,700 | 23,234 | 32,494 | 27,897 |
| 10 Other U.S. Govt. agencies | 35,232 | 21,954 | 1,435 | 629 | 5,911 | 13,979 | 13,278 |
| 11 States and political subdivisions | 113,002 | 81,356 | 9,276 | 3,953 | 26,854 | 41,273 | 31,646 |
| 12 All other securities | 6,142 | 4,198 | 368 | 236 | 1,224 | 2,370 | 1,944 |
| 13 Unclassified total | 91 | 58 | | | 19 | 39 | 33 |
| 14 Trading-account securities | 6,524 | 6,399 | 2,912 | 762 | 2,465 | 260 | 125 |
| 15 U.S. Treasury | 3,824 | 3,815 | 2,019 | 458 | 1,232 | 105 | 9 |
| 16 Other U.S. Govt. agencies | 629 | 612 | 228 | 125 | 224 | 35 | 18 |
| 17 States and political subdivisions | 1,471 | 1,438 | 536 | 97 | 726 | 79 | 32 |
| 18 All other trading acct. securities | 510 | 477 | 129 | 82 | 264 | 2 | 33 |
| 19 Unclassified | 91 | 58 | | | 19 | 39 | 33 |
| 20 Bank investment portfolios | 246,575 | 171,914 | 19,486 | 7,756 | 54,777 | 89,895 | 74,673 |
| 21 U.S. Treasury | 94,810 | 66,932 | 9,300 | 3,242 | 22,002 | 32,389 | 27,887 |
| 22 Other U.S. Govt. agencies | 34,603 | 21,343 | 1,207 | 504 | 5,687 | 13,945 | 13,261 |
| 23 States and political subdivisions | 111,531 | 79,918 | 8,740 | 3,856 | 26,128 | 41,194 | 31,614 |
| 24 All other portfolio securities | 5,632 | 3,721 | 239 | 154 | 960 | 2,368 | 1,911 |
| 25 F.R. stock and corporate stock | 1,590 | 1,342 | 296 | 105 | 489 | 452 | 248 |
| 26 Federal funds sold and securities resale agreement | 42,200 | 33,672 | 3,450 | 1,366 | 17,721 | 11,135 | 8,623 |
| 27 Commercial banks | 34,701 | 26,484 | 1,461 | 1,180 | 13,524 | 10,319 | 8,311 |
| 28 Brokers and dealers | 5,104 | 4,960 | 1,337 | 143 | 2,828 | 652 | 144 |
| 29 Others | 2,396 | 2,228 | 652 | 43 | 1,369 | 163 | 168 |
| 30 Other loans, gross | 581,099 | 435,012 | 72,932 | 22,648 | 161,728 | 177,704 | 146,088 |
| 31 Less: Unearned income on loans | 14,273 | 9,632 | 600 | 85 | 3,116 | 5,831 | 4,641 |
| 32 Reserves for loan loss | 6,549 | 5,216 | 1,225 | 326 | 1,923 | 1,742 | 1,333 |
| 33 Other loans, net | 560,277 | 420,164 | 71,107 | 22,237 | 156,689 | 170,130 | 140,113 |
| Other loans, gross, by category | | | | | | | |
| 34 Real estate loans | 169,334 | 117,012 | 9,227 | 2,172 | 42,901 | 62,713 | 52,322 |
| 35 Construction and land development | 19,606 | 14,940 | 2,327 | 429 | 7,169 | 5,014 | 4,666 |
| 36 Secured by farmland | 7,607 | 3,259 | 20 | 12 | 335 | 2,893 | 4,348 |
| 37 Secured by residential | 96,512 | 67,990 | 4,516 | 1,146 | 25,297 | 37,030 | 28,522 |
| 38 1- to 4-family residences | 91,776 | 64,582 | 4,038 | 1,041 | 24,008 | 35,496 | 27,194 |
| 39 FHA-insured or VA-guaranteed | 7,723 | 6,708 | 568 | 60 | 3,518 | 2,562 | 1,016 |
| 40 Conventional | 84,053 | 57,874 | 3,470 | 981 | 20,490 | 32,934 | 26,179 |
| 41 Multifamily residences | 4,736 | 3,408 | 479 | 105 | 1,289 | 1,535 | 1,328 |
| 42 FHA-insured | 367 | 306 | 106 | 22 | 107 | 71 | 61 |
| 43 Conventional | 4,369 | 3,102 | 373 | 83 | 1,183 | 1,463 | 1,267 |
| 44 Secured by other properties | 45,609 | 30,824 | 2,364 | 585 | 10,099 | 17,776 | 14,786 |
| 45 Loans to financial institutions | 33,962 | 32,105 | 11,365 | 4,050 | 13,800 | 2,890 | 1,858 |
| 46 To REIT's and mortgage companies | 9,039 | 8,690 | 2,813 | 1,009 | 4,180 | 688 | 350 |
| 47 To domestic commercial banks | 2,581 | 2,074 | 679 | 113 | 1,029 | 253 | 507 |
| 48 To banks in foreign countries | 6,621 | 6,446 | 3,008 | 286 | 2,624 | 528 | 175 |
| 49 To other depository institutions | 1,250 | 1,100 | 98 | 47 | 718 | 237 | 150 |
| 50 To other financial institutions | 14,472 | 13,795 | 4,768 | 2,595 | 5,249 | 1,183 | 677 |
| 51 Loans to security brokers and dealers | 11,478 | 11,239 | 6,508 | 1,693 | 2,808 | 231 | 239 |
| 52 Other loans to purchase/carry securities | 4,257 | 3,542 | 418 | 342 | 1,819 | 964 | 715 |
| 53 Loans to farmers—except real estate | 26,271 | 14,434 | 154 | 127 | 3,392 | 10,760 | 11,836 |
| 54 Commercial and industrial loans | 186,730 | 151,470 | 36,443 | 11,083 | 58,955 | 44,989 | 35,260 |
| 55 Loans to individuals | 134,381 | 92,783 | 6,237 | 1,966 | 32,768 | 51,813 | 41,597 |
| 56 Instalment loans | 107,454 | 74,070 | 4,616 | 1,210 | 26,608 | 41,636 | 33,384 |
| 57 Passenger automobiles | 47,716 | 30,562 | 887 | 149 | 8,950 | 20,576 | 17,154 |
| 58 Residential-repair/modernize | 7,071 | 4,711 | 297 | 61 | 1,682 | 2,671 | 2,359 |
| 59 Credit cards and related plans | 16,348 | 14,377 | 1,929 | 815 | 7,932 | 3,701 | 1,971 |
| 60 Charge-account credit cards | 12,697 | 11,334 | 1,281 | 776 | 6,403 | 2,874 | 1,363 |
| 61 Check and revolving credit plans | 3,651 | 3,043 | 648 | 39 | 1,529 | 826 | 608 |
| 62 Other retail consumer goods | 17,214 | 11,737 | 365 | 60 | 4,263 | 7,049 | 5,477 |
| 63 Mobile homes | 9,051 | 6,365 | 183 | 24 | 2,283 | 3,875 | 2,686 |
| 64 Other | 8,163 | 5,372 | 182 | 36 | 1,980 | 3,175 | 2,791 |
| 65 Other instalment loans | 19,105 | 12,682 | 1,138 | 125 | 3,780 | 7,639 | 6,423 |
| 66 Single-payment loans to individuals | 26,927 | 18,714 | 1,621 | 757 | 6,160 | 10,177 | 8,213 |
| 67 All other loans | 14,687 | 12,426 | 2,581 | 1,214 | 5,286 | 3,345 | 2,261 |
| 68 Total loans and securities, net | 857,167 | 633,492 | 97,251 | 32,226 | 232,142 | 271,872 | 223,782 |
| 69 Direct lease financing | 5,433 | 5,094 | 964 | 136 | 3,125 | 871 | 339 |
| 70 Fixed assets—Buildings, furniture, real estate | 20,681 | 15,388 | 2,191 | 721 | 5,882 | 6,593 | 5,296 |
| 71 Investment in unconsolidated subsidiaries | 2,816 | 2,775 | 1,290 | 234 | 1,161 | 90 | 41 |
| 72 Customer acceptances outstanding | 11,822 | 11,357 | 5,459 | 794 | 4,800 | 303 | 465 |
| 73 Other assets | 28,438 | 24,850 | 8,359 | 1,246 | 10,811 | 4,434 | 3,653 |
| 74 Total assets | 1,066,758 | 812,886 | 152,743 | 40,105 | 300,993 | 319,045 | 254,052 |

For notes see opposite page.

1.26 Continued

| Liability or capital account | | Insured commercial banks | Member banks ¹ | | | | | Non-member banks ¹ |
|---------------------------------|--|--------------------------|---------------------------|---------------|-----------------|-------------|-----------|-------------------------------|
| | | | Total | Large banks | | | All other | |
| | | | | New York City | City of Chicago | Other large | | |
| 75 | Demand deposits | 334,879 | 260,255 | 60,788 | 10,020 | 93,342 | 96,105 | 74,633 |
| 76 | Mutual savings banks | 1,355 | 1,180 | 596 | 1 | 258 | 325 | 175 |
| 77 | Other individuals, partnerships, and corporations | 255,804 | 191,532 | 31,048 | 7,343 | 72,990 | 80,151 | 64,277 |
| 78 | U.S. Govt. | 5,279 | 4,095 | 356 | 138 | 1,815 | 1,787 | 1,184 |
| 79 | States and political subdivisions | 16,719 | 11,572 | 773 | 264 | 3,498 | 7,037 | 5,147 |
| 80 | Foreign governments, central banks, etc. | 1,478 | 1,444 | 1,192 | 16 | 214 | 22 | 34 |
| 81 | Commercial banks in United States | 34,016 | 32,875 | 16,823 | 1,718 | 10,513 | 3,819 | 1,151 |
| 82 | Banks in foreign countries | 6,713 | 6,571 | 5,203 | 199 | 1,013 | 157 | 142 |
| 83 | Certified and officers' checks, etc. | 13,516 | 10,987 | 4,797 | 341 | 3,042 | 2,807 | 2,529 |
| 84 | Time deposits | 309,412 | 223,635 | 32,640 | 13,458 | 77,932 | 99,605 | 85,777 |
| 85 | Accumulated for personal loan payments | 122 | 98 | 122 | 69 | 11 | 87 | 24 |
| 86 | Mutual savings banks | 307 | 295 | 122 | 69 | 88 | 17 | 12 |
| 87 | Other individuals, partnerships, and corporations | 245,125 | 176,081 | 24,649 | 10,037 | 60,163 | 81,233 | 69,043 |
| 88 | U.S. Govt. | 811 | 660 | 50 | 46 | 356 | 208 | 151 |
| 89 | States and political subdivisions | 48,847 | 33,495 | 1,517 | 1,309 | 13,623 | 17,046 | 15,352 |
| 90 | Foreign governments, central banks, etc. | 7,189 | 6,883 | 3,999 | 1,308 | 1,522 | 54 | 306 |
| 91 | Commercial banks in United States | 5,428 | 4,700 | 1,517 | 607 | 1,896 | 681 | 728 |
| 92 | Banks in foreign countries | 1,583 | 1,422 | 787 | 82 | 274 | 280 | 161 |
| 93 | Savings deposits | 217,555 | 152,871 | 11,515 | 3,027 | 55,808 | 82,521 | 64,684 |
| 94 | Individuals and nonprofit organizations | 201,982 | 141,902 | 10,541 | 2,828 | 51,981 | 76,553 | 60,081 |
| 95 | Corporations and other profit organizations | 10,618 | 7,618 | 596 | 179 | 3,182 | 3,661 | 3,000 |
| 96 | U.S. Government | 57 | 49 | 4 | ..... | 16 | 29 | 8 |
| 97 | States and political subdivisions | 4,859 | 3,267 | 355 | 20 | 617 | 2,274 | 1,593 |
| 98 | All other | 38 | 35 | 20 | ..... | 11 | 5 | 3 |
| 99 | Total deposits | 861,847 | 636,761 | 104,944 | 26,506 | 227,081 | 278,231 | 225,095 |
| 100 | Federal funds purchased and securities sold under agreements to repurchase | 80,475 | 76,053 | 19,246 | 8,847 | 37,148 | 10,811 | 4,422 |
| 101 | Commercial banks | 40,568 | 38,676 | 7,239 | 5,918 | 21,034 | 4,485 | 1,892 |
| 102 | Brokers and dealers | 10,327 | 9,920 | 1,872 | 1,551 | 5,197 | 1,299 | 408 |
| 103 | Others | 29,580 | 27,457 | 10,135 | 1,378 | 10,917 | 5,027 | 2,123 |
| 104 | Other liabilities for borrowed money | 6,941 | 6,594 | 2,305 | 134 | 3,299 | 855 | 347 |
| 105 | Mortgage indebtedness | 822 | 587 | 75 | 16 | 293 | 202 | 236 |
| 106 | Bank acceptances outstanding | 12,448 | 11,983 | 6,063 | 802 | 4,813 | 305 | 465 |
| 107 | Other liabilities | 21,082 | 18,543 | 6,979 | 980 | 6,972 | 3,612 | 2,701 |
| 108 | Total liabilities | 983,615 | 750,520 | 139,612 | 37,285 | 279,697 | 294,016 | 233,266 |
| 109 | Subordinated notes and debentures | 5,452 | 4,296 | 1,116 | 81 | 1,920 | 1,179 | 1,156 |
| 110 | Equity capital | 77,691 | 58,070 | 12,014 | 2,740 | 19,466 | 23,850 | 19,630 |
| 111 | Preferred stock | 76 | 31 | ..... | ..... | 2 | 29 | 45 |
| 112 | Common stock | 16,800 | 12,196 | 2,534 | 570 | 3,869 | 5,223 | 4,608 |
| 113 | Surplus | 30,310 | 22,243 | 4,550 | 1,325 | 7,901 | 8,467 | 8,070 |
| 114 | Undivided profits | 28,784 | 22,414 | 4,891 | 791 | 7,289 | 9,442 | 6,373 |
| 115 | Other capital reserves | 1,721 | 1,187 | 39 | 53 | 405 | 690 | 534 |
| 116 | Total liabilities and equity capital | 1,066,758 | 812,866 | 152,743 | 40,105 | 300,993 | 319,045 | 254,052 |
| MEMO ITEMS: | | | | | | | | |
| 117 | Demand deposits adjusted ² | 234,434 | 164,312 | 20,176 | 5,599 | 57,431 | 81,106 | 70,123 |
| Average for last 15 or 30 days: | | | | | | | | |
| 118 | Cash and due from bank | 130,354 | 111,396 | 32,164 | 4,734 | 41,131 | 33,367 | 18,964 |
| 119 | Federal funds sold and securities purchased under agreements to resell | 45,457 | 35,524 | 4,308 | 1,467 | 17,459 | 12,290 | 9,997 |
| 120 | Total loans | 562,308 | 421,470 | 71,435 | 22,100 | 157,150 | 170,785 | 140,838 |
| 121 | Time deposits of \$100,000 or more | 137,978 | 112,438 | 26,334 | 10,410 | 46,080 | 29,613 | 25,540 |
| 122 | Total deposits | 845,729 | 622,100 | 96,770 | 25,565 | 233,052 | 276,712 | 223,636 |
| 123 | Federal funds purchased and securities sold under agreements to repurchase | 85,514 | 81,480 | 23,101 | 10,134 | 37,645 | 10,600 | 4,034 |
| 124 | Other liabilities for borrowed money | 6,792 | 6,436 | 2,125 | 110 | 3,470 | 732 | 356 |
| 125 | Standby letters of credit outstanding | 13,068 | 12,223 | 6,744 | 1,036 | 3,515 | 928 | 845 |
| 126 | Time deposits of \$100,000 or more | 141,125 | 114,857 | 26,424 | 10,626 | 47,351 | 30,276 | 26,268 |
| 127 | Certificates of deposit | 118,970 | 96,381 | 22,542 | 9,270 | 38,845 | 25,724 | 22,589 |
| 128 | Other time deposits | 22,155 | 18,477 | 3,882 | 1,356 | 8,686 | 4,553 | 3,679 |
| 129 | Number of banks | 14,420 | 5,691 | 12 | 9 | 154 | 5,516 | 8,739 |

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

² Demand deposits adjusted are demand deposits other than domestic commercial interbank and U.S. Govt., less cash items reported as in process of collection.

NOTE.—Data include consolidated reports, including figures for all bank-premises subsidiaries and other significant majority-owned domestic subsidiaries. Securities are reported on a gross basis before deductions of valuation reserves. Holdings by type of security will be reported as soon as they become available.

Back data in lesser detail were shown in previous BULLETINS. Details may not add to totals because of rounding.

1.27 ALL LARGE WEEKLY REPORTING COMMERCIAL BANKS Assets and Liabilities

Millions of dollars, Wednesday figures

| Account | 1978 | | | | | | | | Adjustment bank, 1977 ⁸ |
|--|----------------|----------------|----------------|----------------|---------------------|---------------------|----------------------|----------------------|------------------------------------|
| | Jan. 4 | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 ^p | Feb. 8 ^p | Feb. 15 ^p | Feb. 22 ^p | |
| 1 Total loans and investments | 453,160 | 452,083 | 444,035 | 442,065 | 444,949 | 448,987 | 445,160 | 442,355 | 1,011 |
| Loans: | | | | | | | | | |
| 2 <i>Federal funds sold</i> ¹ | 27,991 | 29,645 | 25,977 | 24,861 | 26,535 | 27,886 | 24,933 | 23,237 | 21 |
| 3 To commercial banks..... | 22,882 | 20,841 | 20,637 | 17,959 | 19,919 | 21,462 | 19,689 | 18,747 | 21 |
| To brokers and dealers involving— | | | | | | | | | |
| 4 U.S. Treasury securities..... | 3,101 | 5,383 | 2,969 | 4,308 | 3,509 | 3,244 | 2,507 | 2,134 | ..... |
| 5 Other securities..... | 654 | 864 | 612 | 579 | 594 | 567 | 513 | 467 | ..... |
| 6 To others..... | 1,354 | 2,557 | 1,759 | 2,015 | 2,513 | 2,613 | 2,224 | 1,889 | ..... |
| 7 <i>Other, gross</i> | 322,462 | 320,146 | 316,951 | 316,597 | 317,778 | 320,329 | 318,754 | 318,039 | 652 |
| 8 Commercial and industrial..... | 125,905 | 124,873 | 124,128 | 123,814 | 124,345 | 124,475 | 125,122 | 125,465 | -13 |
| 9 Agricultural..... | 4,722 | 4,673 | 4,655 | 4,616 | 4,562 | 4,538 | 4,540 | 4,525 | 16 |
| For purchasing or carrying securities: | | | | | | | | | |
| To brokers and dealers: | | | | | | | | | |
| 10 U.S. Treasury securities..... | 1,767 | 3,031 | 1,285 | 1,802 | 1,537 | 2,655 | 1,205 | 981 | 1 |
| 11 Other securities..... | 9,126 | 8,441 | 9,029 | 8,617 | 8,715 | 8,867 | 8,702 | 8,465 | ..... |
| To others: | | | | | | | | | |
| 12 U.S. Treasury securities..... | 107 | 106 | 107 | 102 | 101 | 101 | 100 | 105 | ..... |
| 13 Other securities..... | 2,618 | 2,634 | 2,639 | 2,644 | 2,630 | 2,657 | 2,656 | 2,636 | 7 |
| To nonbank financial institutions: | | | | | | | | | |
| 14 Personal and sales finance cos., etc..... | 7,759 | 7,812 | 7,371 | 7,222 | 7,353 | 7,433 | 7,467 | 7,308 | -99 |
| 15 Other..... | 16,025 | 15,475 | 15,169 | 15,187 | 15,218 | 15,211 | 15,186 | 15,027 | 24 |
| 16 Real estate..... | 74,459 | 74,805 | 74,927 | 75,094 | 75,231 | 75,383 | 75,540 | 75,708 | 462 |
| To commercial banks: | | | | | | | | | |
| 17 Domestic..... | 2,992 | 2,846 | 2,367 | 2,220 | 2,249 | 2,403 | 2,058 | 1,982 | ..... |
| 18 Foreign..... | 6,637 | 6,270 | 5,940 | 6,065 | 6,076 | 6,834 | 6,221 | 6,259 | 1 |
| 19 Consumer instalment..... | 46,651 | 46,655 | 46,722 | 46,791 | 46,853 | 46,722 | 46,657 | 46,670 | 199 |
| 20 Foreign govts., official institutions, etc..... | 1,608 | 1,569 | 1,566 | 1,639 | 1,713 | 1,716 | 1,694 | 1,663 | ..... |
| 21 All other loans..... | 22,086 | 20,956 | 21,046 | 20,784 | 21,195 | 21,334 | 21,606 | 21,245 | 54 |
| 22 Less: Loan loss reserve and unearned income on loans..... | 9,361 | 9,395 | 9,411 | 9,428 | 9,446 | 9,480 | 9,510 | 9,551 | 19 |
| 23 <i>Other loans, net</i> | 313,101 | 310,751 | 307,540 | 307,169 | 308,332 | 310,849 | 309,244 | 308,488 | 633 |
| Investments: | | | | | | | | | |
| 24 U.S. Treasury securities..... | 45,964 | 45,032 | 44,235 | 43,552 | 44,588 | 44,359 | 45,405 | 44,944 | 142 |
| 25 Bills..... | 8,422 | 7,689 | 7,111 | 6,774 | 7,013 | 7,141 | 7,435 | 7,064 | 9 |
| Notes and bonds, by maturity: | | | | | | | | | |
| 26 Within 1 year..... | 9,024 | 9,020 | 9,020 | 8,779 | 8,871 | 8,991 | 8,698 | 8,487 | 20 |
| 27 1 to 5 years..... | 24,624 | 24,283 | 24,044 | 23,897 | 24,532 | 24,207 | 24,603 | 24,684 | 105 |
| 28 After 5 years..... | 3,894 | 4,040 | 4,060 | 4,102 | 4,172 | 4,020 | 4,669 | 4,709 | 8 |
| 29 <i>Other securities</i> | 66,104 | 66,655 | 66,283 | 66,483 | 65,494 | 65,893 | 65,578 | 65,686 | 215 |
| Obligations of States and political subdivisions: | | | | | | | | | |
| 30 Tax warrants, short-term notes, and bills..... | 7,834 | 8,026 | 7,754 | 7,667 | 7,113 | 7,551 | 7,070 | 7,046 | 28 |
| 31 All other..... | 42,913 | 43,315 | 43,132 | 43,389 | 43,036 | 43,143 | 43,362 | 43,286 | 120 |
| Other bonds, corporate stocks, and securities: | | | | | | | | | |
| 32 Certificates of participation ² | 2,678 | 2,719 | 2,693 | 2,696 | 2,729 | 2,708 | 2,672 | 2,686 | ..... |
| 33 All other, including corporate stocks..... | 12,679 | 12,595 | 12,704 | 12,731 | 12,616 | 12,491 | 12,474 | 12,668 | 67 |
| 34 Cash items in process of collection..... | 51,631 | 40,780 | 41,590 | 38,378 | 43,456 | 36,089 | 43,688 | 46,640 | 41 |
| 35 Reserves with F.R. Banks..... | 20,443 | 15,808 | 23,590 | 19,925 | 21,098 | 21,688 | 23,182 | 23,944 | 41 |
| 36 Currency and coin..... | 6,841 | 6,829 | 6,538 | 6,435 | 6,050 | 5,785 | 6,180 | 6,347 | 32 |
| 37 Balances with domestic banks..... | 16,461 | 14,122 | 14,494 | 13,736 | 14,210 | 13,642 | 14,247 | 14,612 | 64 |
| 38 Investments in subsidiaries not consolidated..... | 2,952 | 2,971 | 3,002 | 3,037 | 3,042 | 3,171 | 3,059 | 3,128 | ..... |
| 39 Other assets..... | 60,190 | 60,450 | 60,627 | 60,896 | 62,596 | 61,513 | 60,140 | 60,545 | 65 |
| 40 Total assets/total liabilities | 611,678 | 593,043 | 593,876 | 584,472 | 595,401 | 590,875 | 595,656 | 597,571 | 1,254 |
| Deposits: | | | | | | | | | |
| 41 <i>Demand deposits</i> | 205,515 | 186,285 | 187,552 | 179,295 | 188,209 | 180,560 | 187,057 | 187,327 | 412 |
| 42 Individuals, partnerships, and corps..... | 146,604 | 136,019 | 135,666 | 129,747 | 134,151 | 130,684 | 133,696 | 132,827 | 369 |
| 43 States and political subdivisions..... | 6,888 | 6,010 | 6,361 | 6,081 | 7,108 | 5,944 | 6,961 | 5,991 | 14 |
| 44 U.S. Govt..... | 1,679 | 1,712 | 2,975 | 2,296 | 2,105 | 1,200 | 1,988 | 3,056 | 5 |
| Domestic interbank: | | | | | | | | | |
| 45 Commercial..... | 33,238 | 26,403 | 26,203 | 25,095 | 27,986 | 25,968 | 28,406 | 28,423 | ..... |
| 46 Mutual savings..... | 1,155 | 993 | 905 | 881 | 927 | 942 | 958 | 879 | 7 |
| Foreign: | | | | | | | | | |
| 47 Governments, official institutions, etc..... | 1,363 | 1,191 | 1,185 | 1,925 | 1,283 | 1,309 | 1,440 | 1,422 | ..... |
| 48 Commercial banks..... | 7,115 | 6,500 | 6,241 | 6,204 | 6,748 | 8,005 | 6,711 | 7,572 | ..... |
| 49 Certified and officers' checks..... | 7,473 | 7,457 | 8,016 | 7,066 | 7,901 | 6,508 | 6,897 | 7,157 | 17 |
| 50 <i>Time and savings deposits</i> ³ | 252,158 | 251,956 | 251,853 | 252,386 | 252,397 | 253,094 | 252,874 | 253,808 | 646 |
| 51 Savings ⁴ | 92,940 | 93,149 | 92,892 | 92,728 | 92,546 | 92,785 | 92,741 | 92,775 | 371 |
| 52 Time..... | 159,218 | 158,807 | 158,961 | 159,658 | 159,851 | 160,309 | 160,133 | 161,033 | 275 |
| 53 Individuals, partnerships, and corps..... | 120,810 | 120,250 | 120,441 | 120,910 | 120,898 | 121,142 | 121,053 | 121,619 | 241 |
| 54 States and political subdivisions..... | 23,312 | 23,601 | 23,711 | 23,908 | 23,982 | 24,258 | 24,163 | 24,570 | 33 |
| 55 Domestic interbank..... | 5,610 | 5,334 | 5,252 | 5,202 | 5,147 | 5,143 | 5,034 | 5,071 | ..... |
| 56 Foreign govts., official institutions, etc..... | 7,947 | 8,091 | 8,061 | 8,078 | 8,318 | 8,292 | 8,390 | 8,354 | ..... |
| 57 Federal funds purchased, etc. ⁵ | 77,365 | 78,807 | 78,324 | 74,746 | 77,435 | 79,568 | 78,248 | 78,978 | 32 |
| Borrowings from: | | | | | | | | | |
| 58 F.R. Banks..... | 862 | 650 | 392 | 2,107 | 592 | 133 | 442 | 99 | ..... |
| 59 Others..... | 5,100 | 4,989 | 4,905 | 5,005 | 5,072 | 5,140 | 4,992 | 5,056 | 13 |
| 60 Other liabilities, etc. ⁶ | 25,914 | 25,591 | 26,140 | 25,955 | 26,531 | 27,173 | 26,895 | 27,106 | 12 |
| 61 Total equity capital and subordinated notes/debentures ⁷ | 44,764 | 44,765 | 44,710 | 44,978 | 45,165 | 45,207 | 45,148 | 45,197 | 139 |

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.⁸ Adjustment bank data for all large weekly reporting banks published in the February BULLETIN were incorrect.

1.28 LARGE WEEKLY REPORTING COMMERCIAL BANKS IN NEW YORK CITY Assets and Liabilities

Millions of dollars, Wednesday figures

| Account | 1977 | 1978 | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|---------------------|---------------------|----------------------|----------------------|
| | Dec. 28 | Jan. 4 | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 ^p | Feb. 8 ^p | Feb. 15 ^p | Feb. 22 ^p |
| 1 Total loans and investments | 98,160 | 97,936 | 96,265 | 93,212 | 92,371 | 92,830 | 96,597 | 93,020 | 91,938 |
| Loans: | | | | | | | | | |
| 2 <i>Federal funds sold</i> ¹ | 5,198 | 5,060 | 4,885 | 4,111 | 4,274 | 5,367 | 6,807 | 4,442 | 4,166 |
| 3 To commercial banks | 2,981 | 3,835 | 3,119 | 2,896 | 2,312 | 3,829 | 5,346 | 2,970 | 2,981 |
| 4 To brokers and dealers involving— | | | | | | | | | |
| 5 U.S. treasury securities | 1,227 | 1,049 | 1,106 | 911 | 1,401 | 846 | 783 | 691 | 596 |
| 6 Other securities | 990 | 176 | 660 | 304 | 561 | 692 | 673 | 781 | 589 |
| 7 <i>Other gross</i> | 73,139 | 73,088 | 71,278 | 69,489 | 69,017 | 68,439 | 71,057 | 69,236 | 68,723 |
| 8 Commercial and industrial | 36,389 | 35,816 | 35,152 | 34,780 | 34,068 | 33,817 | 33,750 | 33,789 | 34,004 |
| 9 Agricultural | 168 | 166 | 168 | 172 | 167 | 167 | 159 | 159 | 162 |
| For purchasing or carrying securities: | | | | | | | | | |
| 10 To brokers and dealers: | | | | | | | | | |
| 11 U.S. Treasury securities | 799 | 1,585 | 2,327 | 1,142 | 1,661 | 1,355 | 2,355 | 1,052 | 833 |
| 12 Other securities | 5,730 | 4,952 | 4,586 | 4,914 | 4,433 | 4,523 | 4,628 | 4,724 | 4,479 |
| 13 To others: | | | | | | | | | |
| 14 U.S. Treasury securities | 21 | 21 | 21 | 21 | 21 | 20 | 20 | 21 | 26 |
| 15 Other securities | 380 | 390 | 390 | 378 | 377 | 360 | 366 | 372 | 359 |
| To nonbank financial institutions: | | | | | | | | | |
| 16 Personal and sales finance cos., etc. | 2,929 | 2,434 | 2,621 | 2,364 | 2,283 | 2,336 | 2,423 | 2,473 | 2,394 |
| 17 Other | 5,077 | 5,174 | 5,054 | 4,995 | 5,068 | 4,934 | 5,020 | 5,051 | 5,035 |
| 18 Real estate | 8,812 | 9,042 | 8,995 | 8,994 | 9,011 | 9,020 | 9,019 | 9,035 | 9,046 |
| To commercial banks: | | | | | | | | | |
| 19 Domestic | 812 | 1,214 | 723 | 642 | 627 | 617 | 905 | 607 | 584 |
| 20 Foreign | 2,965 | 3,221 | 2,643 | 2,501 | 2,660 | 2,607 | 3,336 | 2,861 | 2,981 |
| 21 Consumer instalment | 4,433 | 4,415 | 4,409 | 4,427 | 4,435 | 4,403 | 4,349 | 4,336 | 4,330 |
| 22 Foreign govts. official institutions, etc. | 290 | 352 | 277 | 242 | 266 | 281 | 262 | 243 | 231 |
| 23 All other loans | 4,334 | 4,306 | 3,912 | 3,917 | 3,940 | 3,999 | 4,465 | 4,492 | 4,259 |
| Less: Loan loss reserve and unearned income on loans | 1,672 | 1,648 | 1,656 | 1,657 | 1,647 | 1,675 | 1,670 | 1,674 | 1,694 |
| 24 <i>Other loans, net</i> | 71,467 | 71,440 | 69,622 | 67,832 | 67,370 | 66,764 | 69,387 | 67,562 | 67,029 |
| Investments: | | | | | | | | | |
| 25 U.S. Treasury securities | 10,661 | 11,102 | 11,015 | 10,740 | 10,208 | 10,712 | 10,361 | 11,056 | 10,622 |
| 26 Bills | 2,178 | 2,324 | 2,565 | 2,362 | 2,128 | 1,990 | 1,910 | 2,093 | 1,824 |
| Notes and bonds, by maturity: | | | | | | | | | |
| 27 Within 1 year | 1,536 | 1,895 | 1,917 | 1,863 | 1,700 | 1,769 | 1,797 | 1,766 | 1,594 |
| 28 1 to 5 years | 6,203 | 6,131 | 5,671 | 5,679 | 5,478 | 5,993 | 5,793 | 5,875 | 5,970 |
| 29 After 5 years | 744 | 752 | 862 | 836 | 902 | 960 | 861 | 1,322 | 1,234 |
| 30 Other securities | 10,834 | 10,334 | 10,743 | 10,529 | 10,519 | 9,987 | 10,042 | 9,960 | 10,121 |
| Obligations of States and political subdivisions: | | | | | | | | | |
| 31 Tax warrants, short-term notes, and bills | 2,132 | 1,781 | 1,915 | 1,841 | 1,790 | 1,417 | 1,433 | 1,361 | 1,354 |
| 32 All other | 6,589 | 6,561 | 6,865 | 6,757 | 6,802 | 6,723 | 6,736 | 6,766 | 6,761 |
| Other bonds, corporate stocks, and securities: | | | | | | | | | |
| 33 Certificates of participation ² | 190 | 424 | 425 | 424 | 425 | 423 | 425 | 410 | 404 |
| 34 All other, including corporate stocks | 1,923 | 1,568 | 1,538 | 1,507 | 1,502 | 1,424 | 1,448 | 1,423 | 1,602 |
| 35 Cash items in process of collection | 15,216 | 15,350 | 13,971 | 14,283 | 13,938 | 14,559 | 10,462 | 14,819 | 14,686 |
| 36 Reserves with F.R. Banks | 6,017 | 4,200 | 3,293 | 6,543 | 5,262 | 5,548 | 5,781 | 7,067 | 6,515 |
| 37 Currency and coin | 1,045 | 1,034 | 1,006 | 968 | 952 | 932 | 887 | 952 | 973 |
| 38 Balances with domestic banks | 7,825 | 7,084 | 6,322 | 6,698 | 6,806 | 6,459 | 5,582 | 6,634 | 6,481 |
| 39 Investments in subsidiaries not consolidated | 1,427 | 1,463 | 1,489 | 1,492 | 1,508 | 1,515 | 1,518 | 1,515 | 1,535 |
| 40 Other assets | 21,295 | 22,517 | 22,877 | 22,581 | 22,869 | 24,520 | 24,116 | 22,994 | 23,746 |
| 40 Total assets/total liabilities | 150,985 | 149,584 | 145,223 | 145,777 | 143,706 | 146,363 | 144,943 | 147,001 | 145,874 |
| Deposits: | | | | | | | | | |
| 41 <i>Demand deposits</i> | 57,799 | 56,880 | 51,521 | 52,644 | 51,230 | 54,430 | 51,114 | 53,174 | 53,113 |
| 42 Individuals, partnerships, and corps. | 31,242 | 31,730 | 28,341 | 28,829 | 27,531 | 28,971 | 27,641 | 28,557 | 27,681 |
| 43 States and political subdivisions | 584 | 516 | 509 | 597 | 611 | 904 | 509 | 690 | 522 |
| 44 U.S. Govt. | 595 | 186 | 280 | 547 | 431 | 258 | 117 | 357 | 568 |
| Domestic interbank: | | | | | | | | | |
| 45 Commercial | 14,229 | 14,462 | 12,612 | 12,794 | 12,489 | 13,927 | 12,096 | 13,585 | 13,033 |
| 46 Mutual savings | 459 | 648 | 569 | 494 | 486 | 507 | 492 | 535 | 453 |
| Foreign: | | | | | | | | | |
| 47 Governments, official institutions, etc. | 1,625 | 1,091 | 931 | 935 | 1,681 | 1,024 | 1,058 | 1,198 | 1,183 |
| 48 Commercial banks | 6,010 | 5,437 | 4,869 | 4,580 | 4,753 | 5,247 | 6,447 | 5,295 | 6,143 |
| 49 Certified and officers' checks | 3,055 | 2,810 | 3,410 | 3,868 | 3,248 | 3,592 | 2,754 | 2,957 | 3,530 |
| 50 <i>Time and savings deposits</i> ³ | 44,505 | 44,452 | 44,695 | 44,785 | 45,168 | 45,508 | 45,134 | 45,021 | 45,300 |
| 51 Savings ⁴ | 9,929 | 10,018 | 10,057 | 10,015 | 10,004 | 9,996 | 9,996 | 9,990 | 9,989 |
| 52 Time | 34,576 | 34,434 | 34,638 | 34,770 | 35,164 | 35,543 | 35,138 | 35,031 | 35,311 |
| 53 Individuals, partnerships and corps. | 25,920 | 25,813 | 25,853 | 25,888 | 26,230 | 26,413 | 26,036 | 25,911 | 26,291 |
| 54 States and political subdivisions | 1,650 | 1,565 | 1,564 | 1,606 | 1,575 | 1,598 | 1,595 | 1,599 | 1,634 |
| 55 Domestic interbank | 1,679 | 1,642 | 1,703 | 1,711 | 1,700 | 1,745 | 1,719 | 1,669 | 1,631 |
| 56 Foreign govts., official institutions, etc. | 4,611 | 4,651 | 4,766 | 4,808 | 4,836 | 5,013 | 5,017 | 5,076 | 5,047 |
| 57 Federal funds purchased, etc. ⁵ | 22,320 | 21,301 | 22,470 | 21,743 | 18,972 | 19,343 | 21,214 | 21,591 | 20,159 |
| Borrowings from: | | | | | | | | | |
| 58 F.R. Banks | 225 | 505 | 190 | ..... | 1,478 | ..... | 100 | 250 | ..... |
| 59 Others | 2,344 | 2,206 | 2,321 | 2,457 | 2,467 | 2,332 | 2,410 | 2,257 | 2,227 |
| 60 Other liabilities, etc. ⁶ | 11,014 | 11,414 | 11,157 | 11,298 | 11,534 | 11,804 | 12,008 | 11,719 | 12,074 |
| 61 Total equity capital and subordinated notes/debentures ⁷ | 12,778 | 12,826 | 12,869 | 12,850 | 12,857 | 12,946 | 12,963 | 12,989 | 13,001 |

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 | 1977 | 1978 | | | | | | | |
|--|---------|---------|---------|---------|---------|---------------------|---------------------|----------------------|----------------------|
| | Dec. 28 | Jan. 4 | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 ^p | Feb. 8 ^p | Feb. 15 ^p | Feb. 22 ^p |
| 1 Total loans and investments..... | 354,537 | 355,224 | 355,818 | 350,823 | 349,694 | 352,119 | 352,390 | 352,140 | 350,417 |
| Loans: | | | | | | | | | |
| 2 Federal funds sold ¹ | 22,704 | 22,931 | 24,760 | 21,866 | 20,587 | 21,168 | 21,079 | 20,491 | 19,071 |
| 3 To commercial banks..... | 19,058 | 19,047 | 17,722 | 17,741 | 15,647 | 16,090 | 16,116 | 16,719 | 15,766 |
| 4 To brokers and dealers involving— | | | | | | | | | |
| 5 U.S. treasury securities..... | 1,618 | 2,052 | 4,277 | 2,058 | 2,907 | 2,663 | 2,461 | 1,816 | 1,538 |
| 6 Other securities..... | 839 | 654 | 864 | 612 | 579 | 594 | 562 | 513 | 467 |
| 7 To others..... | 1,189 | 1,178 | 1,897 | 1,455 | 1,454 | 1,821 | 1,940 | 1,443 | 1,300 |
| 8 Other, gross..... | 247,510 | 249,374 | 248,868 | 247,462 | 247,580 | 249,339 | 249,272 | 249,518 | 249,316 |
| 9 Commercial and industrial..... | 89,272 | 90,089 | 89,721 | 89,348 | 89,746 | 90,528 | 90,725 | 91,333 | 91,461 |
| Agricultural..... | 4,537 | 4,556 | 4,505 | 4,483 | 4,449 | 4,395 | 4,379 | 4,381 | 4,363 |
| For purchasing or carrying securities: | | | | | | | | | |
| To brokers and dealers: | | | | | | | | | |
| 10 U.S. treasury securities..... | 150 | 182 | 704 | 143 | 141 | 182 | 300 | 153 | 148 |
| 11 Other securities..... | 4,226 | 4,174 | 3,855 | 4,115 | 4,184 | 4,192 | 4,239 | 3,978 | 3,986 |
| To others: | | | | | | | | | |
| 12 U.S. Treasury securities..... | 81 | 86 | 85 | 86 | 81 | 81 | 81 | 79 | 79 |
| 13 Other securities..... | 2,243 | 2,228 | 2,244 | 2,261 | 2,267 | 2,270 | 2,291 | 2,284 | 2,277 |
| To nonbank financial institutions: | | | | | | | | | |
| 14 Personal and sales finance cos., etc..... | 5,187 | 5,325 | 5,191 | 5,007 | 4,939 | 5,017 | 5,010 | 4,994 | 4,914 |
| 15 Other..... | 10,665 | 10,851 | 10,421 | 10,174 | 10,119 | 10,284 | 10,191 | 10,135 | 9,992 |
| 16 Real estate..... | 65,325 | 65,417 | 65,810 | 65,933 | 66,083 | 66,211 | 66,364 | 66,505 | 66,662 |
| To commercial banks: | | | | | | | | | |
| 17 Domestic..... | 1,791 | 1,778 | 2,123 | 1,725 | 1,593 | 1,632 | 1,498 | 1,451 | 1,398 |
| 18 Foreign..... | 3,363 | 3,416 | 3,627 | 3,439 | 3,405 | 3,469 | 3,498 | 3,360 | 3,278 |
| 19 Consumer installment..... | 42,001 | 42,236 | 42,246 | 42,295 | 42,356 | 42,450 | 42,373 | 42,321 | 42,340 |
| 20 Foreign govts., official institutions, etc..... | 1,226 | 1,256 | 1,292 | 1,324 | 1,373 | 1,432 | 1,454 | 1,430 | 1,432 |
| 21 All other loans..... | 17,443 | 17,780 | 17,044 | 17,129 | 16,844 | 17,196 | 16,869 | 17,114 | 16,986 |
| 22 LESS: Loan reserve and unearned income on loans..... | 7,755 | 7,713 | 7,739 | 7,754 | 7,781 | 7,771 | 7,810 | 7,836 | 7,857 |
| 23 Other loans, net..... | 239,755 | 241,661 | 241,129 | 239,708 | 239,799 | 241,568 | 241,462 | 241,682 | 241,459 |
| Investments: | | | | | | | | | |
| 24 U.S. Treasury securities..... | 35,308 | 34,862 | 34,017 | 33,495 | 33,344 | 33,876 | 33,998 | 34,349 | 34,322 |
| 25 Bills..... | 6,675 | 6,098 | 5,124 | 4,749 | 4,646 | 5,023 | 5,231 | 5,342 | 5,240 |
| Notes and bonds, by maturity: | | | | | | | | | |
| 26 Within 1 year..... | 7,017 | 7,129 | 7,103 | 7,157 | 7,079 | 7,102 | 7,194 | 6,932 | 6,893 |
| 27 1 to 5 years..... | 18,472 | 18,493 | 18,612 | 18,365 | 18,419 | 18,539 | 18,414 | 18,728 | 18,714 |
| 28 After 5 years..... | 3,144 | 3,142 | 3,178 | 3,224 | 3,200 | 3,212 | 3,159 | 3,347 | 3,475 |
| 29 Other securities..... | 56,770 | 55,770 | 55,912 | 55,754 | 55,964 | 55,507 | 55,851 | 55,618 | 55,565 |
| Obligations of States and political subdivisions: | | | | | | | | | |
| 30 Tax warrants, short-term notes, and bills..... | 6,593 | 6,053 | 6,111 | 5,913 | 5,877 | 5,696 | 6,118 | 5,709 | 5,692 |
| 31 All other..... | 36,554 | 36,352 | 36,450 | 36,375 | 36,587 | 36,313 | 36,407 | 36,596 | 36,525 |
| Other bonds, corporate stocks, and securities: | | | | | | | | | |
| 32 Certificates of participation ² | 2,301 | 2,254 | 2,294 | 2,269 | 2,271 | 2,306 | 2,283 | 2,262 | 2,282 |
| 33 All other, including corporate stocks..... | 11,322 | 11,111 | 11,057 | 11,197 | 11,229 | 11,192 | 11,043 | 11,051 | 11,066 |
| 34 Cash items in process of collection..... | 31,522 | 36,281 | 26,809 | 27,307 | 24,440 | 28,897 | 25,627 | 28,869 | 31,954 |
| 35 Reserves with F.R. Banks..... | 19,267 | 16,243 | 12,515 | 17,047 | 14,663 | 15,550 | 15,907 | 16,115 | 17,429 |
| 36 Currency and coin..... | 6,237 | 5,807 | 5,823 | 5,570 | 5,483 | 5,118 | 4,898 | 5,228 | 5,374 |
| 37 Balances with domestic banks..... | 8,404 | 9,377 | 7,800 | 7,796 | 6,930 | 7,751 | 8,060 | 7,613 | 8,131 |
| 38 Investments in subsidiaries not consolidated..... | 1,469 | 1,489 | 1,482 | 1,510 | 1,529 | 1,527 | 1,653 | 1,544 | 1,593 |
| 39 Other assets..... | 37,150 | 37,673 | 37,573 | 38,046 | 38,027 | 38,076 | 37,397 | 37,146 | 36,799 |
| 40 Total assets/total liabilities..... | 458,586 | 462,094 | 447,820 | 448,099 | 440,766 | 449,038 | 445,932 | 448,655 | 451,697 |
| Deposits: | | | | | | | | | |
| 41 Demand deposits..... | 142,052 | 148,635 | 134,764 | 134,908 | 128,065 | 133,779 | 129,446 | 133,883 | 134,214 |
| 42 Individuals, partnerships, and corps..... | 111,924 | 114,874 | 107,678 | 106,837 | 102,216 | 105,180 | 103,043 | 105,139 | 105,146 |
| 43 States and political subdivisions..... | 5,749 | 6,372 | 5,501 | 5,764 | 5,470 | 6,204 | 5,435 | 6,271 | 5,469 |
| 44 U.S. Govt..... | 3,143 | 1,493 | 1,432 | 2,428 | 1,865 | 1,847 | 1,083 | 1,631 | 2,488 |
| Domestic interbank: | | | | | | | | | |
| 45 Commercial..... | 15,044 | 18,776 | 13,791 | 13,409 | 12,606 | 14,059 | 13,872 | 14,821 | 15,390 |
| 46 Mutual savings..... | 401 | 507 | 424 | 411 | 395 | 420 | 450 | 423 | 426 |
| Foreign: | | | | | | | | | |
| 47 Governments, official institutions, etc..... | 288 | 272 | 260 | 250 | 244 | 259 | 251 | 242 | 239 |
| 48 Commercial banks..... | 1,620 | 1,678 | 1,631 | 1,661 | 1,451 | 1,501 | 1,558 | 1,416 | 1,429 |
| 49 Certified and officers' checks..... | 3,883 | 4,663 | 4,047 | 4,148 | 3,818 | 4,309 | 3,754 | 3,940 | 3,627 |
| 50 Time and savings deposits ³ | 207,271 | 207,706 | 207,261 | 207,068 | 207,218 | 206,889 | 207,960 | 207,853 | 208,508 |
| 51 Savings ⁴ | 82,161 | 82,922 | 83,092 | 82,877 | 82,724 | 82,581 | 82,789 | 82,751 | 82,786 |
| 52 Time..... | 125,110 | 124,784 | 124,169 | 124,191 | 124,494 | 124,308 | 125,171 | 125,102 | 125,722 |
| 53 Individuals, partnerships, and corps..... | 95,239 | 94,997 | 94,397 | 94,553 | 94,680 | 94,485 | 95,106 | 95,142 | 95,328 |
| 54 States and political subdivisions..... | 21,710 | 21,747 | 22,037 | 22,105 | 22,333 | 22,384 | 22,663 | 22,564 | 22,936 |
| 55 Domestic interbank..... | 4,113 | 3,968 | 3,631 | 3,541 | 3,502 | 3,402 | 3,424 | 3,365 | 3,440 |
| 56 Foreign govts., official institutions, etc..... | 3,278 | 3,296 | 3,325 | 3,253 | 3,242 | 3,305 | 3,275 | 3,314 | 3,307 |
| 57 Federal funds purchased, etc. ⁵ | 58,038 | 56,064 | 56,337 | 56,581 | 55,774 | 58,092 | 58,354 | 56,657 | 58,819 |
| Borrowings from: | | | | | | | | | |
| 58 F.R. Banks..... | 1,315 | 357 | 460 | 392 | 629 | 592 | 33 | 192 | 99 |
| 59 Others..... | 3,078 | 2,894 | 2,668 | 2,448 | 2,538 | 2,740 | 2,730 | 2,735 | 2,829 |
| 60 Other liabilities, etc. ⁶ | 15,043 | 14,500 | 14,434 | 14,842 | 14,421 | 14,727 | 15,165 | 15,176 | 15,032 |
| 61 Total equity capital and subordinated notes/debentures ⁷ | 31,789 | 31,938 | 31,896 | 31,860 | 32,121 | 32,219 | 32,244 | 32,159 | 32,196 |

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 | | | | | | | | Adjustment bank, 1977 ⁸ |
|---|---------|---------|---------|---------|---------------------|---------------------|----------------------|----------------------|------------------------------------|
| | Jan. 4 | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 ^p | Feb. 8 ^p | Feb. 15 ^p | Feb. 22 ^p | |
| Total loans (gross) and investments adjusted¹ | | | | | | | | | |
| 1 <i>Large banks</i> | 436,647 | 437,791 | 430,442 | 431,314 | 432,227 | 434,602 | 432,923 | 431,177 | 1,009 |
| 2 <i>New York City banks</i> | 94,535 | 94,079 | 91,331 | 91,079 | 90,059 | 92,016 | 91,117 | 90,067 | 67 |
| 3 <i>Banks outside New York City</i> | 342,112 | 343,712 | 339,111 | 340,235 | 342,168 | 342,586 | 341,806 | 341,110 | 942 |
| Total loans (gross), adjusted | | | | | | | | | |
| 4 <i>Large banks</i> | 324,579 | 326,104 | 319,924 | 321,279 | 322,145 | 324,350 | 321,940 | 320,547 | 652 |
| 5 <i>New York City banks</i> | 73,099 | 72,321 | 70,062 | 70,352 | 69,360 | 71,613 | 70,101 | 69,324 | 49 |
| 6 <i>Banks outside New York City</i> | 251,480 | 253,783 | 249,862 | 250,927 | 252,785 | 252,737 | 251,839 | 251,223 | 603 |
| Demand deposits, adjusted² | | | | | | | | | |
| 7 <i>Large banks</i> | 118,967 | 117,390 | 116,784 | 113,526 | 114,662 | 117,303 | 112,975 | 109,208 | 366 |
| 8 <i>New York City banks</i> | 26,882 | 24,658 | 25,020 | 24,372 | 25,686 | 28,439 | 24,413 | 24,826 | 24 |
| 9 <i>Banks outside New York City</i> | 92,085 | 92,732 | 91,764 | 89,154 | 88,976 | 88,864 | 88,562 | 84,382 | 342 |
| Large negotiable time CD's included in time and savings deposits³ | | | | | | | | | |
| Total: | | | | | | | | | |
| 10 <i>Large banks</i> | 77,072 | 76,066 | 75,852 | 76,201 | 76,602 | 76,736 | 76,545 | 77,112 | 22 |
| 11 <i>New York City</i> | 23,632 | 22,721 | 23,824 | 24,133 | 24,551 | 24,159 | 24,022 | 24,366 | ..... |
| 12 <i>Banks outside New York City</i> | 53,440 | 52,345 | 52,028 | 52,068 | 52,051 | 52,577 | 52,523 | 52,746 | 22 |
| Issued to IPC's: | | | | | | | | | |
| 13 <i>Large banks</i> | 52,501 | 51,491 | 51,350 | 51,622 | 51,765 | 51,730 | 51,527 | 51,896 | 12 |
| 14 <i>New York City banks</i> | 16,508 | 16,430 | 16,440 | 16,751 | 16,941 | 16,583 | 16,447 | 16,827 | ..... |
| 15 <i>Banks outside New York City</i> | 35,993 | 35,061 | 34,910 | 34,871 | 34,824 | 35,147 | 35,080 | 35,069 | 12 |
| Issued to others: | | | | | | | | | |
| 16 <i>Large banks</i> | 24,571 | 24,575 | 24,502 | 24,579 | 24,837 | 25,006 | 25,018 | 25,216 | 10 |
| 17 <i>New York City banks</i> | 7,124 | 7,291 | 7,384 | 7,382 | 7,610 | 7,576 | 7,575 | 7,539 | ..... |
| 18 <i>Banks outside New York City</i> | 17,447 | 17,284 | 17,118 | 17,197 | 17,227 | 17,430 | 17,443 | 17,677 | 10 |
| All other large time deposits⁴ | | | | | | | | | |
| Total: | | | | | | | | | |
| 19 <i>Large banks</i> | 29,903 | 30,455 | 30,753 | 31,065 | 31,009 | 31,190 | 31,103 | 31,342 | 21 |
| 20 <i>New York City banks</i> | 5,944 | 6,071 | 6,132 | 6,193 | 6,209 | 6,180 | 6,182 | 6,075 | 14 |
| 21 <i>Banks outside New York City</i> | 23,959 | 24,384 | 24,621 | 24,872 | 24,800 | 25,010 | 24,921 | 25,267 | 7 |
| Issued to IPC's: | | | | | | | | | |
| 22 <i>Large banks</i> | 16,733 | 17,156 | 17,436 | 17,602 | 17,578 | 17,732 | 17,788 | 17,878 | 10 |
| 23 <i>New York City banks</i> | 4,571 | 4,691 | 4,755 | 4,761 | 4,808 | 4,768 | 4,758 | 4,729 | 8 |
| 24 <i>Banks outside New York City</i> | 12,162 | 12,465 | 12,681 | 12,841 | 12,770 | 12,964 | 13,030 | 13,149 | 2 |
| Issued to others: | | | | | | | | | |
| 25 <i>Large banks</i> | 13,170 | 13,299 | 13,317 | 13,463 | 13,431 | 13,458 | 13,315 | 13,489 | 11 |
| 26 <i>New York City banks</i> | 1,373 | 1,380 | 1,377 | 1,432 | 1,401 | 1,412 | 1,424 | 1,346 | 6 |
| 27 <i>Banks outside New York City</i> | 11,797 | 11,919 | 11,940 | 12,031 | 12,030 | 12,046 | 11,891 | 12,143 | 5 |
| Savings deposits, by ownership category | | | | | | | | | |
| Individuals and nonprofit organizations: | | | | | | | | | |
| 28 <i>Large banks</i> | 86,482 | 86,619 | 86,432 | 86,258 | 86,160 | 86,272 | 86,275 | 86,289 | 345 |
| 29 <i>New York City banks</i> | 9,297 | 9,321 | 9,283 | 9,244 | 9,212 | 9,223 | 9,236 | 9,224 | 17 |
| 30 <i>Banks outside New York City</i> | 77,185 | 77,298 | 77,149 | 77,014 | 76,948 | 77,049 | 77,039 | 77,065 | 328 |
| Partnerships and corporations for profit:⁵ | | | | | | | | | |
| 31 <i>Large banks</i> | 4,997 | 4,988 | 4,950 | 4,974 | 4,925 | 4,962 | 4,929 | 4,925 | 20 |
| 32 <i>New York City banks</i> | 502 | 500 | 491 | 489 | 488 | 487 | 484 | 484 | 1 |
| 33 <i>Banks outside New York City</i> | 4,495 | 4,488 | 4,459 | 4,485 | 4,437 | 4,475 | 4,445 | 4,441 | 19 |
| Domestic governmental units: | | | | | | | | | |
| 34 <i>Large banks</i> | 1,438 | 1,520 | 1,484 | 1,466 | 1,429 | 1,522 | 1,507 | 1,523 | 6 |
| 35 <i>New York City banks</i> | 207 | 222 | 227 | 254 | 246 | 270 | 254 | 264 | 6 |
| 36 <i>Banks outside New York City</i> | 1,231 | 1,298 | 1,257 | 1,212 | 1,183 | 1,252 | 1,253 | 1,259 | ..... |
| All other:⁶ | | | | | | | | | |
| 37 <i>Large banks</i> | 23 | 22 | 26 | 30 | 32 | 29 | 30 | 38 | ..... |
| 38 <i>New York City banks</i> | 12 | 14 | 14 | 17 | 19 | 16 | 16 | 17 | ..... |
| 39 <i>Banks outside New York City</i> | 11 | 8 | 12 | 13 | 13 | 13 | 14 | 21 | ..... |
| Gross liabilities of banks to their foreign branches | | | | | | | | | |
| 40 <i>Large banks</i> | 6,375 | 5,491 | 5,414 | 5,155 | 5,803 | 6,322 | 7,366 | 5,135 | ..... |
| 41 <i>New York City banks</i> | 4,176 | 3,595 | 3,502 | 3,999 | 3,933 | 3,748 | 5,355 | 2,899 | ..... |
| 42 <i>Banks outside New York City</i> | 2,199 | 1,896 | 1,912 | 1,156 | 1,870 | 2,574 | 2,011 | 2,236 | ..... |
| Loans sold outright to selected institutions by all large banks⁷ | | | | | | | | | |
| 43 <i>Commercial and industrial</i> | 3,172 | 3,159 | 3,063 | 3,074 | 3,054 | 3,060 | 3,038 | 2,998 | ..... |
| 44 <i>Real estate</i> | 219 | 224 | 236 | 236 | 231 | 235 | 231 | 234 | ..... |
| 45 <i>All other</i> | 1,184 | 1,167 | 1,168 | 1,161 | 1,163 | 1,171 | 1,157 | 1,071 | ..... |

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 Adjustment bank data for all weekly reporting banks and weekly reporting banks outside New York City published in the February BULLETIN were incorrect.

1.31 LARGE WEEKLY REPORTING COMMERCIAL BANKS Commercial and Industrial Loans

Millions of dollars

| Industry classification | Outstanding | | | | | Net change during— | | | | |
|---|---------------------------------------|---------|---------|---------|----------------------|--------------------|-------|-------|--------|-------------------|
| | 1978 | | | | | 1977 | | 1977 | 1978 | |
| | Jan. 25 | Feb. 1 | Feb. 8 | Feb. 15 | Feb. 22 ¹ | Q3 | Q4 | Dec. | Jan. | Feb. ² |
| | Total loans classified ² | | | | | | | | | |
| 1 Total..... | 101,089 | 101,449 | 101,487 | 101,957 | 102,287 | 266 | 4,395 | 1,527 | -911 | 1,198 |
| Durable goods manufacturing: | | | | | | | | | | |
| 2 Primary metals..... | 2,567 | 2,596 | 2,580 | 2,623 | 2,686 | 74 | 256 | 392 | -183 | 119 |
| 3 Machinery..... | 4,670 | 4,715 | 4,790 | 4,906 | 4,958 | -233 | -4 | 29 | 103 | 288 |
| 4 Transportation equipment..... | 2,400 | 2,462 | 2,497 | 2,514 | 2,555 | -15 | -89 | -151 | 103 | 155 |
| 5 Other fabricated metal products..... | 2,003 | 2,020 | 2,047 | 2,065 | 2,079 | 11 | -26 | -7 | 54 | 76 |
| 6 Other durable goods..... | 3,349 | 3,372 | 3,378 | 3,424 | 3,388 | 66 | -231 | -64 | -152 | 39 |
| Nondurable goods manufacturing: | | | | | | | | | | |
| 7 Food, liquor, and tobacco..... | 3,766 | 3,698 | 3,742 | 3,750 | 3,774 | 128 | 324 | 37 | -14 | 8 |
| 8 Textiles, apparel, and leather..... | 3,176 | 3,216 | 3,316 | 3,350 | 3,341 | 166 | -663 | -270 | -181 | 165 |
| 9 Petroleum refining..... | 2,700 | 2,726 | 2,679 | 2,628 | 2,659 | 91 | 235 | 23 | -248 | -41 |
| 10 Chemicals and rubber..... | 2,901 | 2,939 | 3,079 | 3,036 | 3,145 | 92 | -37 | -81 | 57 | 244 |
| 11 Other nondurable goods..... | 2,256 | 2,276 | 2,168 | 2,212 | 2,239 | 181 | 74 | 95 | 14 | -17 |
| 12 Mining, including crude petroleum and natural gas..... | 9,043 | 9,012 | 9,039 | 9,109 | 9,131 | 88 | 537 | 305 | 274 | 88 |
| Trade: | | | | | | | | | | |
| 13 Commodity dealers..... | 2,192 | 2,213 | 2,250 | 2,172 | 2,173 | -379 | 502 | 6 | 366 | -19 |
| 14 Other wholesale..... | 7,772 | 7,789 | 7,882 | 7,934 | 7,999 | 103 | 439 | 187 | 473 | 227 |
| 15 Retail..... | 7,045 | 7,228 | 7,128 | 7,299 | 7,329 | 309 | -235 | -510 | 80 | 284 |
| 16 Transportation..... | 5,222 | 5,228 | 5,197 | 5,271 | 5,276 | -68 | 17 | -25 | 237 | 54 |
| 17 Communication..... | 1,455 | 1,567 | 1,516 | 1,550 | 1,512 | 72 | 115 | -15 | 72 | 57 |
| 18 Other public utilities..... | 5,524 | 5,428 | 5,374 | 5,318 | 5,346 | -512 | 290 | 260 | 194 | -178 |
| 19 Construction..... | 4,478 | 4,463 | 4,510 | 4,486 | 4,464 | 243 | -31 | -67 | 5 | -14 |
| 20 Services..... | 11,862 | 11,937 | 11,961 | 12,061 | 12,041 | -270 | 286 | 184 | 563 | 179 |
| 21 All other domestic loans..... | 7,446 | 7,618 | 7,673 | 7,643 | 7,627 | 197 | 419 | 225 | -895 | 181 |
| 22 Bankers acceptances..... | 4,378 | 4,029 | 3,743 | 3,767 | 3,804 | 86 | 2,455 | 980 | -1,843 | -574 |
| 23 Foreign commercial and industrial loans..... | 4,884 | 4,917 | 4,938 | 4,839 | 4,761 | -164 | -238 | -6 | 10 | -123 |
| MEMO ITEMS: | | | | | | | | | | |
| 24 Commercial paper included in total classified loans ¹ | 147 | | | | 136 | -85 | -75 | 20 | -11 | -11 |
| 25 Total commercial and industrial loans of all large weekly reporting banks..... | 123,814 | 124,345 | 124,475 | 125,122 | 125,465 | 682 | 5,440 | 2,054 | -1,847 | 1,651 |
| | 1977 | | 1978 | | 1977 | | 1977 | 1978 | | |
| | Oct. 26 | Nov. 30 | Dec. 28 | Jan. 25 | Feb. 22 | Q3 | Q4 | Dec. | Jan. | Feb. |
| | "Terms" loans classified ³ | | | | | | | | | |
| 26 Total..... | 46,631 | 46,660 | 46,626 | 48,215 | 48,810 | -242 | 352 | -34 | 1,589 | 595 |
| Durable goods manufacturing: | | | | | | | | | | |
| 27 Primary metals..... | 1,420 | 1,405 | 1,546 | 1,559 | 1,564 | 38 | 120 | 141 | 13 | 5 |
| 28 Machinery..... | 2,384 | 2,319 | 2,286 | 2,403 | 2,473 | -183 | -51 | -33 | 117 | 70 |
| 29 Transportation equipment..... | 1,373 | 1,339 | 1,317 | 1,432 | 1,466 | 47 | -112 | -22 | 115 | 34 |
| 30 Other fabricated metal products..... | 831 | 838 | 834 | 882 | 877 | -57 | 59 | -4 | 48 | -5 |
| 31 Other durable goods..... | 1,774 | 1,742 | 1,698 | 1,630 | 1,602 | 52 | -76 | -44 | -68 | -28 |
| Nondurable goods manufacturing: | | | | | | | | | | |
| 32 Food, liquor, and tobacco..... | 1,441 | 1,442 | 1,498 | 1,436 | 1,492 | -35 | 98 | 56 | -62 | 56 |
| 33 Textiles, apparel, and leather..... | 1,173 | 1,142 | 1,058 | 973 | 983 | 4 | -96 | -84 | -85 | 10 |
| 34 Petroleum refining..... | 2,129 | 2,167 | 2,268 | 2,136 | 1,992 | 59 | 271 | 101 | -132 | -144 |
| 35 Chemicals and rubber..... | 1,746 | 1,770 | 1,727 | 1,926 | 2,017 | 99 | -18 | -43 | 199 | 91 |
| 36 Other nondurable goods..... | 1,094 | 1,119 | 1,147 | 1,198 | 1,182 | -34 | 53 | 28 | 51 | -16 |
| 37 Mining, including crude petroleum and natural gas..... | 6,328 | 6,412 | 6,501 | 6,569 | 6,811 | -91 | 217 | 89 | 68 | 242 |
| Trade: | | | | | | | | | | |
| 38 Commodity dealers..... | 209 | 234 | 236 | 294 | 262 | 23 | 42 | 2 | 58 | -32 |
| 39 Other wholesale..... | 1,588 | 1,592 | 1,665 | 1,874 | 1,928 | 57 | 125 | 73 | 209 | 54 |
| 40 Retail..... | 2,495 | 2,583 | 2,448 | 2,476 | 2,539 | 75 | 48 | -135 | 28 | 63 |
| 41 Transportation..... | 3,622 | 3,651 | 3,484 | 3,726 | 3,747 | -24 | -141 | -167 | 242 | 21 |
| 42 Communication..... | 812 | 835 | 840 | 901 | 908 | 38 | 54 | 5 | 61 | 7 |
| 43 Other public utilities..... | 3,413 | 3,294 | 3,266 | 3,802 | 3,855 | -469 | -36 | -28 | 536 | 53 |
| 44 Construction..... | 1,956 | 2,007 | 1,990 | 2,002 | 1,973 | 178 | -21 | -17 | 12 | -29 |
| 45 Services..... | 5,185 | 5,250 | 5,366 | 5,746 | 5,807 | -20 | 85 | 116 | 380 | 61 |
| 46 All other domestic loans..... | 2,502 | 2,641 | 2,726 | 2,627 | 2,750 | 110 | 184 | 85 | -99 | 123 |
| 47 Foreign commercial and industrial loans..... | 3,156 | 2,878 | 2,725 | 2,623 | 2,582 | -109 | -453 | -153 | -102 | -41 |

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 | At commercial banks | | | | | | | | | |
|------------------------------|---------------------------|--------------|--------------|--------------|-------|-------|-------|-------|-------|-------------------|
| | 1972 Dec. | 1973 Dec. | 1974 Dec. | 1975 Dec. | 1976 | | 1977 | | | |
| | | | | | Sept. | Dec. | Mar. | June | Sept. | Dec. |
| | | | | | | | | | | |
| 1 All holders, IPC..... | 208.0 | 220.1 | 225.0 | 236.9 | 236.1 | 250.1 | 242.3 | 253.8 | 252.7 | 274.4 |
| 2 Financial business..... | 18.9 | 19.1 | 19.0 | 20.1 | 19.7 | 22.3 | 21.6 | 25.9 | 23.7 | 25.0 |
| 3 Nonfinancial business..... | 109.9 | 116.2 | 118.8 | 125.1 | 122.6 | 130.2 | 125.1 | 129.2 | 128.5 | 142.9 |
| 4 Consumer..... | 65.4 | 70.1 | 73.3 | 78.0 | 80.0 | 82.6 | 81.6 | 84.1 | 86.2 | 91.0 |
| 5 Foreign..... | 1.5 | 2.4 | 2.3 | 2.4 | 2.3 | 2.7 | 2.4 | 2.5 | 2.5 | 2.5 |
| 6 Other..... | 12.3 | 12.4 | 11.7 | 11.3 | 11.5 | 12.4 | 11.6 | 12.2 | 11.8 | 12.9 |
| | At weekly reporting banks | | | | | | | | | |
| | 1973 Dec. | 1974 Dec. | 1975 Dec. | 1976 Dec. | 1977 | | | | | 1978 |
| | | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. ² |
| | | | | | | | | | | |
| 7 All holders, IPC..... | 118.1 | 119.7 | 124.4 | 128.5 | 128.0 | 129.2 | 131.4 | 133.0 | 139.1 | 137.1 |
| 8 Financial business..... | 14.9 | 14.8 | 15.6 | 17.5 | 18.0 | 17.4 | 18.0 | 17.9 | 18.5 | 18.3 |
| 9 Nonfinancial business..... | 66.2 | 66.9 | 69.9 | 69.7 | 68.8 | 70.0 | 72.1 | 72.2 | 76.3 | 73.8 |
| 10 Consumer..... | 28.0 | 29.0 | 29.9 | 31.7 | 32.4 | 32.8 | 32.4 | 33.4 | 34.6 | 35.2 |
| 11 Foreign..... | 2.2 | 2.2 | 2.3 | 2.6 | 2.5 | 2.4 | 2.3 | 2.5 | 2.4 | 2.4 |
| 12 Other..... | 6.8 | 6.8 | 6.6 | 7.1 | 6.4 | 6.6 | 6.7 | 7.0 | 7.4 | 7.4 |

NOTE.—Figures include cash items in process of collection. Estimates of gross deposits are based on reports supplied by a sample of commercial banks. Types of depositors in each category are described in the June 1971 BULLETIN, p. 466.

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

1.33 COMMERCIAL PAPER AND BANKERS ACCEPTANCES OUTSTANDING

Millions of dollars, end of period

| Instrument | 1975 Dec. ¹ | 1976 Dec. ¹ | 1977 Dec. ¹ | 1977 | | | | | | 1978 |
|---|--|---------------------------|---------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------|
| | | | | July ² | Aug. ² | Sept. ² | Oct. ² | Nov. ² | Dec. ² | Jan. |
| | | | | | | | | | | |
| | Commercial paper (seasonally adjusted) | | | | | | | | | |
| 1 All issuers..... | 48,459 | 53,025 | 65,112 | 59,697 | 60,014 | 61,542 | 62,724 | 62,753 | 65,112 | 65,190 |
| Financial companies: ¹ | | | | | | | | | | |
| Dealer-placed paper: ² | | | | | | | | | | |
| 2 Total..... | 6,202 | 7,250 | 8,871 | 8,228 | 8,149 | 8,471 | 8,540 | 8,497 | 8,871 | 9,018 |
| 3 Bank-related..... | 1,762 | 1,900 | 2,132 | 1,744 | 1,650 | 1,846 | 1,961 | 1,980 | 2,132 | 2,035 |
| Directly-placed paper: ³ | | | | | | | | | | |
| 4 Total..... | 31,374 | 32,500 | 40,399 | 36,646 | 36,847 | 37,850 | 38,803 | 38,954 | 40,399 | 41,288 |
| 5 Bank-related..... | 6,892 | 5,959 | 7,003 | 6,344 | 6,394 | 7,069 | 7,012 | 6,567 | 7,003 | 7,109 |
| 6 Nonfinancial companies ⁴ | 10,883 | 13,275 | 15,842 | 14,823 | 15,018 | 15,221 | 15,381 | 15,302 | 15,842 | 14,884 |
| | Dollar acceptances (not seasonally adjusted) | | | | | | | | | |
| 7 Total..... | 18,727 | 22,523 | 25,654 | 23,499 | 23,091 | 23,317 | 23,908 | 24,088 | 25,654 | 25,252 |
| Held by: | | | | | | | | | | |
| 8 Accepting banks..... | 7,333 | 10,442 | 10,434 | 7,601 | 7,647 | 7,473 | 8,673 | 8,952 | 10,434 | 7,785 |
| 9 Own bills..... | 5,899 | 8,769 | 8,915 | 6,464 | 6,580 | 6,566 | 7,248 | 7,702 | 8,915 | 6,772 |
| 10 Bills bought..... | 1,435 | 1,673 | 1,519 | 1,137 | 1,067 | 907 | 1,424 | 1,251 | 1,519 | 1,013 |
| F.R. Banks: | | | | | | | | | | |
| 11 Own account..... | 1,126 | 991 | 954 | 393 | 131 | 482 | ..... | 248 | 954 | ..... |
| 12 Foreign correspondents..... | 293 | 375 | 362 | 296 | 304 | 287 | 422 | 392 | 362 | 371 |
| 13 Others..... | 9,975 | 13,447 | 13,904 | 15,209 | 15,009 | 15,075 | 14,813 | 14,495 | 13,904 | 17,096 |
| Based on: | | | | | | | | | | |
| 14 Imports into United States..... | 3,726 | 4,992 | 6,532 | 5,570 | 5,446 | 5,654 | 5,886 | 5,973 | 6,532 | 6,637 |
| 15 Exports from United States..... | 4,001 | 4,818 | 5,895 | 5,842 | 5,747 | 5,544 | 5,584 | 5,803 | 5,895 | 5,840 |
| 16 All other..... | 11,000 | 12,713 | 13,227 | 12,088 | 11,899 | 12,119 | 12,438 | 12,312 | 13,227 | 12,774 |

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 |
|------------------|------|-------------------|------|----------------|--------------|---------------|--------------|
| 1976—June 1..... | 7 | 1977—May 13..... | 6½ | 1976—July..... | 7.25 | 1977—May..... | 6.41 |
| 7..... | 7¼ | 31..... | 6¾ | Aug..... | 7.01 | June..... | 6.75 |
| Aug. 2..... | 7 | Aug. 22..... | 7 | Sept..... | 7.00 | July..... | 6.75 |
| Oct. 4..... | 6¾ | Sept. 16..... | 7¼ | Oct..... | 6.78 | Aug..... | 6.83 |
| Nov. 1..... | 6½ | Oct. 7..... | 7½ | Nov..... | 6.50 | Sept..... | 7.13 |
| Dec. 13..... | 6¼ | Oct. 24..... | 7¾ | Dec..... | 6.35 | Oct..... | 7.52 |
| | | 1978—Jan. 10..... | 8 | 1977—Jan..... | 6.25 | Nov..... | 7.75 |
| | | | | Feb..... | 6.25 | Dec..... | 7.75 |
| | | | | Mar..... | 6.25 | 1978—Jan..... | 7.93 |
| | | | | Apr..... | 6.25 | Feb..... | 8.00 |

1.35 TERMS OF LENDING AT COMMERCIAL BANKS Survey of Loans Made, Nov. 7-12, 1977

| Item | All sizes | Size of loan (in thousands of dollars) | | | | | |
|---|-----------|--|-----------|------------|-----------|-----------|----------------|
| | | 1-24 | 25-49 | 50-99 | 100-499 | 500-999 | 1,000 and over |
| Short-term commercial and industrial loans | | | | | | | |
| 1 Amount of loans (thousands of dollars)..... | 6,072,726 | *851,244 | 419,038 | 665,606 | 1,424,620 | 452,092 | 2,260,100 |
| 2 Number of loans..... | *160,328 | *128,055 | 12,690 | 10,986 | 7,097 | 719 | 830 |
| 3 Weighted-average maturity (months)..... | 3.1 | 2.8 | 2.8 | 3.6 | 2.7 | 3.3 | 3.3 |
| 4 Weighted-average interest rate (per cent per annum)... | 8.66 | 9.53 | 9.12 | 9.02 | 8.74 | 8.47 | 8.14 |
| 5 Interquartile range ¹ | 7.98-9.20 | 8.68-10.50 | 8.51-9.58 | 8.30-9.46 | 8.00-9.25 | 7.98-8.86 | 7.75-8.48 |
| Percentage of amount of loans: | | | | | | | |
| 6 With floating rate..... | 59.2 | 36.5 | 45.9 | 43.9 | 66.2 | 60.2 | 70.1 |
| 7 Made under commitment..... | 40.4 | 15.9 | 19.7 | 22.8 | 34.8 | 60.6 | 58.1 |
| Long-term commercial and industrial loans | | | | | | | |
| 8 Amount of loans (thousands of dollars)..... | 1,035,642 | 318,418 | | 154,405 | | 65,136 | 497,682 |
| 9 Number of loans..... | 22,711 | 21,516 | | 981 | | 99 | 115 |
| 10 Weighted-average maturity (months)..... | 44.7 | 36.9 | | 35.6 | | 41.5 | 52.9 |
| 11 Weighted-average interest rate (per cent per annum)... | 8.71 | 9.16 | | 9.03 | | 8.87 | 8.30 |
| 12 Interquartile range ¹ | 8.14-9.46 | 8.42-10.00 | | 8.75-9.38 | | 7.98-9.75 | *7.95-9.11 |
| Percentage of amount of loans: | | | | | | | |
| 13 With floating rate..... | 53.4 | 30.3 | | 41.2 | | 71.9 | 69.5 |
| 14 Made under commitment..... | 48.3 | 36.8 | | 37.8 | | 61.7 | 57.1 |
| Construction and land development loans | | | | | | | |
| 15 Amount of loans (thousands of dollars)..... | 597,800 | 183,346 | 85,429 | 81,873 | 134,728 | 112,423 | |
| 16 Number of loans..... | 26,608 | 22,199 | 2,381 | 1,261 | 684 | 82 | |
| 17 Weighted-average maturity (months)..... | 8.8 | 8.3 | 5.9 | 8.2 | 9.1 | 11.3 | |
| 18 Weighted-average interest rate (per cent per annum)... | 9.19 | 9.36 | 8.99 | 9.68 | 9.34 | 8.54 | |
| 19 Interquartile range ¹ | 8.75-9.92 | 9.00-9.88 | 8.03-9.50 | 9.32-10.00 | 8.84-9.84 | 8.00-9.95 | |
| Percentage of amount of loans: | | | | | | | |
| 20 With floating rate..... | 37.7 | 8.8 | 17.0 | 24.8 | 57.1 | 86.7 | |
| 21 Secured by real estate..... | 77.6 | 68.4 | 65.3 | 93.6 | 90.9 | 74.3 | |
| 22 Made under commitment..... | 50.1 | 30.8 | 44.9 | 41.9 | 73.7 | 63.1 | |
| 23 Type of construction: 1- to 4-family..... | 44.1 | 61.9 | 57.8 | 70.9 | 29.3 | (2) | |
| 24 Multifamily..... | 8.7 | 1.0 | 2.2 | 6.4 | 16.7 | 18.3 | |
| 25 Nonresidential..... | 47.2 | 37.1 | 39.9 | 22.8 | 54.0 | 79.0 | |
| 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)..... | *708,677 | *146,348 | *136,967 | 93,587 | 103,885 | 81,366 | 146,525 |
| 27 Number of loans..... | *53,761 | *39,139 | *9,627 | 2,704 | 1,498 | 576 | 217 |
| 28 Weighted-average maturity (months)..... | 9.4 | 8.0 | 8.3 | 21.0 | 6.5 | 6.6 | 7.9 |
| 29 Weighted-average interest rate (per cent per annum)... | 9.12 | 9.14 | 9.03 | 9.07 | 8.91 | 9.10 | 9.35 |
| 30 Interquartile range ¹ | 8.68-9.40 | 8.68-9.38 | 8.71-9.31 | 8.68-9.50 | 8.68-9.24 | 8.68-9.40 | 8.75-9.69 |
| By purpose of loan: | | | | | | | |
| 31 Feeder livestock..... | 8.93 | 8.94 | 8.87 | 8.79 | 9.03 | 9.22 | 8.88 |
| 32 Other livestock..... | 9.06 | 9.36 | 8.98 | 9.82 | 8.44 | 9.09 | 9.05 |
| 33 Other current operating expenses..... | 9.20 | 9.09 | 9.09 | 9.14 | 8.88 | 9.23 | 9.60 |
| 34 Farm machinery and equipment..... | 9.18 | 9.41 | 9.27 | 9.17 | 8.83 | 8.62 | (2) |
| 35 Other..... | 9.19 | 9.03 | 9.10 | 9.19 | 9.31 | 8.89 | 9.37 |

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 G.14 statistical release.

1.36 INTEREST RATES Money and Capital Markets

Averages, per cent per annum

| Instrument | 1975 | 1976 | 1977 | 1977 | | 1978 | | 1978, week ending— | | | |
|--|-------|-------|-------|-------|-------|-------|-------|--------------------|---------|---------|---------|
| | | | | Nov. | Dec. | Jan. | Feb. | Feb. 4 | Feb. 11 | Feb. 18 | Feb. 25 |
| Money market rates | | | | | | | | | | | |
| 1 Federal funds ¹ | 5.82 | 5.05 | 5.54 | 6.51 | 6.56 | 6.70 | 6.78 | 6.80 | 6.75 | 6.76 | 6.78 |
| Prime commercial paper ² | | | | | | | | | | | |
| 2 90- to 119-day..... | 6.26 | 5.24 | 5.54 | 6.54 | 6.61 | 6.75 | 6.76 | 6.76 | 6.76 | 6.77 | 6.78 |
| 3 4- to 6-month..... | 6.33 | 5.35 | 5.60 | 6.59 | 6.64 | 6.79 | 6.80 | 6.81 | 6.79 | 6.80 | 6.82 |
| 4 Finance company paper, directly placed, 3- to 6-month ³ | 6.16 | 5.22 | 5.49 | 6.49 | 6.52 | 6.69 | 6.74 | 6.75 | 6.75 | 6.75 | 6.73 |
| 5 Prime bankers acceptances, 90-day ⁴ | 6.30 | 5.19 | 5.59 | 6.58 | 6.60 | 6.86 | 6.82 | 6.82 | 6.81 | 6.83 | 6.83 |
| Large negotiable certificates of deposit | | | | | | | | | | | |
| 6 3-month, secondary market ⁵ | 6.43 | 5.26 | 5.58 | 6.68 | 6.72 | 6.71 | 6.89 | 6.90 | 6.88 | 6.90 | 6.91 |
| 7 3-month, primary market ⁶ | | 5.15 | 5.52 | 6.56 | 6.64 | 6.83 | 6.77 | 6.82 | 6.75 | 6.75 | 6.75 |
| 8 Euro-dollar deposits, 3-month ⁷ | 6.97 | 5.57 | 6.05 | 7.09 | 7.15 | 7.32 | 7.28 | 7.36 | 7.20 | 7.23 | 7.33 |
| U.S. Govt. securities | | | | | | | | | | | |
| Bills: ⁸ | | | | | | | | | | | |
| Market yields: | | | | | | | | | | | |
| 9 3-month..... | 5.80 | 4.98 | 5.27 | 6.10 | 6.07 | 6.44 | 6.45 | 6.42 | 6.44 | 6.48 | 6.45 |
| 10 6-month..... | 6.11 | 5.26 | 5.53 | 6.41 | 6.40 | 6.70 | 6.74 | 6.70 | 6.73 | 6.79 | 6.75 |
| 11 1-year..... | 6.30 | 5.52 | 5.71 | 6.52 | 6.52 | 6.80 | 6.86 | 6.80 | 6.84 | 6.90 | 6.88 |
| Rates on new issue: | | | | | | | | | | | |
| 12 3-month..... | 5.838 | 4.989 | 5.265 | 6.160 | 6.063 | 6.448 | 6.457 | 6.440 | 6.476 | 6.452 | 6.460 |
| 13 6-month..... | 6.122 | 5.266 | 5.510 | 6.433 | 6.377 | 6.685 | 6.740 | 6.715 | 6.743 | 6.745 | 6.755 |
| Constant maturities: ⁹ | | | | | | | | | | | |
| 14 1-year..... | 6.76 | 5.88 | 6.09 | 6.95 | 6.96 | 7.28 | 7.34 | 7.28 | 7.31 | 7.38 | 7.38 |
| Capital market rates | | | | | | | | | | | |
| Government notes and bonds | | | | | | | | | | | |
| U.S. Treasury | | | | | | | | | | | |
| Constant maturities: ⁹ | | | | | | | | | | | |
| 15 2-year..... | | | 6.45 | 7.14 | 7.18 | 7.49 | 7.57 | 7.47 | 7.52 | 7.61 | 7.64 |
| 16 3-year..... | 7.49 | 6.77 | 6.69 | 7.22 | 7.30 | 7.61 | 7.67 | 7.58 | 7.62 | 7.71 | 7.74 |
| 17 5-year..... | 7.77 | 7.18 | 6.99 | 7.34 | 7.48 | 7.77 | 7.83 | 7.74 | 7.79 | 7.87 | 7.90 |
| 18 7-year..... | 7.90 | 7.42 | 7.23 | 7.46 | 7.59 | 7.86 | 7.94 | 7.85 | 7.91 | 7.99 | 7.99 |
| 19 10-year..... | 7.99 | 7.61 | 7.42 | 7.58 | 7.69 | 7.96 | 8.03 | 7.96 | 8.00 | 8.08 | 8.08 |
| 20 20-year..... | 8.19 | 7.86 | 7.67 | 7.76 | 7.87 | 8.14 | 8.22 | 8.17 | 8.20 | 8.25 | 8.25 |
| 21 30-year..... | | | | 7.85 | 7.94 | 8.18 | 8.25 | 8.20 | 8.24 | 8.28 | 8.29 |
| Notes and bonds maturing in ¹⁰ — | | | | | | | | | | | |
| 22 3 to 5 years..... | 7.55 | 6.94 | 6.85 | 7.28 | 7.40 | 7.71 | 7.76 | 7.68 | 7.71 | 7.81 | 7.83 |
| 23 Over 10 years (long-term)..... | 6.98 | 6.78 | 7.06 | 7.14 | 7.23 | 7.50 | 7.60 | 7.54 | 7.55 | 7.63 | 7.66 |
| State and local: | | | | | | | | | | | |
| Moody's series: ¹¹ | | | | | | | | | | | |
| 24 Aaa..... | 6.42 | 5.66 | 5.20 | 5.15 | 5.07 | 5.20 | 5.24 | 5.30 | 5.27 | 5.20 | 5.20 |
| 25 Baa..... | 7.62 | 7.49 | 6.12 | 5.94 | 5.79 | 5.91 | 5.82 | 5.80 | 5.78 | 5.90 | 5.80 |
| 26 Bond Buyer series ¹² | 7.05 | 6.64 | 5.68 | 5.49 | 5.57 | 5.71 | 5.62 | 5.63 | 5.59 | 5.61 | 5.65 |
| Corporate bonds | | | | | | | | | | | |
| Seasoned issues ¹³ | | | | | | | | | | | |
| 27 All industries..... | 9.57 | 9.01 | 8.43 | 8.48 | 8.54 | 8.74 | 8.78 | 8.78 | 8.77 | 8.77 | 8.80 |
| By rating groups: | | | | | | | | | | | |
| 28 Aaa..... | 8.83 | 8.43 | 8.02 | 8.08 | 8.19 | 8.41 | 8.47 | 8.46 | 8.46 | 8.47 | 8.49 |
| 29 Aa..... | 9.17 | 8.75 | 8.24 | 8.34 | 8.40 | 8.59 | 8.65 | 8.64 | 8.63 | 8.63 | 8.68 |
| 30 A..... | 9.65 | 9.09 | 8.49 | 8.56 | 8.57 | 8.76 | 8.79 | 8.82 | 8.76 | 8.79 | 8.80 |
| 31 Baa..... | 10.61 | 9.75 | 8.97 | 8.95 | 8.99 | 9.17 | 9.20 | 9.20 | 9.21 | 9.19 | 9.21 |
| Aaa utility bonds: ¹⁴ | | | | | | | | | | | |
| 32 New issue..... | 9.40 | 8.48 | 8.19 | 8.27 | 8.34 | 8.68 | 8.69 | 8.65 | 8.69 | ..... | 8.71 |
| 33 Recently offered issues..... | 9.41 | 8.49 | 8.19 | 8.24 | 8.38 | 8.60 | 8.67 | 8.60 | 8.64 | 8.68 | 8.70 |
| Dividend/price ratio | | | | | | | | | | | |
| 34 Preferred stocks..... | 8.38 | 7.97 | 7.60 | 7.67 | 7.85 | 7.93 | 7.99 | 7.99 | 7.99 | 7.99 | 8.04 |
| 35 Common stocks..... | 4.31 | 3.77 | 4.56 | 5.02 | 5.11 | 5.32 | 5.49 | 5.36 | 5.52 | 5.52 | 5.66 |

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 Averages of the most representative daily offering rates published by finance companies for varying maturities in this range.

⁴ Beginning Aug. 15, 1974, the rate is the average of the midpoint of the range of daily dealer closing rates offered for domestic issues; prior data are averages of the most representative daily offering rate quoted by dealers.

⁵ Weekly figures are 7-day averages of the daily midpoints as determined from the range of offering rates at large New York City banks; monthly figures are averages of total days in the month.

⁶ Posted rates, which are the annual interest rates most often quoted on new offerings of negotiable CD's in denominations of \$100,000 or more by large New York City banks. Rates prior to 1976 not available. Weekly figures are for Wednesday dates.

⁷ Averages of daily quotations for the week ending Wednesday.

⁸ Except for new bill issues, yields are computed from daily closing bid prices. Yields for all bills are quoted on a bank-discount basis.

⁹ Yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury, based on daily closing bid prices.

¹⁰ 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.

¹¹ General obligations only, based on figures for Thursday, from Moody's Investors Service.

¹² Twenty issues of mixed quality.

¹³ Averages of daily figures from Moody's Investors Service.

¹⁴ Compilation of the Board of Governors of the Federal Reserve System.

Issues included are long-term (20 years or more). New-issue yields are based on quotations on date of offering; those on recently offered issues (included only for first 4 weeks after termination of underwriter price restrictions), on Friday close-of-business quotations.

1.37 STOCK MARKET Selected Statistics

| Indicator | 1975 | 1976 | 1977 | 1977 | | | | | 1978 | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
| | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. |
| 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 | 53.51 | 52.66 | 51.37 | 51.87 | 51.83 | 49.89 | 49.41 |
| 2 Industrial | 51.88 | 60.44 | 57.84 | 57.30 | 56.41 | 54.99 | 55.62 | 55.55 | 53.45 | 52.80 |
| 3 Transportation | 30.73 | 39.57 | 41.07 | 41.04 | 39.99 | 38.33 | 39.30 | 39.75 | 39.15 | 38.90 |
| 4 Utility | 31.45 | 36.97 | 40.91 | 41.50 | 40.93 | 40.38 | 40.33 | 40.36 | 39.09 | 39.02 |
| 5 Finance | 46.62 | 52.94 | 55.23 | 56.52 | 55.33 | 53.24 | 54.04 | 53.85 | 50.91 | 50.60 |
| 6 Standard & Poor's Corporation (1941-43 = 10) ¹ . | 85.17 | 102.01 | 98.18 | 97.75 | 96.23 | 93.78 | 94.28 | 93.82 | 90.28 | 88.98 |
| 7 American Stock Exchange (Aug. 31, 1973 = 100) . | 83.15 | 101.63 | 116.18 | 119.33 | 118.08 | 115.41 | 117.80 | 124.88 | 121.73 | 123.35 |
| Volume of trading (thousands of shares) ² | | | | | | | | | | |
| 8 New York Stock Exchange | 18,568 | 21,189 | 20,936 | 18,831 | 18,270 | 19,689 | 23,557 | 21,475 | *20,388 | 19,400 |
| 9 American Stock Exchange | 2,150 | 2,565 | 2,514 | 2,140 | 2,080 | 2,080 | 2,061 | 3,008 | *2,254 | 2,300 |
| Customer financing (end-of-period balances, in millions of dollars) | | | | | | | | | | |
| 10 Regulated margin credit at brokers/dealers and banks ³ | 6,500 | 9,011 | 10,866 | 10,592 | 10,617 | 10,583 | 10,680 | 10,866 | ..... | ..... |
| 11 Brokers, total | 5,540 | 8,166 | 9,993 | 9,763 | 9,793 | 9,756 | 9,859 | 9,993 | ..... | ..... |
| 12 Margin stock ⁴ | 5,390 | 7,960 | 9,740 | 9,560 | 9,590 | 9,560 | 9,610 | 9,740 | ..... | ..... |
| 13 Convertible bonds | 147 | 204 | 250 | 196 | 196 | 192 | 246 | 250 | ..... | ..... |
| 14 Subscription issues | 3 | 2 | 3 | 7 | 7 | 4 | 3 | 3 | ..... | ..... |
| 15 Banks, total | 960 | 845 | 873 | 829 | 824 | 827 | 822 | 873 | ..... | ..... |
| 16 Margin stocks | 909 | 800 | 827 | 787 | 783 | 783 | 778 | 827 | ..... | ..... |
| 17 Convertible bonds | 36 | 30 | 30 | 23 | 24 | 27 | 28 | 30 | ..... | ..... |
| 18 Subscription issues | 15 | 15 | 16 | 19 | 17 | 17 | 16 | 16 | ..... | ..... |
| 19 Unregulated nonmargin stock credit at banks ⁵ . . . | 2,281 | 2,817 | 2,568 | 2,587 | 2,581 | 2,579 | 2,604 | 2,568 | ..... | ..... |
| MEMO: Free credit balances at brokers ⁶ | | | | | | | | | | |
| 20 Margin-account | 475 | 585 | 640 | 605 | 600 | 615 | 630 | 640 | ..... | ..... |
| 21 Cash-account | 1,525 | 1,855 | 2,060 | 1,745 | 1,745 | 1,850 | 1,845 | 2,060 | ..... | ..... |
| Margin-account debt at brokers (percentage distribution, end of period) | | | | | | | | | | |
| 22 Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | ..... | ..... |
| By equity class (in per cent): ⁷ | | | | | | | | | | |
| 23 Under 40 | 24.0 | 12.0 | 19.0 | 17.4 | 18.0 | 27.0 | 17.0 | 19.0 | ..... | ..... |
| 24 40-49 | 28.8 | 23.0 | 34.0 | 32.0 | 36.0 | 35.0 | 33.0 | 34.0 | ..... | ..... |
| 25 50-59 | 22.3 | 35.0 | 24.0 | 27.0 | 23.0 | 18.0 | 26.0 | 24.0 | ..... | ..... |
| 26 60-69 | 11.6 | 15.0 | 11.0 | 12.0 | 11.0 | 9.8 | 12.0 | 11.0 | ..... | ..... |
| 27 70-79 | 6.9 | 8.7 | 7.0 | 7.0 | 6.0 | 6.0 | 7.0 | 7.0 | ..... | ..... |
| 28 80 or more | 5.3 | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | ..... | ..... |
| Special miscellaneous-account balances at brokers (end of period) | | | | | | | | | | |
| 29 Total balances (millions of dollars) ⁸ | 7,290 | 8,776 | 9,910 | 9,660 | 9,640 | 9,640 | 9,710 | 9,910 | ..... | ..... |
| Distribution by equity status (per cent) | | | | | | | | | | |
| 30 Net credit status | 43.8 | 41.3 | 43.4 | 41.1 | 41.7 | 42.8 | 41.8 | 43.4 | ..... | ..... |
| Debit status, equity of— | | | | | | | | | | |
| 31 60 per cent or more | 40.8 | 47.8 | 44.9 | 46.2 | 45.9 | 43.8 | 45.5 | 44.9 | ..... | ..... |
| 32 Less than 60 per cent | 15.4 | 10.9 | 11.7 | 12.4 | 12.4 | 13.4 | 12.7 | 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 by brokers is end-of-month data for member firms of the New York Stock Exchange; June data for banks are universe totals; all other data for banks are estimates for all commercial banks based on data from a sample of reporting banks.

In addition to assigning a current loan value to margin stock generally, Regulations T and U permit special loan values for convertible bonds and stock acquired through exercise of subscription rights.

⁴ A distribution of this total by equity class is shown below.

⁵ Nonmargin stocks are those not listed on a national securities exchange and not included on the Federal Reserve System's list of over-the-counter margin stocks. At banks, loans to purchase or carry nonmargin stocks are unregulated; at brokers, such stocks have no loan value.

⁶ Free credit balances are in accounts with no unfulfilled commitments to the brokers and are subject to withdrawal by customers on demand.

⁷ Each customer's equity in his collateral (market value of collateral less net debit balance) is expressed as a percentage of current collateral values.

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

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

1.38 SAVINGS INSTITUTIONS Selected Assets and Liabilities

Millions of dollars, end of period

| Account | 1974 | 1975 | 1976 | 1977 | | | | | | | | 1978 | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| | | | | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. * | | |
| | | | | | | | | | | | | | |
| Savings and loan associations | | | | | | | | | | | | | |
| 1 Assets | 295,545 | 338,233 | 391,907 | 421,768 | 426,943 | 433,728 | 440,101 | 444,383 | 450,563 | 455,644 | 459,282 | 464,185 | |
| 2 Mortgages | 249,301 | 278,590 | 323,005 | 344,500 | 350,632 | 355,856 | 361,582 | 366,838 | 371,714 | 376,468 | 381,216 | 384,192 | |
| 3 Cash and investment securities ¹ | 23,251 | 30,853 | 35,724 | 39,707 | 39,693 | 41,057 | 41,069 | 39,709 | 40,642 | 40,522 | 39,197 | 40,305 | |
| 4 Other | 22,993 | 28,790 | 33,178 | 37,561 | 36,618 | 36,815 | 37,450 | 37,836 | 38,207 | 38,654 | 38,869 | 39,688 | |
| 5 Liabilities and net worth | 295,545 | 338,233 | 391,907 | 421,768 | 426,943 | 433,728 | 440,101 | 444,383 | 450,563 | 455,644 | 459,282 | 464,185 | |
| 6 Savings capital | 242,974 | 285,743 | 335,912 | 357,840 | 364,222 | 368,385 | 371,247 | 377,208 | 379,604 | 381,333 | 386,875 | 389,625 | |
| 7 Borrowed money | 24,780 | 20,634 | 19,083 | 19,800 | 20,756 | 20,960 | 22,026 | 22,920 | 24,206 | 25,547 | 27,803 | 27,797 | |
| 8 FHLBB | 21,508 | 17,524 | 15,708 | 15,000 | 15,595 | 15,724 | 16,255 | 16,908 | 17,546 | 18,282 | 19,952 | 20,109 | |
| 9 Other | 3,272 | 3,110 | 3,375 | 4,800 | 5,161 | 5,236 | 5,771 | 6,012 | 6,660 | 7,265 | 7,851 | 7,688 | |
| 10 Loans in process | 3,244 | 5,128 | 6,840 | 8,511 | 9,129 | 9,338 | 9,662 | 9,741 | 9,856 | 9,924 | 9,932 | 9,847 | |
| 11 Other | 6,105 | 6,949 | 8,074 | 12,348 | 9,374 | 11,280 | 13,053 | 10,176 | 12,226 | 13,839 | 9,491 | 11,475 | |
| 12 Net worth ² | 18,442 | 19,779 | 21,998 | 23,269 | 23,462 | 23,765 | 24,113 | 24,338 | 24,671 | 25,001 | 25,181 | 25,441 | |
| 13 MEMO: Mortgage loan commitments outstanding ³ .. | 7,454 | 10,673 | 14,826 | 22,270 | 22,032 | 21,907 | 21,901 | 21,631 | 21,555 | 21,270 | 19,886 | 19,566 | |
| Mutual savings banks | | | | | | | | | | | | | |
| 14 Assets | 109,550 | 121,056 | 134,812 | 140,593 | 141,778 | 143,036 | 143,815 | 144,666 | 145,651 | 146,346 | 147,190 | ..... |  |
| Loans: | | | | | | | | | | | | | |
| 15 Mortgage | 74,891 | 77,221 | 81,630 | 83,075 | 84,051 | 84,700 | 85,419 | 86,079 | 86,769 | 87,333 | 88,104 | ..... |  |
| 16 Other | 3,812 | 4,023 | 5,183 | 6,650 | 6,887 | 7,176 | 7,119 | 6,878 | 7,115 | 7,241 | 6,240 | ..... |  |
| Securities: | | | | | | | | | | | | | |
| 17 U.S. Govt. | 2,555 | 4,740 | 5,840 | 6,248 | 6,104 | 6,101 | 6,019 | 6,192 | 6,101 | 6,071 | 5,901 | ..... |  |
| 18 State and local government .. | 930 | 1,545 | 2,417 | 2,539 | 2,544 | 2,594 | 2,762 | 2,777 | 2,808 | 2,809 | 2,828 | ..... |  |
| 19 Corporate and other ⁴ | 22,550 | 27,992 | 33,793 | 36,455 | 36,349 | 36,674 | 36,878 | 36,927 | 37,073 | 37,221 | 37,909 | ..... |  |
| 20 Cash | 2,167 | 2,330 | 2,355 | 1,922 | 2,071 | 2,001 | 1,857 | 1,992 | 2,011 | 1,887 | 2,416 | ..... |  |
| 21 Other assets | 2,645 | 3,205 | 3,593 | 3,703 | 3,771 | 3,789 | 3,760 | 3,821 | 3,773 | 3,783 | 3,792 | ..... |  |
| 22 Liabilities | 109,550 | 121,056 | 134,812 | 140,593 | 141,778 | 143,036 | 143,815 | 144,666 | 145,651 | 146,346 | 147,190 | ..... |  |
| 23 Deposits | 98,701 | 109,873 | 122,877 | 127,791 | 129,332 | 130,111 | 130,381 | 131,688 | 132,250 | 132,537 | 133,892 | ..... |  |
| 24 Regular ⁵ | 98,221 | 109,291 | 121,961 | 126,587 | 128,071 | 128,748 | 129,030 | 130,230 | 130,913 | 131,319 | 132,608 | ..... |  |
| 25 Ordinary savings | 64,286 | 69,653 | 74,535 | 76,384 | 77,033 | 77,069 | 77,163 | 77,640 | 77,503 | 77,460 | 77,930 | ..... |  |
| 26 Time and other | 33,935 | 39,639 | 47,426 | 50,203 | 51,038 | 51,679 | 51,867 | 52,590 | 53,410 | 53,859 | 54,678 | ..... |  |
| 27 Other | 480 | 582 | 916 | 1,204 | 1,261 | 1,363 | 1,351 | 1,458 | 1,337 | 1,208 | 1,284 | ..... |  |
| 28 Other liabilities | 2,888 | 2,755 | 2,884 | 3,381 | 2,939 | 3,379 | 3,779 | 3,254 | 3,632 | 3,938 | 3,319 | ..... |  |
| 29 General reserve accounts | 7,961 | 8,428 | 9,052 | 9,422 | 9,506 | 9,546 | 9,654 | 9,723 | 9,769 | 9,882 | 9,980 | ..... |  |
| 30 MEMO: Mortgage loan commitments outstanding ⁶ .. | 2,040 | 1,803 | 2,439 | 3,521 | 4,079 | 4,049 | 4,198 | 4,254 | 4,423 | 4,458 | 4,066 | ..... |  |
| Life insurance companies | | | | | | | | | | | | | |
| 31 Assets | 263,349 | 289,304 | 321,552 | 331,028 | 334,386 | 336,651 | 338,964 | 341,382 | 343,738 | 347,182 | 350,506 | ..... |  |
| Securities: | | | | | | | | | | | | | |
| 32 Government | 10,900 | 13,758 | 17,942 | 18,475 | 18,579 | 18,916 | 19,174 | 19,515 | 19,519 | 19,681 | 19,508 | ..... |  |
| 33 United States ⁷ | 3,372 | 4,736 | 5,368 | 5,396 | 5,400 | 5,628 | 5,831 | 5,883 | 5,810 | 5,993 | 5,693 | ..... |  |
| 34 State and local | 3,667 | 4,508 | 5,594 | 5,797 | 5,813 | 5,847 | 5,881 | 5,994 | 5,979 | 5,967 | 6,016 | ..... |  |
| 35 Foreign ⁸ | 3,861 | 4,514 | 6,980 | 7,282 | 7,366 | 7,441 | 7,462 | 7,638 | 7,730 | 7,721 | 7,799 | ..... |  |
| 36 Business | 119,637 | 135,317 | 157,246 | 164,126 | 166,859 | 168,498 | 169,747 | 170,606 | 172,005 | 174,109 | 175,204 | ..... |  |
| 37 Bonds | 97,717 | 107,256 | 122,984 | 131,568 | 133,497 | 135,262 | 136,752 | 138,046 | 139,909 | 141,354 | 142,095 | ..... |  |
| 38 Stocks | 21,920 | 28,061 | 34,262 | 32,558 | 33,362 | 33,236 | 32,995 | 32,560 | 32,096 | 32,755 | 33,109 | ..... |  |
| 39 Mortgages | 86,234 | 89,167 | 91,552 | 92,358 | 92,854 | 93,106 | 93,326 | 94,070 | 94,684 | 95,110 | 96,765 | ..... |  |
| 40 Real estate | 8,331 | 9,621 | 10,476 | 10,822 | 10,897 | 10,901 | 10,926 | 10,930 | 11,024 | 11,113 | 11,201 | ..... |  |
| 41 Policy loans | 22,862 | 24,467 | 25,834 | 26,500 | 26,657 | 26,780 | 26,946 | 27,087 | 27,220 | 27,355 | 27,508 | ..... |  |
| 42 Other assets | 15,385 | 16,971 | 18,502 | 18,747 | 18,540 | 18,450 | 18,845 | 19,174 | 19,286 | 19,814 | 20,320 | ..... |  |
| Credit unions | | | | | | | | | | | | | |
| 43 Total assets/liabilities and capital | 31,948 | 38,037 | 45,225 | 48,999 | 50,186 | 50,218 | 50,904 | 52,136 | 52,412 | 53,141 | 54,084 | 54,084 | |
| 44 Federal | 16,715 | 20,209 | 24,396 | 26,594 | 27,364 | 27,290 | 27,632 | 28,384 | 28,463 | 28,954 | 29,574 | 29,574 | |
| 45 State | 15,233 | 17,828 | 20,829 | 22,405 | 22,822 | 22,928 | 23,272 | 23,752 | 23,949 | 24,187 | 24,510 | 24,510 | |
| 46 Loans outstanding | 24,432 | 28,169 | 34,384 | 36,987 | 38,201 | 38,657 | 39,711 | 40,573 | 40,865 | 41,427 | 42,055 | 42,055 | |
| 47 Federal | 12,730 | 14,869 | 18,311 | 19,680 | 20,420 | 20,591 | 21,194 | 21,692 | 21,814 | 22,224 | 22,717 | 22,717 | |
| 48 State | 11,702 | 13,300 | 16,073 | 17,307 | 17,781 | 18,066 | 18,517 | 18,881 | 19,051 | 19,203 | 19,338 | 19,338 | |
| 49 Savings | 27,518 | 33,013 | 39,173 | 42,504 | 43,552 | 43,658 | 43,982 | 45,103 | 45,441 | 45,977 | 46,832 | 46,832 | |
| 50 Federal (shares) | 14,370 | 17,530 | 21,130 | 23,169 | 23,825 | 23,873 | 24,080 | 24,775 | 24,945 | 25,303 | 25,849 | 25,849 | |
| 51 State (shares and deposits) .. | 13,148 | 15,483 | 18,043 | 19,335 | 19,727 | 19,785 | 19,902 | 20,328 | 20,496 | 20,674 | 20,983 | 20,983 | |

For notes see bottom of page A30.

1.39 FEDERAL FISCAL AND FINANCING OPERATIONS

Millions of dollars

| Type of account or operation | Fiscal year 1976 | Transition quarter (July–Sept. 1976) | Fiscal year 1977 | Calendar year | | | | | |
|--|------------------|--------------------------------------|------------------|---------------|---------|---------|--------|--------|--------|
| | | | | 1976 | 1977 | | 1977 | | 1978 |
| | | | | H2 | H1 | H2 | Nov. | Dec. | Jan. |
| U.S. Budget | | | | | | | | | |
| 1 Receipts ¹ | 299,197 | *81,687 | 356,861 | 157,868 | 189,410 | 175,787 | 27,596 | 32,794 | 33,201 |
| 2 Outlays ^{1,2,3} | 365,658 | 94,659 | 401,896 | -193,629 | 199,482 | 216,747 | 36,864 | 37,646 | 36,918 |
| 3 Surplus, or deficit (–) | -66,461 | *-12,972 | -45,035 | -35,761 | -10,072 | -40,961 | -9,269 | -4,852 | -3,717 |
| 4 Trust funds | 2,409 | -1,952 | 7,833 | 4,621 | 7,332 | 4,293 | 457 | 700 | -3,946 |
| 5 Federal funds ⁴ | -68,870 | *-11,020 | -52,868 | -31,140 | -17,405 | -45,254 | -9,726 | -5,552 | 230 |
| Off-budget entities surplus, or deficit (–) | | | | | | | | | |
| 6 Federal Financing Bank outlays ... | -5,915 | -2,575 | -8,415 | -5,176 | -2,075 | -6,663 | -250 | -1,462 | -907 |
| 7 Other ^{2,5} | -1,355 | 793 | -269 | 3,809 | -2,086 | 428 | -183 | 59 | -267 |
| U.S. Budget plus off-budget, including Federal Financing Bank | | | | | | | | | |
| 8 Surplus, or deficit (–) | -73,731 | -14,755 | -53,718 | -37,125 | -14,233 | -47,196 | -9,702 | -6,255 | -4,891 |
| Financed by: | | | | | | | | | |
| 9 Borrowing from the public ³ ... | 82,922 | 18,027 | 53,516 | 35,457 | 16,480 | 40,284 | 8,854 | 9,971 | 6,027 |
| 10 Cash and monetary assets (decrease, or increase (–)) | -7,796 | -2,899 | -2,238 | 2,153 | -4,666 | 4,317 | 2,278 | -5,290 | -229 |
| 11 Other ⁶ | -1,396 | -373 | 2,440 | -485 | 2,420 | 2,597 | -1,429 | 1,573 | -907 |
| MEMO ITEMS: | | | | | | | | | |
| 12 Treasury operating balance (level, end of period) | 14,836 | 17,418 | 19,104 | 11,670 | *16,255 | 12,274 | 5,471 | 12,274 | 12,481 |
| 13 F.R. Banks | 11,975 | 13,299 | 15,740 | 10,393 | *15,183 | 7,114 | 2,562 | 7,114 | 11,228 |
| 14 Tax and loan accounts | 2,854 | 4,119 | 3,364 | 1,277 | *1,072 | 5,160 | 2,909 | 5,160 | 1,253 |
| 15 Other demand accounts ⁷ | 7 | | | | | | | | |

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

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

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

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

⁵ Includes Pension Benefit Guaranty Corp.; Postal Service Fund, Rural

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

⁶ 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.

⁷ Excludes the gold balance but includes deposits in certain commercial depositories that have been converted from a time deposit to a demand deposit basis to permit greater flexibility in Treasury cash management.

SOURCE.—"Monthly Treasury Statement of Receipts and Outlays of the U.S. Government," *Treasury Bulletin*, and *U.S. Budget, Fiscal Year 1978*.

NOTES TO TABLE 1.39

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. Govt. agencies.

⁵ Excludes checking, club, and school accounts.

⁶ Commitments outstanding (including loans in process) of banks in New York State as reported to the Savings Banks Assn. of the State of New York.

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

⁸ Issues of foreign governments and their subdivisions and bonds of the International Bank for Reconstruction and Development.

NOTE.—*Savings and loan associations*: Estimates by the FHLBB for all associations in the United States. Data are based on monthly reports of Federally insured associations and annual reports of other associations.

Even when revised, data for current and preceding year are subject to further revision.

Mutual savings banks: Estimates of National Association of Mutual Savings Banks for all savings banks in the United States. Data are reported on a gross-of-valuation-reserves basis.

Life insurance companies: Estimates of the Institute of Life Insurance for all life insurance companies in the United States. Annual figures are annual-statement asset values, with bonds carried on an amortized basis and stocks at year-end market value. Adjustments for interest due and accrued and for differences between market and book values are not made on each item separately but are included, in total, in "other assets."

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

1.40 U.S. BUDGET RECEIPTS AND OUTLAYS

Millions of dollars

| Source or type | Fiscal year 1976 | Transition quarter (July-Sept. 1976) | Fiscal year 1977 | Calendar year | | | | | |
|--|------------------|--------------------------------------|------------------|---------------|---------|---------|--------|--------|--------|
| | | | | 1976 | 1977 | | 1977 | | 1978 |
| | | | | | H2 | H1 | H2 | Nov. |  | Dec. | Jan. |
| | Receipts | | | | | | | | |
| 1 All sources ¹ | 299,197 | 281,687 | 356,861 | 157,868 | 189,410 | 175,786 | 27,596 | 32,794 | 33,201 |
| 2 Individual income taxes, net..... | 130,794 | 138,715 | 156,725 | 75,899 | 77,948 | 82,877 | 13,171 | 13,941 | 20,217 |
| 3 Withheld..... | 123,408 | 32,949 | 144,820 | 68,023 | 73,303 | 75,480 | 12,916 | 13,351 | 13,111 |
| 4 Presidential Election Campaign Fund..... | 34 | 1 | 37 | 1 | 37 | 1 | | | 1 |
| 5 Nonwithheld..... | 35,528 | 6,809 | 42,062 | 8,426 | 32,959 | 9,397 | 430 | 770 | 7,154 |
| 6 Refunds ¹ | 28,175 | 1,043 | 30,194 | 1,541 | 28,350 | 2,001 | 174 | 179 | 48 |
| 7 Corporation income taxes: | | | | | | | | | |
| 8 Gross receipts..... | 46,783 | 9,808 | 60,057 | 20,706 | 37,133 | 25,121 | 1,386 | 9,549 | 2,273 |
| 9 Refunds..... | 5,374 | 1,348 | 5,164 | 2,886 | 2,324 | 2,819 | 466 | 337 | 282 |
| 10 Social insurance taxes and contributions, net..... | 92,714 | 25,760 | 108,683 | 47,596 | 58,099 | 52,347 | 10,404 | 6,647 | 7,997 |
| 11 Payroll employment taxes and contributions ² | 76,391 | 21,534 | 88,196 | 40,427 | 45,242 | 44,384 | 8,750 | 6,030 | 6,898 |
| 12 Self-employment taxes and contributions ³ | 3,518 | 269 | 4,014 | 286 | 3,687 | 316 | | 7 | 259 |
| 13 Unemployment insurance..... | 8,054 | 2,698 | 11,312 | 4,379 | 6,575 | 4,936 | 1,216 | 123 | 403 |
| 14 Other net receipts ⁴ | 4,752 | 1,259 | 5,162 | 2,504 | 2,595 | 2,711 | 438 | 486 | 437 |
| 15 Excise taxes..... | 16,963 | 4,473 | 17,548 | 8,910 | 8,432 | 9,284 | 1,615 | 1,463 | 1,492 |
| 16 Customs..... | 4,074 | 1,212 | 5,150 | 2,361 | 2,519 | 2,848 | 459 | 501 | 494 |
| 17 Estate and gift..... | 5,216 | 1,455 | 7,327 | 2,943 | 4,332 | 2,837 | 439 | 482 | 447 |
| 18 Miscellaneous receipts ⁵ | 8,026 | 1,612 | 6,536 | 3,236 | 3,269 | 3,292 | 587 | 549 | 563 |
| | Outlays | | | | | | | | |
| 19 All types ^{1, 6} | 365,658 | 94,659 | 401,896 | 193,629 | 199,482 | 216,747 | 36,864 | 37,646 | 36,918 |
| 20 National defense..... | 89,996 | 22,518 | 96,721 | 45,002 | 48,721 | 50,873 | 8,974 | 8,417 | 7,974 |
| 21 International affairs ⁶ | 5,067 | 1,997 | 5,593 | 3,028 | 2,522 | 2,896 | 251 | 371 | 300 |
| 22 General science, space, and technology..... | 4,370 | 1,161 | 4,677 | 2,377 | 2,108 | 2,318 | 389 | 382 | 370 |
| 23 Natural resources, environment, and energy..... | 11,282 | 3,324 | 14,335 | 7,206 | 6,855 | 8,527 | 1,527 | 1,561 | 1,152 |
| 24 Agriculture..... | 2,502 | 584 | 5,330 | 2,019 | 2,628 | 5,477 | 1,553 | 1,697 | 1,790 |
| 25 Commerce and transportation..... | 17,248 | 4,700 | 14,731 | 9,643 | 5,945 | 10,743 | 1,777 | 1,551 | 1,359 |
| 26 Community and regional development..... | 5,300 | 1,530 | 7,394 | 3,192 | 3,149 | 4,924 | 1,058 | 795 | 755 |
| 27 Education, training, employment, and social services..... | 18,167 | 5,013 | 19,718 | 9,083 | 9,775 | 10,800 | 1,834 | 1,778 | 1,996 |
| 28 Health..... | 33,448 | 8,720 | 38,838 | 19,329 | 18,654 | 19,422 | 2,613 | 3,554 | 2,680 |
| 29 Income security ¹ | 126,598 | 32,710 | 137,151 | 65,367 | 69,917 | 71,047 | 12,635 | 12,105 | 12,912 |
| 30 Veterans benefits and services..... | 18,432 | 3,962 | 18,040 | 8,542 | 9,382 | 9,864 | 1,571 | 2,613 | 686 |
| 31 Law enforcement and justice..... | 3,320 | 859 | 3,589 | 1,839 | 1,783 | 1,723 | 321 | 293 | 307 |
| 32 General government..... | 2,927 | 878 | 3,338 | 1,734 | 1,587 | 1,749 | 376 | 320 | 166 |
| 33 Revenue sharing and general purpose fiscal assistance..... | 7,119 | 2,024 | 9,404 | 4,729 | 4,333 | 4,926 | 249 | 37 | 2,317 |
| 34 Interest ⁷ | 34,589 | 7,246 | 38,092 | 18,409 | 18,927 | 19,962 | 2,758 | 6,236 | 2,628 |
| 35 Undistributed offsetting receipts ^{7, 8} | -14,704 | -2,567 | -15,053 | -7,869 | -6,803 | -8,506 | -1,021 | -4,063 | -475 |

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

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 F.R. Banks and other miscellaneous receipts.

⁶ Outlay totals reflect the reclassification of the Export-Import Bank

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

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

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

1.41 FEDERAL DEBT SUBJECT TO STATUTORY LIMITATION

Billions of dollars

| Item | 1974 | 1975 | | 1976 | | | 1977 | | |
|--|---------|---------|---------|---------|--------------------|---------|---------|--------------------|---------|
| | Dec. 31 | June 30 | Dec. 31 | June 30 | Sept. 30 | Dec. 31 | June 30 | Sept. 30 | Dec. 31 |
| 1 Federal debt outstanding..... | 504.0 | 544.1 | 587.6 | 631.9 | ² 646.4 | 665.5 | 685.2 | 709.1 | 729.2 |
| 2 Public debt securities..... | 492.7 | 533.7 | 576.6 | 620.4 | 634.7 | 653.5 | 674.4 | 698.8 | 718.9 |
| 3 Held by public..... | 351.5 | 387.9 | 437.3 | 470.8 | 488.6 | 506.4 | 523.2 | 543.4 | 564.1 |
| 4 Held by agencies..... | 141.2 | 145.3 | 139.3 | 149.6 | 146.1 | 147.1 | 151.2 | 155.5 | 154.8 |
| 5 Agency securities..... | 11.3 | 10.9 | 10.9 | 11.5 | 11.6 | 12.0 | 10.8 | 10.3 | 10.2 |
| 6 Held by public..... | 9.3 | 9.0 | 8.9 | 9.5 | 9.7 | 10.0 | 9.0 | 8.5 | 8.4 |
| 7 Held by agencies..... | 2.0 | 1.9 | 2.0 | 2.0 | 1.9 | 1.9 | 1.8 | 1.8 | 1.8 |
| 8 Debt subject to statutory limit..... | 493.0 | 534.2 | 577.8 | 621.6 | 635.8 | 654.7 | 675.6 | ^r 700.0 | 720.1 |
| 9 Public debt securities..... | 490.5 | 532.6 | 576.0 | 619.8 | 634.1 | 652.9 | 673.8 | ^r 698.2 | 718.3 |
| 10 Other debt ¹ | 2.4 | 1.6 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| 11 MEMO: Statutory debt limit..... | 495.0 | 577.0 | 595.0 | 636.0 | 636.0 | 682.0 | 700.0 | ^r 700.0 | 752.0 |

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 | 1973 | 1974 | 1975 | 1976 | 1977 | | | 1978 | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | | | Oct. | Nov. | Dec. | Jan. | Feb. |
| 1 Total gross public debt ¹ | 469.9 | 492.7 | 576.6 | 653.5 | 697.4 | 708.0 | 718.9 | 721.6 | 729.8 |
| By type: | | | | | | | | | |
| 2 Interest-bearing debt..... | 467.8 | 491.6 | 575.7 | 652.5 | 696.3 | 707.0 | 715.2 | 720.6 | 728.5 |
| 3 Marketable..... | 270.2 | 282.9 | 363.2 | 421.3 | 447.4 | 454.9 | 459.9 | 466.8 | 470.8 |
| 4 Bills..... | 107.8 | 119.7 | 157.5 | 164.0 | 156.2 | 156.7 | 161.1 | 161.2 | 161.8 |
| 5 Notes..... | 124.6 | 129.8 | 167.1 | 216.7 | 245.6 | 251.1 | 251.8 | 257.1 | 258.5 |
| 6 Bonds..... | 37.8 | 33.4 | 38.6 | 40.6 | 45.7 | 47.1 | 47.0 | 48.5 | 50.5 |
| 7 Nonmarketable ² | 197.6 | 208.7 | 212.5 | 231.2 | 248.9 | 252.1 | 255.3 | 253.8 | 257.7 |
| 8 Convertible bonds ³ | 2.3 | 2.3 | 2.3 | 2.3 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 |
| 9 Foreign issues ⁴ | 26.0 | 22.8 | 21.6 | 22.3 | 21.1 | 21.7 | 22.2 | 22.8 | 22.6 |
| 10 Savings bonds and notes..... | 60.8 | 63.8 | 67.9 | 72.3 | 76.2 | 76.6 | 77.0 | 77.4 | 77.8 |
| 11 Govt. account series ⁵ | 108.0 | 119.1 | 119.4 | 129.7 | 136.9 | 138.6 | 139.8 | 136.4 | 139.4 |
| By holder: ⁶ | | | | | | | | | |
| 12 U.S. Govt. agencies and trust funds..... | 123.4 | 138.2 | 145.3 | 149.6 | 152.2 | 153.9 | 154.8 | ..... | ..... |
| 13 F.R. Banks..... | 75.0 | 80.5 | 84.7 | 94.4 | 94.6 | 96.5 | 102.5 | ..... | ..... |
| 14 Private investors..... | 260.9 | 271.0 | 349.4 | 409.5 | 450.6 | 457.6 | 461.3 | ..... | ..... |
| 15 Commercial banks..... | 60.3 | 55.6 | 85.1 | 103.8 | 100.5 | 101.4 | 102.4 | ..... | ..... |
| 16 Mutual savings banks..... | 2.9 | 2.5 | 4.5 | 5.7 | 6.0 | 6.0 | 6.0 | ..... | ..... |
| 17 Insurance companies..... | 6.4 | 6.2 | 9.5 | 12.5 | 14.7 | 15.3 | 15.6 | ..... | ..... |
| 18 Other corporations..... | 10.9 | 11.0 | 20.2 | 26.5 | 23.8 | 23.4 | 22.2 | ..... | ..... |
| 19 State and local governments..... | 29.2 | 29.2 | 34.2 | 41.6 | 54.5 | 55.6 | 55.1 | ..... | ..... |
| Individuals: | | | | | | | | | |
| 20 Savings bonds..... | 60.3 | 63.4 | 67.3 | 72.0 | 76.0 | 76.4 | 76.7 | ..... | ..... |
| 21 Other securities..... | 16.9 | 21.5 | 24.0 | 28.8 | 28.4 | 28.5 | 28.6 | ..... | ..... |
| 22 Foreign and international ⁷ | 54.7 | 58.8 | 66.5 | 78.1 | 101.3 | 106.7 | 109.6 | ..... | ..... |
| 23 Other miscellaneous investors ⁸ | 19.3 | 22.8 | 38.0 | 40.5 | 45.3 | 44.2 | 45.0 | ..... | ..... |

¹ Includes \$1.3 billion of non-interest-bearing debt (of which \$611 million on Feb. 28, 1978, was not subject to statutory debt limitations).

² Includes (not shown separately): Securities issued to the Rural Electrification Administration and to State and local governments, depositary bonds, retirement plan bonds, and individual retirement bonds.

³ These nonmarketable bonds, also known as Investment Series B Bonds, may be exchanged (or converted) at the owner's option for 1½ per cent, 5-year marketable Treasury notes. Convertible bonds that have been so exchanged are removed from this category and recorded in the notes category above.

⁴ Nonmarketable foreign government dollar-denominated and foreign currency denominated series.

⁵ Held only by U.S. Govt. agencies and trust funds.

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

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

⁸ Includes savings and loan associations, nonprofit institutions, corporate pension trust funds, dealers and brokers, certain 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 | 1975 | 1976 | 1977 | 1978 | 1975 | 1976 | 1977 | 1978 |
|--|----------------------|---------|---------|---------|----------------|---------|---------|---------|
| | | | Dec. | Jan. | | | Dec. | Jan. |
| | All maturities | | | | 1 to 5 years | | | |
| 1 All holders | 363,191 | 421,276 | 459,927 | 466,780 | 112,270 | 141,132 | 151,264 | 156,195 |
| 2 U.S. Govt. agencies and trust funds | 19,397 | 16,485 | 14,420 | 14,403 | 7,058 | 6,141 | 4,788 | 4,788 |
| 3 F. R. Banks | 87,934 | 96,971 | 101,191 | 97,004 | 30,518 | 31,249 | 27,012 | 27,715 |
| 4 Private investors | 255,860 | 307,820 | 344,315 | 355,374 | 74,694 | 103,742 | 119,464 | 123,692 |
| 5 Commercial banks | 64,398 | 78,262 | 75,363 | 73,965 | 29,629 | 40,005 | 38,691 | 39,254 |
| 6 Mutual savings banks | 3,300 | 4,072 | 4,379 | 4,279 | 1,524 | 2,010 | 2,112 | 2,121 |
| 7 Insurance companies | 7,565 | 10,284 | 12,378 | 12,165 | 2,359 | 3,885 | 4,729 | 4,679 |
| 8 Nonfinancial corporations | 9,365 | 14,193 | 9,474 | 9,965 | 1,967 | 2,618 | 3,183 | 3,345 |
| 9 Savings and loan associations | 2,793 | 4,576 | 4,817 | 4,942 | 1,558 | 2,360 | 2,368 | 2,396 |
| 10 State and local governments | 9,285 | 12,252 | 15,495 | 15,172 | 1,761 | 2,543 | 3,875 | 3,795 |
| 11 All others | 159,154 | 184,182 | 222,409 | 234,885 | 35,894 | 50,321 | 64,505 | 68,102 |
| | Total, within 1 year | | | | 5 to 10 years | | | |
| 12 All holders | 199,692 | 211,035 | 230,691 | 231,175 | 26,436 | 43,045 | 45,328 | 45,319 |
| 13 U.S. Govt. agencies and trust funds | 2,769 | 2,012 | 1,906 | 1,889 | 3,283 | 2,879 | 2,129 | 2,129 |
| 14 F. R. Banks | 46,845 | 51,569 | 56,702 | 51,645 | 6,463 | 9,148 | 10,404 | 10,477 |
| 15 Private investors | 150,078 | 157,454 | 172,084 | 177,642 | 16,690 | 31,018 | 32,795 | 32,712 |
| 16 Commercial banks | 29,875 | 31,213 | 29,477 | 27,207 | 4,071 | 6,278 | 6,162 | 6,280 |
| 17 Mutual savings banks | 983 | 1,214 | 1,400 | 1,291 | 448 | 567 | 584 | 578 |
| 18 Insurance companies | 2,024 | 2,191 | 2,398 | 2,216 | 1,592 | 2,546 | 3,204 | 3,246 |
| 19 Nonfinancial corporations | 7,105 | 11,009 | 5,770 | 5,910 | 175 | 370 | 307 | 421 |
| 20 Savings and loan associations | 914 | 1,984 | 2,236 | 2,334 | 216 | 155 | 143 | 140 |
| 21 State and local governments | 5,288 | 6,622 | 7,917 | 7,639 | 782 | 1,465 | 1,283 | 1,260 |
| 22 All others | 103,889 | 103,220 | 122,885 | 131,045 | 9,405 | 19,637 | 21,112 | 20,788 |
| | Bills, within 1 year | | | | 10 to 20 years | | | |
| 23 All holders | 157,483 | 163,992 | 161,081 | 161,221 | 14,264 | 11,865 | 12,906 | 14,371 |
| 24 U.S. Govt. agencies and trust funds | 207 | 449 | 32 | 17 | 4,233 | 3,102 | 3,102 | 3,102 |
| 25 F. R. Banks | 38,018 | 41,279 | 42,004 | 37,090 | 1,507 | 1,363 | 1,510 | 1,536 |
| 26 Private investors | 119,258 | 122,264 | 119,035 | 124,115 | 8,524 | 7,400 | 8,295 | 9,733 |
| 27 Commercial banks | 17,481 | 17,303 | 11,996 | 9,706 | 552 | 339 | 456 | 660 |
| 28 Mutual savings banks | 554 | 454 | 484 | 403 | 232 | 139 | 137 | 139 |
| 29 Insurance companies | 1,513 | 1,463 | 1,187 | 1,026 | 1,154 | 1,114 | 1,245 | 1,207 |
| 30 Nonfinancial corporations | 5,829 | 9,939 | 4,329 | 4,439 | 61 | 142 | 133 | 159 |
| 31 Savings and loan associations | 518 | 1,266 | 806 | 874 | 82 | 64 | 54 | 54 |
| 32 State and local governments | 4,566 | 5,556 | 6,092 | 5,841 | 896 | 718 | 890 | 967 |
| 33 All others | 88,797 | 86,282 | 94,152 | 101,826 | 5,546 | 4,884 | 5,380 | 6,547 |
| | Other, within 1 year | | | | Over 20 years | | | |
| 34 All holders | 42,209 | 47,043 | 69,610 | 69,954 | 10,530 | 14,200 | 19,738 | 19,721 |
| 35 U.S. Govt. agencies and trust funds | 2,562 | 1,563 | 1,874 | 1,872 | 2,053 | 2,350 | 2,495 | 2,494 |
| 36 F. R. Banks | 8,827 | 10,290 | 14,698 | 14,555 | 2,601 | 3,642 | 5,564 | 5,532 |
| 37 Private investors | 30,820 | 35,190 | 53,039 | 53,527 | 5,876 | 8,208 | 11,679 | 11,595 |
| 38 Commercial banks | 12,394 | 13,910 | 15,482 | 17,501 | 271 | 427 | 578 | 564 |
| 39 Mutual savings banks | 429 | 760 | 916 | 888 | 112 | 143 | 146 | 150 |
| 40 Insurance companies | 511 | 728 | 1,211 | 1,190 | 436 | 548 | 802 | 818 |
| 41 Nonfinancial corporations | 1,276 | 1,070 | 1,441 | 1,471 | 57 | 55 | 81 | 131 |
| 42 Savings and loan associations | 396 | 718 | 1,430 | 1,460 | 22 | 13 | 16 | 17 |
| 43 State and local governments | 722 | 1,066 | 3,875 | 3,795 | 558 | 904 | 1,530 | 1,511 |
| 44 All others | 15,092 | 16,938 | 28,733 | 29,219 | 4,420 | 6,120 | 8,526 | 8,403 |

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 Jan. 31, 1978; (1) 5,489 commercial

banks, 465 mutual savings banks, and 728 insurance companies, each about 90 per cent; (2) 436 nonfinancial corporations and 486 savings and loan assns., each about 50 per cent; and (3) 496 State and local govts., about 40 per cent.

"All others," a residual, includes holdings of all those not reporting in the Treasury Survey, including investor groups not listed separately.

1.44 U.S. GOVERNMENT SECURITIES DEALERS Transactions

Par value; averages of daily figures, in millions of dollars

| Item | 1974 | 1975 | 1976 | 1977 | | 1978 | 1978, week ending Wednesday— | | | | | |
|--------------------------------------|-------|-------|--------|--------|-------|--------|------------------------------|---------|---------|---------|--------|--------|
| | | | | Nov. | Dec. | Jan. | Jan. 4 | Jan. 11 | Jan. 18 | Jan. 25 | Feb. 1 | Feb. 8 |
| 1 U.S. Govt. securities..... | 3,579 | 6,027 | 10,449 | 11,086 | 9,303 | 10,740 | 12,497 | 13,711 | 10,778 | 8,028 | 9,721 | 8,557 |
| By maturity: | | | | | | | | | | | | |
| 2 Bills..... | 2,550 | 3,889 | 6,676 | 6,689 | 5,834 | 6,956 | 8,111 | 8,920 | 7,331 | 5,206 | 5,775 | 5,039 |
| 3 Other within 1 year..... | 250 | 223 | 210 | 257 | 264 | 400 | 425 | 308 | 541 | 249 | 440 | 180 |
| 4 1-5 years..... | 465 | 1,414 | 2,317 | 2,136 | 1,865 | 1,923 | 1,871 | 2,374 | 1,568 | 1,695 | 2,245 | 1,541 |
| 5 5-10 years..... | 256 | 363 | 1,019 | 1,372 | 729 | 720 | 851 | 984 | 748 | 408 | 751 | 1,144 |
| 6 Over 10 years..... | 58 | 138 | 229 | 631 | 611 | 741 | 1,239 | 1,125 | 590 | 470 | 510 | 654 |
| By type of customer: | | | | | | | | | | | | |
| 7 U.S. Govt. securities dealers..... | 652 | 885 | 1,360 | 1,157 | 1,317 | 1,358 | 1,855 | 1,603 | 1,279 | 1,192 | 1,278 | 1,252 |
| 8 U.S. Govt. securities brokers..... | 965 | 1,750 | 3,407 | 3,912 | 2,818 | 3,663 | 3,477 | 5,392 | 3,545 | 2,604 | 3,030 | 2,426 |
| 9 Commercial banks..... | 998 | 1,451 | 2,426 | 2,048 | 1,756 | 2,180 | 2,905 | 2,734 | 2,118 | 1,614 | 2,056 | 1,671 |
| 10 All others ¹ | 964 | 1,941 | 3,257 | 3,968 | 3,412 | 3,540 | 4,261 | 3,982 | 3,837 | 2,618 | 3,358 | 3,208 |
| 11 Federal agency securities.... | 965 | 1,043 | 1,548 | 1,697 | 1,444 | 1,460 | 1,281 | 1,521 | 1,722 | 1,077 | 1,567 | 982 |

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 | 1974 | 1975 | 1976 | 1977 | | 1978 | 1977, week ending Wednesday— | | | 1978, week ending Wednesday— | | |
|------------------------------------|-----------------------------------|-------|-------|-------|--------|-------|---------------------------------|---------|---------|---------------------------------|--------|---------|
| | | | | Nov. | Dec. | | Jan. | Dec. 14 | Dec. 21 | Dec. 28 | Jan. 4 | Jan. 11 | Jan. 18 |
| | Positions ² | | | | | | | | | | | |
| 1 U.S. Govt. securities..... | 2,580 | 5,884 | 7,592 | 4,351 | 5,114 | 4,373 | 5,534 | 5,178 | 5,436 | 5,671 | 6,009 | 3,385 |
| 2 Bills..... | 1,932 | 4,297 | 6,290 | 3,784 | 4,312 | 4,052 | 5,090 | 4,923 | 4,062 | 4,431 | 5,639 | 3,613 |
| 3 Other within 1 year..... | — 6 | 265 | 188 | 120 | 210 | 91 | 179 | 169 | 296 | 191 | 147 | 76 |
| 4 1-5 years..... | 265 | 886 | 515 | —135 | 377 | 120 | 93 | —27 | 845 | 595 | 2 | —389 |
| 5 5-10 years..... | 302 | 300 | 402 | 383 | 66 | —117 | 35 | 13 | 68 | 50 | —96 | —146 |
| 6 Over 10 years..... | 88 | 136 | 198 | 199 | 147 | 227 | 137 | 100 | 167 | 405 | 315 | 230 |
| 7 Federal agency securities.... | 1,212 | 943 | 729 | 914 | 788 | 504 | 1,003 | 759 | 486 | 571 | 524 | 387 |
| | Sources of financing ³ | | | | | | | | | | | |
| 8 All sources..... | 3,977 | 6,666 | 8,715 | 9,209 | 11,429 | 9,976 | 12,066 | 12,684 | 10,726 | 10,349 | 11,924 | 9,421 |
| Commercial banks: | | | | | | | | | | | | |
| 9 New York City..... | 1,032 | 1,621 | 1,896 | 914 | 1,255 | 926 | 1,500 | 1,599 | 939 | 1,167 | 1,257 | 639 |
| 10 Outside New York City... | 1,064 | 1,466 | 1,660 | 1,802 | 2,246 | 2,342 | 2,457 | 2,479 | 2,165 | 1,836 | 3,109 | 2,483 |
| 11 Corporations ¹ | 459 | 842 | 1,479 | 2,893 | 2,839 | 2,492 | 3,019 | 3,022 | 2,654 | 2,489 | 2,881 | 2,626 |
| 12 All others..... | 1,423 | 2,738 | 3,681 | 3,599 | 5,090 | 4,216 | 5,090 | 5,585 | 4,968 | 4,857 | 4,676 | 3,673 |

¹ All business corporations except commercial banks and insurance companies.

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

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 | 1974 | 1975 | 1976 | 1977 | | | | | |
|--|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. |
| 1 Federal and Federally sponsored agencies..... | 89,381 | 97,680 | 103,325 | 108,243 | 107,868 | 108,379 | 109,046 | 109,427 | 110,409 |
| 2 Federal agencies..... | 12,719 | 19,046 | 21,896 | 22,232 | 22,322 | 23,055 | 23,143 | 23,257 | 23,245 |
| 3 Defense Department ¹ | 1,312 | 1,220 | 1,113 | 1,035 | 1,024 | 1,016 | 1,006 | 991 | 983 |
| 4 Export-Import Bank ² | 2,893 | 7,188 | 7,801 | 8,742 | 8,742 | 9,246 | 9,246 | 9,246 | 9,156 |
| 5 Federal Housing Administration ⁴ | 440 | 564 | 575 | 583 | 579 | 579 | 583 | 585 | 581 |
| 6 Government National Mortgage Association participation certificates ⁵ | 4,280 | 4,200 | 4,120 | 3,768 | 3,768 | 3,768 | 3,768 | 3,768 | 3,743 |
| 7 Postal Service ⁶ | 721 | 1,750 | 2,998 | 2,431 | 2,431 | 2,431 | 2,431 | 2,431 | 2,431 |
| 8 Tennessee Valley Authority..... | 3,070 | 3,915 | 5,185 | 5,410 | 5,490 | 5,705 | 5,785 | 5,905 | 6,015 |
| 9 United States Railway Association ⁶ | 3 | 209 | 104 | 263 | 288 | 310 | 324 | 331 | 336 |
| 10 Federally sponsored agencies..... | 76,662 | 78,634 | 81,429 | 86,011 | 85,546 | 85,324 | 85,903 | 86,170 | 87,164 |
| 11 Federal home loan banks..... | 21,890 | 18,900 | 16,811 | 17,328 | 17,196 | 17,162 | 17,325 | 17,867 | 18,345 |
| 12 Federal Home Loan Mortgage Corporation.. | 1,551 | 1,550 | 1,690 | 1,698 | 1,686 | 1,686 | 1,686 | 1,686 | 1,686 |
| 13 Federal National Mortgage Association..... | 28,167 | 29,963 | 30,565 | 31,566 | 31,301 | 31,491 | 31,572 | 31,333 | 31,890 |
| 14 Federal land banks..... | 12,653 | 15,000 | 17,127 | 18,719 | 18,719 | 18,719 | 19,118 | 19,118 | 19,118 |
| 15 Federal intermediate credit banks..... | 8,589 | 9,254 | 10,494 | 11,654 | 11,786 | 11,693 | 11,623 | 11,421 | 11,174 |
| 16 Banks for cooperatives..... | 3,589 | 3,655 | 4,330 | 4,604 | 4,356 | 4,061 | 4,052 | 4,208 | 4,434 |
| 17 Student Loan Marketing Association ⁷ | 220 | 310 | 410 | 440 | 500 | 510 | 525 | 535 | 515 |
| 18 Other..... | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| MEMO ITEMS: | | | | | | | | | |
| 19 Federal Financing Bank debt ^{6,8} | 4,474 | 17,154 | 28,711 | 32,443 | 33,800 | 35,418 | 36,722 | 37,095 | 38,580 |
| Lending to Federal and Federally sponsored agencies: | | | | | | | | | |
| 20 Export-Import Bank ³ | | 4,595 | 5,208 | 5,420 | 5,420 | 5,924 | 5,924 | 5,924 | 5,834 |
| 21 Postal Service ⁶ | 500 | 1,500 | 2,748 | 2,181 | 2,181 | 2,181 | 2,181 | 2,181 | 2,181 |
| 22 Student Loan Marketing Association ⁷ | 220 | 310 | 410 | 440 | 500 | 510 | 525 | 535 | 515 |
| 23 Tennessee Valley Authority..... | 895 | 1,840 | 3,110 | 3,585 | 3,665 | 3,880 | 3,960 | 4,080 | 4,190 |
| 24 United States Railway Association ⁶ | 3 | 209 | 104 | 263 | 288 | 310 | 324 | 331 | 336 |
| Other lending: ⁹ | | | | | | | | | |
| 25 Farmers Home Administration..... | 2,500 | 7,000 | 10,750 | 13,650 | 14,465 | 14,615 | 15,295 | 15,295 | 16,095 |
| 26 Rural Electrification Administration..... | | 566 | 1,415 | 2,105 | 2,184 | 2,382 | 2,467 | 2,535 | 2,647 |
| 27 Other..... | 356 | 1,134 | 4,966 | 4,799 | 5,097 | 5,616 | 6,046 | 6,214 | 6,782 |

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 State and Local Government and Corporate
Millions of dollars

| Type of issue or issuer, or use | 1974 | 1975 | 1976 | 1977 | | | | | |
|--|--------|--------|--------|-------|-------|-------|-------|-------|-------|
| | | | | June | July | Aug. | Sept. | Oct. | Nov. |
| State and local government | | | | | | | | | |
| 1 All issues, new and refunding ¹ | 24,315 | 30,607 | 35,313 | 5,789 | 3,116 | 4,121 | 4,022 | 3,816 | 3,338 |
| By type of issue: | | | | | | | | | |
| 2 General obligation..... | 13,563 | 16,020 | 18,040 | 2,495 | 1,038 | 1,189 | 1,267 | 1,521 | 982 |
| 3 Revenue..... | 10,212 | 14,511 | 17,140 | 3,291 | 2,075 | 2,929 | 2,746 | 2,286 | 2,350 |
| 4 Housing Assistance Administration ² | 461 | | | | | | | | |
| 5 U.S. Govt. loans..... | 79 | 76 | 133 | 3 | 3 | 3 | 9 | 9 | 6 |
| By type of issuer: | | | | | | | | | |
| 6 State..... | 4,784 | 7,438 | 7,054 | 915 | 166 | 397 | 401 | 837 | 299 |
| 7 Special district and statutory authority..... | 8,638 | 12,441 | 15,304 | 2,044 | 1,732 | 2,308 | 2,364 | 1,607 | 1,592 |
| 8 Municipalities, counties, townships, school districts..... | 10,817 | 10,660 | 12,845 | 2,827 | 1,215 | 1,413 | 1,247 | 1,363 | 1,441 |
| 9 Issues for new capital, total..... | 23,508 | 29,495 | 32,108 | 4,871 | 2,539 | 2,813 | 2,376 | 3,082 | 2,514 |
| By use of proceeds: | | | | | | | | | |
| 10 Education..... | 4,730 | 4,689 | 4,900 | 705 | 344 | 350 | 356 | 352 | 381 |
| 11 Transportation..... | 1,712 | 2,208 | 2,586 | 651 | 140 | 220 | 176 | 327 | 113 |
| 12 Utilities and conservation..... | 5,634 | 7,209 | 9,594 | 606 | 914 | 442 | 659 | 402 | 474 |
| 13 Social welfare..... | 3,820 | 4,392 | 6,566 | 867 | 496 | 773 | 672 | 1,069 | 691 |
| 14 Industrial aid..... | 494 | 445 | 483 | 763 | 233 | 455 | 313 | 455 | 589 |
| 15 Other purposes..... | 7,118 | 10,552 | 7,979 | 1,279 | 412 | 573 | 200 | 477 | 266 |
| Corporate | | | | | | | | | |
| 16 All issues ³ | 38,313 | 53,619 | 53,356 | 5,321 | 4,074 | 3,322 | 3,905 | 4,032 | 5,120 |
| 17 Bonds..... | 32,066 | 42,756 | 42,262 | 4,286 | 3,379 | 2,765 | 3,279 | 3,098 | 3,274 |
| By type of offering: | | | | | | | | | |
| 18 Public..... | 25,903 | 32,583 | 26,453 | 2,045 | 2,360 | 1,947 | 2,059 | 2,189 | 2,211 |
| 19 Private placement..... | 6,160 | 10,172 | 15,808 | 2,241 | 1,019 | 818 | 1,220 | 909 | 1,063 |
| By industry group: | | | | | | | | | |
| 20 Manufacturing..... | 9,867 | 16,980 | 13,243 | 1,006 | 1,165 | 932 | 513 | 623 | 688 |
| 21 Commercial and miscellaneous..... | 1,845 | 2,750 | 4,361 | 363 | 526 | 380 | 623 | 521 | 517 |
| 22 Transportation..... | 1,550 | 3,439 | 4,357 | 25 | 143 | 241 | 131 | 113 | 150 |
| 23 Public utility..... | 8,873 | 9,658 | 8,297 | 1,237 | 480 | 347 | 1,014 | 854 | 836 |
| 24 Communication..... | 3,710 | 3,464 | 2,787 | 371 | 258 | 45 | 319 | 8 | 285 |
| 25 Real estate and financial..... | 6,218 | 6,469 | 9,222 | 1,284 | 807 | 819 | 679 | 979 | 798 |
| 26 Stocks..... | 6,247 | 10,863 | 11,094 | 1,035 | 695 | 557 | 626 | 934 | 1,846 |
| By type: | | | | | | | | | |
| 27 Preferred..... | 2,253 | 3,458 | 2,789 | 332 | 327 | 178 | 347 | 299 | 290 |
| 28 Common..... | 3,994 | 7,405 | 8,305 | 703 | 368 | 379 | 279 | 635 | 1,556 |
| By industry group: | | | | | | | | | |
| 29 Manufacturing..... | 544 | 1,670 | 2,237 | 176 | 144 | 34 | 38 | 83 | 56 |
| 30 Commercial and miscellaneous..... | 940 | 1,470 | 1,183 | 437 | 66 | 94 | 86 | 325 | 97 |
| 31 Transportation..... | 22 | 1 | 24 | 103 | 100 | | 40 | | 50 |
| 32 Public utility..... | 3,964 | 6,235 | 6,101 | 229 | 363 | 150 | 403 | 395 | 829 |
| 33 Communication..... | 217 | 1,002 | 776 | 45 | 19 | 45 | 3 | | 725 |
| 34 Real estate and financial..... | 562 | 488 | 771 | 45 | 3 | 279 | 55 | 131 | 88 |

¹ Par amounts of long-term issues based on date of sale.² Only bonds sold pursuant to the 1949 Housing Act, which are secured by contract requiring the Housing Assistance Administration to make annual contributions to the local authority.³ Figures, which represent gross proceeds of issues maturing in more than 1 year, sold for cash in the United States, are principal amount or number of units multiplied by offering price. Excludes offerings of less

than \$100,000, secondary offerings, undefined or exempted issues as defined in the Securities Act of 1933, employee stock plans, investment companies other than closed-end, intracorporate transactions, and sales to foreigners.

SOURCES.—State and local government securities, Securities Industry Association; corporate securities, Securities and Exchange Commission.

1.48 CORPORATE SECURITIES Net Change in Amounts Outstanding Millions of dollars

| Source of change, or industry | 1974 | 1975 | 1976 | 1975 | | | 1976 | | | |
|---------------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|
| | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| All issues¹ | | | | | | | | | | |
| 1 New issues | 39,344 | 53,255 | 53,123 | 15,602 | 9,079 | 13,363 | 13,671 | 14,229 | 11,385 | 13,838 |
| 2 Retirements | 9,935 | 10,991 | 12,184 | 3,211 | 2,576 | 3,116 | 2,315 | 3,668 | 2,478 | 3,723 |
| 3 Net change | 29,399 | 42,263 | 40,939 | 12,390 | 6,503 | 10,247 | 11,356 | 10,561 | 8,907 | 10,115 |
| Bonds and notes | | | | | | | | | | |
| 4 New issues | 31,354 | 40,468 | 38,994 | 11,460 | 6,654 | 9,595 | 9,404 | 10,244 | 8,701 | 10,645 |
| 5 Retirements | 6,255 | 8,583 | 9,109 | 2,336 | 2,111 | 2,549 | 1,403 | 3,159 | 1,826 | 2,721 |
| 6 Net change: Total | 25,098 | 31,886 | 29,884 | 9,124 | 4,543 | 7,047 | 8,001 | 7,084 | 6,875 | 7,924 |
| By industry: | | | | | | | | | | |
| 7 Manufacturing | 7,404 | 13,219 | 8,978 | 4,574 | 1,442 | 2,069 | 2,966 | 1,529 | 1,551 | 2,932 |
| 8 Commercial and other ² | 1,116 | 1,605 | 2,259 | 483 | 221 | 528 | 203 | 726 | 610 | 720 |
| 9 Transportation, including railroad | 341 | 2,165 | 3,078 | 429 | 147 | 1,588 | 985 | 488 | 1,092 | 513 |
| 10 Public utility | 7,308 | 7,236 | 6,829 | 1,977 | 1,395 | 1,211 | 1,820 | 1,260 | 2,109 | 1,640 |
| 11 Communication | 3,499 | 2,980 | 1,687 | 810 | 472 | 429 | 498 | 953 | 335 | -99 |
| 12 Real estate and financial | 5,428 | 4,682 | 7,054 | 852 | 866 | 1,222 | 1,530 | 2,128 | 1,178 | 2,218 |
| Common and preferred stock | | | | | | | | | | |
| 13 New issues | 7,980 | 12,787 | 14,129 | 4,142 | 2,425 | 3,768 | 4,267 | 3,985 | 2,684 | 3,193 |
| 14 Retirements | 3,678 | 2,408 | 3,075 | 875 | 465 | 567 | 912 | 509 | 652 | 1,002 |
| 15 Net change: Total | 4,302 | 10,377 | 11,055 | 3,266 | 1,960 | 3,200 | 3,355 | 3,477 | 2,032 | 2,191 |
| By industry: | | | | | | | | | | |
| 16 Manufacturing | 17 | 1,607 | 2,634 | 500 | 412 | 433 | 838 | 1,120 | 744 | -68 |
| 17 Commercial and other ² | -135 | 1,137 | 762 | 490 | 108 | 462 | 88 | 318 | 117 | 239 |
| 18 Transportation, including railroad | -20 | 65 | 96 | 7 | 53 | 4 | 5 | 25 | 17 | 49 |
| 19 Public utility | 3,834 | 6,015 | 6,171 | 1,866 | 1,043 | 1,537 | 2,174 | 1,300 | 932 | 1,765 |
| 20 Communication | 398 | 1,084 | 854 | 359 | 97 | 604 | 47 | 735 | 19 | 53 |
| 21 Real estate and financial | 207 | 468 | 538 | 43 | 247 | 160 | 203 | -21 | 203 | 153 |

¹ Excludes issues of investment companies.

² Extractive and commercial and miscellaneous companies.

NOTE.—Securities and Exchange Commission estimates of cash transactions only, as published in the Commission's *Statistical Bulletin*.

New issues and retirements exclude foreign sales and include sales of securities held by affiliated companies, special offerings to employees, new stock issues, and cash proceeds connected with conversions of bonds into stocks. Retirements, defined in the same way, include securities retired with internal funds or with proceeds of issues for that purpose.

1.49 OPEN-END INVESTMENT COMPANIES Net Sales and Asset Position Millions of dollars

| Item | | 1976 | 1977 | 1977 | | | | | | 1978 |
|--|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. |
| INVESTMENT COMPANIES excluding money market funds | | | | | | | | | | |
| 1 | Sales of own shares ¹ | 4,226 | 76,401 | 573 | 501 | 558 | 542 | 511 | 7557 | 638 |
| 2 | Redemptions of own shares ² | 6,802 | 76,027 | 515 | 493 | 469 | 519 | 430 | 7562 | 465 |
| 3 | Net sales..... | -2,496 | 7357 | 58 | 8 | 89 | 23 | 81 | 75 | 173 |
| 4 | Assets ³ | 47,537 | 45,049 | 45,651 | 45,038 | 45,046 | 43,435 | 45,050 | 45,049 | 43,000 |
| 5 | Cash position ⁴ | 2,747 | 3,274 | 3,068 | 3,135 | 3,403 | 3,481 | 3,487 | 3,274 | 3,608 |
| 6 | Other..... | 44,790 | 41,775 | 42,583 | 41,903 | 41,643 | 39,954 | 41,563 | 41,775 | 39,392 |

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. Govt. securities and other short-term debt securities.

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

1.50 CORPORATE PROFITS AND THEIR DISTRIBUTION

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

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

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

1.51 NONFINANCIAL CORPORATIONS Current Assets and Liabilities

Billions of dollars, end of period

| Account | 1972 | 1973 | 1974 | 1975 | 1976 | | | 1977 | | |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | | | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| 1 Current assets..... | 574.4 | 643.2 | 712.2 | 731.6 | 775.4 | 791.8 | 816.8 | 845.3 | 874.7 | 909.8 |
| 2 Cash..... | 57.5 | 61.6 | 62.7 | 68.1 | 70.8 | 71.1 | 77.0 | 75.0 | 77.9 | 79.1 |
| 3 U.S. Govt. securities..... | 10.2 | 11.0 | 11.7 | 19.4 | 23.3 | 23.9 | 26.4 | 27.3 | 24.1 | 24.1 |
| 4 Notes and accounts receivable..... | 243.4 | 269.6 | 293.2 | 298.2 | 321.8 | 328.5 | 328.2 | 346.6 | 361.4 | 379.1 |
| 5 U.S. Govt. ¹ | 3.4 | 3.5 | 3.5 | 3.6 | 3.7 | 4.3 | 4.3 | 4.7 | 4.8 | 5.3 |
| 6 Other..... | 240.0 | 266.1 | 289.7 | 294.6 | 318.1 | 324.2 | 323.9 | 342.0 | 356.6 | 373.8 |
| 7 Inventories..... | 215.2 | 246.7 | 288.0 | 285.8 | 295.6 | 302.1 | 315.4 | 322.1 | 332.5 | 343.1 |
| 8 Other..... | 48.1 | 54.4 | 56.6 | 60.0 | 63.9 | 66.3 | 69.8 | 74.3 | 78.8 | 84.5 |
| 9 Current liabilities..... | 352.2 | 401.0 | 450.6 | 457.5 | 475.9 | 484.1 | 499.9 | 516.6 | 532.0 | 556.3 |
| 10 Notes and accounts payable..... | 234.4 | 265.9 | 292.7 | 288.0 | 293.8 | 291.7 | 302.9 | 309.0 | 318.9 | 329.7 |
| 11 U.S. Govt. ¹ | 4.0 | 4.3 | 5.2 | 6.4 | 6.8 | 7.0 | 7.0 | 6.8 | 5.7 | 6.2 |
| 12 Other..... | 230.4 | 261.6 | 287.5 | 281.6 | 287.0 | 284.7 | 295.9 | 302.2 | 313.2 | 323.5 |
| 13 Accrued Federal income taxes..... | 15.1 | 18.1 | 23.2 | 20.7 | 22.0 | 24.9 | 26.8 | 28.6 | 24.5 | 26.9 |
| 14 Other..... | 102.6 | 117.0 | 134.8 | 148.8 | 160.1 | 167.5 | 170.2 | 179.0 | 188.6 | 199.7 |
| 15 Net working capital..... | 222.2 | 242.3 | 261.5 | 274.1 | 299.5 | 307.7 | 316.9 | 328.7 | 342.8 | 353.5 |

¹ Receivables from, and payables to, the U.S. Govt. exclude amounts offset against each other on corporations' books.

SOURCE.—Securities and Exchange Commission.

1.52 BUSINESS EXPENDITURES on New Plant and Equipment

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

| Industry | 1976 | 1977 | 1976 | | | | 1977 | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|-----------------|-------------------|
| | | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 ^r | Q4 ^{r 2} |
| 1 All industries..... | 120.82 | 136.79 | 114.72 | 118.12 | 122.55 | 125.22 | 130.16 | 134.24 | 140.38 | 142.38 |
| 2 Manufacturing..... | | | | | | | | | | |
| 3 Durable goods industries..... | 23.50 | 28.17 | 21.63 | 22.54 | 24.59 | 25.50 | 26.30 | 27.26 | 29.23 | 29.88 |
| 3 Nondurable goods industries..... | 29.22 | 32.66 | 27.58 | 28.09 | 30.20 | 28.93 | 30.13 | 32.19 | 33.79 | 34.54 |
| 4 Nonmanufacturing..... | | | | | | | | | | |
| 5 Mining..... | 3.98 | 4.44 | 3.83 | 3.83 | 4.21 | 4.13 | 4.24 | 4.49 | 4.74 | 4.30 |
| 6 Transportation: | | | | | | | | | | |
| 7 Railroad..... | 2.35 | 2.92 | 2.08 | 2.64 | 2.69 | 2.63 | 2.71 | 2.57 | 3.20 | 3.18 |
| 8 Air..... | 1.31 | 1.69 | 1.18 | 1.44 | 1.12 | 1.41 | 1.62 | 1.43 | 1.69 | 2.01 |
| 9 Other..... | 3.56 | 2.47 | 3.29 | 4.16 | 3.44 | 3.49 | 2.96 | 2.96 | 1.96 | 1.98 |
| 10 Public utilities: | | | | | | | | | | |
| 11 Electric..... | 18.90 | 21.71 | 18.56 | 18.82 | 18.22 | 19.49 | 21.19 | 21.14 | 21.90 | 22.60 |
| 12 Gas and other..... | 3.47 | 4.36 | 3.36 | 3.03 | 3.45 | 3.96 | 4.16 | 4.16 | 4.32 | 4.81 |
| 13 Communication..... | 12.93 | 15.30 | 12.54 | 12.62 | 13.64 | 14.30 | 14.19 | 15.32 | 16.40 | 16.40 |
| 14 Commercial and other ¹ | 20.87 | 22.85 | 20.68 | 20.94 | 20.99 | 21.36 | 22.67 | 22.73 | 23.14 | 23.14 |

¹ Includes trade, service, construction, finance, and insurance.² Anticipated by business.

agriculture; real estate operators; medical, legal, educational, and cultural service; and nonprofit organizations.

NOTE.—Estimates for corporate and noncorporate business, excluding

SOURCE.—Survey of Current Business (U.S. Dept. of Commerce).

1.521 DOMESTIC FINANCE COMPANIES Assets and Liabilities

Billions of dollars, end of period

| Account | 1972 | 1973 | 1974 | 1975 | 1976 | | 1977 | | | |
|---|------|------|------|------|------|------|------|------|------|-------|
| | | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| ASSETS | | | | | | | | | | |
| Accounts receivable, gross | | | | | | | | | | |
| 1 Consumer..... | 31.9 | 35.4 | 36.1 | 36.0 | 37.6 | 38.6 | 39.2 | 40.7 | 42.3 | 44.0 |
| 2 Business..... | 27.4 | 32.3 | 37.2 | 39.3 | 42.4 | 44.7 | 47.5 | 50.4 | 50.6 | 55.2 |
| 3 Total..... | 59.3 | 67.7 | 73.3 | 75.3 | 80.0 | 83.4 | 86.7 | 91.2 | 92.9 | 99.2 |
| 4 LESS: Reserves for unearned income and losses | 7.4 | 8.4 | 9.0 | 9.4 | 10.2 | 10.5 | 10.6 | 11.1 | 11.7 | 12.7 |
| 5 Accounts receivable, net..... | 51.9 | 59.3 | 64.2 | 65.9 | 69.9 | 72.9 | 76.1 | 80.1 | 81.2 | 86.5 |
| 6 Cash and bank deposits..... | 2.8 | 2.6 | 3.0 | 2.9 | 2.6 | 2.6 | 2.7 | 2.5 | 2.5 | 2.6 |
| 7 Securities..... | .9 | .8 | .4 | 1.0 | 1.2 | 1.1 | 1.0 | 1.2 | 1.8 | .9 |
| 8 All other..... | 10.0 | 10.6 | 12.0 | 11.8 | 12.7 | 12.6 | 13.0 | 13.7 | 14.2 | 14.3 |
| 9 Total assets..... | 65.6 | 73.2 | 79.6 | 81.6 | 86.4 | 89.2 | 92.8 | 97.5 | 99.6 | 104.3 |
| LIABILITIES | | | | | | | | | | |
| 10 Bank loans..... | 5.6 | 7.2 | 9.7 | 8.0 | 5.5 | 6.3 | 6.1 | 5.7 | 5.4 | 5.9 |
| 11 Commercial paper..... | 17.3 | 19.7 | 20.7 | 22.2 | 21.7 | 23.7 | 24.8 | 27.5 | 25.7 | 29.6 |
| Debt: | | | | | | | | | | |
| 12 Short-term, n.e.c..... | 4.3 | 4.6 | 4.9 | 4.5 | 5.2 | 5.4 | 4.5 | 5.5 | 5.4 | 6.2 |
| 13 Long-term, n.e.c..... | 22.7 | 24.6 | 26.5 | 27.6 | 31.0 | 32.3 | 34.0 | 35.0 | 34.8 | 36.0 |
| 14 Other..... | 4.8 | 5.6 | 5.5 | 6.8 | 9.5 | 8.1 | 9.5 | 9.4 | 13.7 | 11.5 |
| 15 Capital, surplus, and undivided profits..... | 10.9 | 11.5 | 12.4 | 12.5 | 13.4 | 13.4 | 13.9 | 14.4 | 14.6 | 15.1 |
| 16 Total liabilities and capital..... | 65.6 | 73.2 | 79.6 | 81.6 | 86.4 | 89.2 | 92.8 | 97.5 | 99.6 | 104.3 |

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 Dec. 31, 1977 ¹ | Changes in accounts receivable during— | | | Extensions | | | Repayments | | |
|---|--|--|------|------|------------|--------|--------|------------|--------|--------|
| | | 1977 | | | 1977 | | | 1977 | | |
| | | Oct. | Nov. | Dec. | Oct. | Nov. | Dec. | Oct. | Nov. | Dec. |
| 1 Total..... | 55,053 | 1,522 | 499 | 906 | 12,461 | 12,655 | 13,386 | 10,939 | 12,156 | 12,480 |
| 2 Retail automotive (commercial vehicles)..... | 11,985 | 152 | 146 | 332 | 942 | 961 | 1,156 | 790 | 815 | 824 |
| 3 Wholesale automotive..... | 11,966 | 741 | —96 | 294 | 5,488 | 5,104 | 5,731 | 4,747 | 5,200 | 5,437 |
| 4 Retail paper on business, industrial, and farm equipment..... | 14,441 | 415 | 357 | 96 | 1,096 | 1,176 | 1,003 | 681 | 819 | 907 |
| 5 Loans on commercial accounts receivable..... | 3,901 | —128 | 16 | 53 | 2,032 | 2,428 | 2,334 | 2,160 | 2,412 | 2,281 |
| 6 Factored commercial accounts receivable..... | 2,253 | 248 | 15 | —43 | 1,506 | 1,466 | 1,599 | 1,258 | 1,451 | 1,642 |
| 7 All other business credit..... | 10,507 | 94 | 61 | 174 | 1,397 | 1,520 | 1,563 | 1,303 | 1,459 | 1,389 |

¹ Not seasonally adjusted.

1.53 MORTGAGE MARKETS

Millions of dollars; exceptions noted.

| Item | 1975 | 1976 | 1977 | 1977 | | | | | 1978 |
|---|---------|---------|---------|--------|--------|--------|--------|---------|---------|
| | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. |
| 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 | 54.9 | 56.0 | 54.0 | 56.4 | 57.7 | 58.0 |
| 2 Amount of loan (thous. dollars)..... | 33.3 | 35.9 | 40.5 | 40.8 | 41.7 | 40.2 | 42.0 | 42.6 | 43.3 |
| 3 Loan/price ratio (per cent)..... | 74.7 | 74.2 | 76.3 | 76.5 | 76.3 | 76.1 | 76.5 | 75.5 | 76.4 |
| 4 Maturity (years)..... | 26.8 | 27.2 | 27.9 | 28.2 | 28.2 | 27.6 | 28.2 | 28.0 | 28.3 |
| 5 Fees and charges (per cent of loan amount) ² | 1.54 | 1.44 | 1.33 | 1.30 | 1.34 | 1.35 | 1.38 | 1.32 | 1.41 |
| 6 Contract rate (per cent per annum)..... | 8.75 | 8.76 | 8.80 | 8.81 | 8.82 | 8.84 | 8.85 | 8.87 | 8.93 |
| Yield (per cent per annum): | | | | | | | | | |
| 7 FHLBB series ³ | 9.01 | 8.99 | 9.01 | 9.02 | 9.04 | 9.07 | 9.07 | 9.09 | 9.15 |
| 8 HUD series ⁴ | 9.10 | 8.99 | 8.95 | 9.00 | 9.00 | 9.00 | 9.05 | 9.10 | 8.95 |
| SECONDARY MARKETS | | | | | | | | | |
| Yields (per cent per annum) on— | | | | | | | | | |
| 9 FHA mortgages (HUD series) ⁵ | 9.19 | 8.82 | 7.96 | 8.74 | 8.72 | 8.78 | 8.78 | 8.91 | 9.11 |
| 10 GNMA securities ⁶ | 8.52 | 8.17 | 8.04 | 8.03 | 8.03 | 8.16 | 8.19 | 8.29 | 8.56 |
| FNMA auctions: ⁷ | | | | | | | | | |
| 11 Government-underwritten loans..... | 9.26 | 8.99 | 8.73 | 8.76 | 8.74 | 8.74 | 8.85 | 8.94 | 9.17 |
| 12 Conventional loans..... | 9.37 | 9.11 | 8.98 | 9.06 | 9.05 | 9.05 | 9.16 | 9.19 | 9.32 |
| Activity in secondary markets | | | | | | | | | |
| FEDERAL NATIONAL MORTGAGE ASSOCIATION | | | | | | | | | |
| Mortgage holdings (end of period) | | | | | | | | | |
| 13 Total..... | 31,824 | 32,904 | 34,370 | 34,029 | 34,149 | 34,123 | 34,192 | 34,370 | 34,756 |
| 14 FHA-insured..... | 19,732 | 18,916 | 18,457 | 18,785 | 18,704 | 18,602 | 18,535 | 18,457 | 18,500 |
| 15 VA-guaranteed..... | 9,573 | 9,212 | 9,315 | 9,388 | 9,344 | 9,287 | 9,267 | 9,315 | 9,398 |
| 16 Conventional..... | 2,519 | 4,776 | 6,597 | 5,866 | 6,100 | 6,234 | 6,389 | 6,597 | 6,858 |
| Mortgage transactions (during period) | | | | | | | | | |
| 17 Purchases..... | 4,263 | 3,606 | 4,780 | 405 | 385 | 251 | 352 | 497 | 636 |
| 18 Sales..... | 2 | 86 | 67 | | | | | | 5 |
| Mortgage commitments: ⁸ | | | | | | | | | |
| 19 Contracted (during period)..... | 6,106 | 6,247 | 9,729 | 531 | 364 | 897 | 975 | 1,333 | 1,810 |
| 20 Outstanding (end of period)..... | 4,126 | 3,398 | 4,698 | 4,717 | 3,522 | 3,702 | 4,192 | 4,698 | 5,781 |
| Auction of 4-month commitments to buy— | | | | | | | | | |
| Government-underwritten loans: | | | | | | | | | |
| 21 Offered ⁹ | 7,042.6 | 4,929.8 | 7,974.1 | 314.9 | 112.9 | 613.2 | 105.2 | 1,184.5 | 1,779.8 |
| 22 Accepted..... | 3,848.3 | 2,787.2 | 4,846.2 | 221.4 | 75.4 | 400.5 | 152.7 | 794.0 | 970.9 |
| Conventional loans: | | | | | | | | | |
| 23 Offered ⁹ | 1,401.3 | 2,595.7 | 5,675.2 | 370.2 | 246.4 | 758.1 | 537.6 | 591.6 | 949.9 |
| 24 Accepted..... | 765.0 | 1,879.2 | 3,917.8 | 236.7 | 184.4 | 529.0 | 386.3 | 359.4 | 449.6 |
| FEDERAL HOME LOAN MORTGAGE CORPORATION | | | | | | | | | |
| Mortgage holdings (end of period) ¹⁰ | | | | | | | | | |
| 25 Total..... | 4,987 | 4,269 | 3,276 | 3,424 | 3,376 | 3,402 | 3,266 | 3,276 | 3,163 |
| 26 FHA/VA..... | 1,824 | 1,618 | 1,395 | 1,463 | 1,443 | 1,424 | 1,406 | 1,395 | 1,382 |
| 27 Conventional..... | 3,163 | 2,651 | 1,881 | 1,961 | 1,933 | 1,978 | 1,860 | 1,881 | 1,782 |
| Mortgage transactions (during period) | | | | | | | | | |
| 28 Purchases..... | 1,716 | 1,175 | 3,900 | 455 | 479 | 428 | 576 | 489 | 401 |
| 29 Sales..... | 1,020 | 1,396 | 4,131 | 479 | 386 | 354 | 677 | 477 | 503 |
| Mortgage commitments: ¹¹ | | | | | | | | | |
| 30 Contracted (during period)..... | 982 | 1,477 | 5,546 | 567 | 547 | 465 | 574 | 361 | 367 |
| 31 Outstanding (end of period)..... | 111 | 333 | 1,063 | 1,352 | 1,353 | 1,329 | 1,233 | 1,063 | 1,063 |

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 | | | |
|--|---------|---------|---------|---------|---------|---------|---------|-----------------|
| | | | | | Q1 | Q2 | Q3 | Q4 ^p |
| 1 All holders..... | 682,321 | 742,512 | 801,537 | 889,327 | 912,582 | 948,959 | 985,695 | 1,019,688 |
| 2 1- to 4-family..... | 416,211 | 449,371 | 490,761 | 556,557 | 573,861 | 600,370 | 626,628 | 650,397 |
| 3 Multifamily..... | 93,132 | 99,976 | 100,601 | 104,516 | 105,309 | 107,106 | 109,052 | 111,450 |
| 4 Commercial..... | 131,725 | 146,877 | 159,298 | 171,223 | 174,257 | 179,591 | 185,935 | 192,093 |
| 5 Farm..... | 41,253 | 46,288 | 50,877 | 57,031 | 59,155 | 61,892 | 64,080 | 65,748 |
| 6 Major financial institutions..... | 505,400 | 542,560 | 581,193 | 647,650 | 663,210 | 690,473 | 717,502 | 741,544 |
| 7 Commercial banks ¹ | 119,068 | 132,105 | 136,186 | 151,326 | 155,448 | 162,778 | 170,378 | 176,678 |
| 8 1- to 4-family..... | 67,998 | 74,758 | 77,018 | 86,234 | 88,886 | 93,393 | 97,746 | 101,361 |
| 9 Multifamily..... | 6,932 | 7,619 | 5,915 | 8,082 | 7,974 | 8,003 | 8,383 | 8,692 |
| 10 Commercial..... | 38,696 | 43,679 | 46,882 | 50,289 | 51,624 | 54,038 | 56,565 | 58,657 |
| 11 Farm..... | 5,442 | 6,049 | 6,371 | 6,721 | 6,964 | 7,344 | 7,684 | 7,968 |
| 12 Mutual savings banks..... | 73,230 | 74,920 | 77,249 | 81,639 | 82,273 | 84,076 | 86,079 | 87,960 |
| 13 1- to 4-family..... | 48,811 | 49,213 | 50,025 | 53,089 | 53,502 | 55,000 | 56,313 | 57,543 |
| 14 Multifamily..... | 12,343 | 12,923 | 13,792 | 14,177 | 14,291 | 14,602 | 14,952 | 15,279 |
| 15 Commercial..... | 12,012 | 12,722 | 13,373 | 14,313 | 14,422 | 14,422 | 14,762 | 15,085 |
| 16 Farm..... | 64 | 62 | 59 | 60 | 58 | 52 | 52 | 53 |
| 17 Savings and loan associations..... | 231,733 | 249,301 | 278,590 | 323,130 | 333,703 | 350,765 | 366,975 | 381,246 |
| 18 1- to 4-family..... | 187,078 | 200,987 | 223,903 | 260,895 | 269,932 | 284,541 | 296,846 | 308,390 |
| 19 Multifamily..... | 22,779 | 23,808 | 25,547 | 28,436 | 29,199 | 30,517 | 32,110 | 33,359 |
| 20 Commercial..... | 21,876 | 24,506 | 29,140 | 33,799 | 34,572 | 35,707 | 38,019 | 39,497 |
| 21 Life insurance companies..... | 81,369 | 86,234 | 89,168 | 91,555 | 91,786 | 92,854 | 94,070 | 95,660 |
| 22 1- to 4-family..... | 20,426 | 19,026 | 17,590 | 16,088 | 15,699 | 15,418 | 15,022 | 14,722 |
| 23 Multifamily..... | 18,451 | 19,625 | 19,629 | 19,178 | 18,921 | 18,891 | 18,831 | 18,881 |
| 24 Commercial..... | 36,496 | 41,256 | 45,196 | 48,864 | 49,526 | 50,405 | 51,742 | 53,438 |
| 25 Farm..... | 5,996 | 6,327 | 6,753 | 7,425 | 7,640 | 8,140 | 8,475 | 8,619 |
| 26 Federal and related agencies..... | 46,721 | 58,320 | 66,891 | 66,753 | 66,065 | 68,338 | 69,068 | 70,175 |
| 27 Government National Mortgage Assn.... | 4,029 | 4,846 | 7,438 | 4,241 | 4,013 | 3,912 | 3,599 | 3,636 |
| 28 1- to 4-family..... | 1,455 | 2,248 | 4,728 | 1,970 | 1,670 | 1,654 | 1,522 | 1,538 |
| 29 Multifamily..... | 2,574 | 2,598 | 2,710 | 2,271 | 2,343 | 2,258 | 2,077 | 2,098 |
| 30 Farmers Home Admin..... | 1,366 | 1,432 | 1,109 | 1,064 | 500 | 1,043 | 1,292 | 1,467 |
| 31 1- to 4-family..... | 743 | 759 | 208 | 454 | 98 | 410 | 548 | 622 |
| 32 Multifamily..... | 29 | 167 | 215 | 218 | 28 | 97 | 192 | 218 |
| 33 Commercial..... | 218 | 156 | 190 | 72 | 64 | 126 | 142 | 162 |
| 34 Farm..... | 376 | 350 | 496 | 320 | 310 | 410 | 410 | 465 |
| 35 Federal Housing and Veterans Admin.... | 3,476 | 4,015 | 4,970 | 5,150 | 5,223 | 5,259 | 5,130 | 5,291 |
| 36 1- to 4-family..... | 2,013 | 2,009 | 1,990 | 1,676 | 1,730 | 1,711 | 1,566 | 1,706 |
| 37 Multifamily..... | 1,463 | 2,006 | 2,980 | 3,474 | 3,493 | 3,548 | 3,564 | 3,585 |
| 38 Federal National Mortgage Assn..... | 24,175 | 29,578 | 31,824 | 32,904 | 32,830 | 33,918 | 34,148 | 34,369 |
| 39 1- to 4-family..... | 20,370 | 23,778 | 25,813 | 26,934 | 26,836 | 27,933 | 28,178 | 28,504 |
| 40 Multifamily..... | 3,805 | 5,800 | 6,011 | 5,970 | 5,994 | 5,985 | 5,970 | 5,865 |
| 41 Federal land banks..... | 11,071 | 13,863 | 16,563 | 19,125 | 19,942 | 20,818 | 21,523 | 22,136 |
| 42 1- to 4-family..... | 123 | 406 | 549 | 601 | 611 | 628 | 649 | 670 |
| 43 Farm..... | 10,948 | 13,457 | 16,014 | 18,524 | 19,331 | 20,190 | 20,874 | 21,466 |
| 44 Federal Home Loan Mortgage Corp.... | 2,604 | 4,586 | 4,987 | 4,269 | 3,557 | 3,388 | 3,376 | 3,276 |
| 45 1- to 4-family..... | 2,446 | 4,217 | 4,588 | 3,889 | 3,200 | 2,901 | 2,818 | 2,738 |
| 46 Multifamily..... | 158 | 369 | 399 | 380 | 357 | 487 | 558 | 538 |
| 47 Mortgage pools or trusts ² | 18,040 | 23,799 | 34,138 | 49,801 | 55,462 | 58,748 | 64,667 | 70,202 |
| 48 Government National Mortgage Assn.... | 7,890 | 11,769 | 18,257 | 30,572 | 34,260 | 36,573 | 41,089 | 44,896 |
| 49 1- to 4-family..... | 7,561 | 11,249 | 17,538 | 29,583 | 33,190 | 35,467 | 39,865 | 43,555 |
| 50 Multifamily..... | 329 | 520 | 719 | 989 | 1,070 | 1,106 | 1,224 | 1,341 |
| 51 Federal Home Loan Mortgage Corp.... | 766 | 757 | 1,598 | 2,671 | 3,570 | 4,460 | 5,332 | 6,610 |
| 52 1- to 4-family..... | 617 | 608 | 1,349 | 2,282 | 3,112 | 3,938 | 4,642 | 5,621 |
| 53 Multifamily..... | 149 | 149 | 249 | 389 | 458 | 522 | 690 | 989 |
| 54 Farmers Home Admin..... | 9,384 | 11,273 | 14,283 | 16,558 | 17,632 | 17,715 | 18,426 | 18,696 |
| 55 1- to 4-family..... | 5,458 | 6,782 | 9,194 | 10,219 | 10,821 | 10,814 | 11,127 | 11,379 |
| 56 Multifamily..... | 138 | 116 | 295 | 532 | 786 | 777 | 768 | 779 |
| 57 Commercial..... | 1,124 | 1,473 | 1,948 | 2,440 | 2,570 | 2,680 | 2,824 | 2,963 |
| 58 Farm..... | 2,664 | 2,902 | 2,846 | 3,367 | 3,455 | 3,444 | 3,527 | 3,575 |
| 59 Individuals and others ³ | 112,160 | 117,833 | 119,315 | 125,123 | 127,845 | 131,400 | 134,458 | 137,767 |
| 60 1- to 4-family..... | 51,112 | 53,331 | 56,268 | 62,643 | 64,574 | 66,592 | 69,786 | 72,048 |
| 61 Multifamily..... | 23,982 | 24,276 | 22,140 | 20,420 | 20,395 | 20,313 | 19,733 | 19,826 |
| 62 Commercial..... | 21,303 | 23,085 | 22,569 | 21,446 | 21,479 | 22,213 | 21,881 | 22,291 |
| 63 Farm..... | 15,763 | 17,141 | 18,338 | 20,614 | 21,397 | 22,312 | 23,058 | 23,602 |

¹ Includes loans held by nondeposit trust companies but not bank trust departments.

² Outstanding principal balances of mortgages backing securities insured or guaranteed by the agency indicated.

³ Other holders include mortgage companies, real estate investment trusts, State and local credit agencies, State and local retirement funds, noninsured pension funds, credit unions, and U.S. agencies for which amounts are small or separate data are not readily available.

NOTE.—Based on data from various institutional and Govt. sources, with some quarters estimated in part by Federal Reserve in conjunction with the Federal Home Loan Bank Board and the Dept. of Commerce. Separation of nonfarm mortgage debt by type of property, if not reported directly, and interpolations and extrapolations where required, are estimated mainly by Federal Reserve. Multifamily debt refers to loans on structures of 5 or more units.

1.55 CONSUMER INSTALMENT CREDIT Total Outstanding, and Net Change

Millions of dollars

| Holder, and type of credit | 1975 | 1976 | 1977 | 1977 | | | | | | 1978 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|
| | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. | |
| | | | | | | | | | | |
| Amounts outstanding (end of period) | | | | | | | | | | |
| 1 Total..... | 164,955 | 185,489 | 216,572 | 199,971 | 204,358 | 207,294 | 209,141 | 212,074 | *216,572 | 215,925 |
| By holder: | | | | | | | | | | |
| 2 Commercial banks..... | 78,667 | 89,511 | 105,291 | 97,794 | 100,059 | 101,564 | 102,504 | 103,469 | *105,291 | 105,466 |
| 3 Finance companies..... | 35,994 | 38,639 | 44,015 | 41,398 | 41,987 | 42,333 | 42,704 | 43,322 | *44,015 | 43,970 |
| 4 Credit unions..... | 25,666 | 30,546 | 37,036 | 34,122 | 35,077 | 35,779 | 35,993 | 36,488 | 37,036 | 36,851 |
| 5 Retailers ¹ | 18,002 | 19,052 | 21,082 | 18,137 | 18,475 | 18,725 | 18,961 | 19,629 | 21,082 | 20,525 |
| 6 Others ² | 6,626 | 7,741 | 9,149 | 8,520 | 8,760 | 8,894 | 8,978 | 9,166 | 9,149 | 9,114 |
| By type of credit: | | | | | | | | | | |
| 7 Automobile..... | 55,879 | 66,116 | 79,352 | 74,304 | 76,027 | 77,207 | 77,845 | 78,757 | *79,352 | 79,376 |
| 8 Commercial banks..... | 31,553 | 37,984 | 46,119 | 43,211 | 44,262 | 44,933 | 45,399 | 45,845 | 46,119 | 46,247 |
| 9 Indirect..... | 18,353 | 21,176 | 25,370 | 23,735 | 24,277 | 24,717 | 24,972 | 25,228 | 25,370 | 25,476 |
| 10 Direct..... | 13,200 | 16,808 | 20,749 | 19,476 | 19,985 | 20,216 | 20,427 | 20,616 | 20,749 | 20,771 |
| 11 Finance companies..... | 11,155 | 12,489 | 14,263 | 13,597 | 13,783 | 13,930 | 13,998 | 14,205 | *14,263 | 14,260 |
| 12 Credit unions..... | 12,741 | 15,163 | 18,385 | 16,938 | 17,412 | 17,761 | 17,867 | 18,113 | 18,385 | 18,293 |
| 13 Others..... | 430 | 480 | 585 | 558 | 570 | 584 | 581 | 594 | 585 | 576 |
| 14 Mobile homes..... | 14,423 | 14,572 | 15,014 | 14,713 | 14,812 | 14,880 | 14,929 | 14,999 | *15,014 | 14,978 |
| 15 Commercial banks..... | 8,649 | 8,734 | 8,862 | 8,761 | 8,794 | 8,828 | 8,839 | 8,856 | 8,862 | 8,819 |
| 16 Finance companies..... | 3,451 | 3,273 | 3,109 | 3,126 | 3,114 | 3,119 | 3,116 | 3,123 | *3,109 | 3,115 |
| 17 Home improvement..... | 9,405 | 10,990 | 12,952 | 12,025 | 12,329 | 12,532 | 12,703 | 12,879 | 12,952 | 12,904 |
| 18 Commercial banks..... | 4,965 | 5,554 | 6,473 | 6,022 | 6,158 | 6,265 | 6,377 | 6,447 | 6,473 | 6,445 |
| Revolving credit: | | | | | | | | | | |
| 19 Bank credit cards..... | 9,501 | 11,351 | 14,262 | 11,754 | 12,227 | 12,651 | 12,829 | 13,096 | 14,262 | 14,369 |
| 20 Bank check credit..... | 2,810 | 3,041 | 3,724 | 3,295 | 3,409 | 3,504 | 3,551 | 3,601 | 3,724 | 3,776 |
| 21 All other..... | 72,937 | 79,418 | 91,269 | 83,880 | 85,554 | 86,519 | 87,283 | 88,743 | 91,269 | 90,522 |
| 22 Commercial banks, total..... | 21,188 | 22,847 | 25,850 | 24,752 | 25,209 | 25,383 | 25,510 | 25,626 | 25,850 | 25,809 |
| 23 Personal loans..... | 14,629 | 15,669 | 17,740 | 16,922 | 17,238 | 17,373 | 17,452 | 17,555 | 17,740 | 17,708 |
| 24 Finance companies, total..... | 21,238 | 22,749 | 26,498 | 24,538 | 24,951 | 25,143 | 25,448 | 25,850 | *26,498 | 26,452 |
| 25 Personal loans..... | 17,263 | 18,554 | 21,302 | 19,808 | 20,118 | 20,256 | 20,498 | 20,852 | *21,302 | 21,248 |
| 26 Credit unions..... | 10,754 | 12,799 | 15,518 | 14,297 | 14,697 | 14,991 | 15,081 | 15,289 | 15,518 | 15,440 |
| 27 Retailers..... | 18,002 | 19,052 | 21,082 | 18,137 | 18,475 | 18,725 | 18,961 | 19,629 | 21,082 | 20,525 |
| 28 Others..... | 1,755 | 1,971 | 2,321 | 2,157 | 2,221 | 2,277 | 2,283 | 2,350 | 2,321 | 2,296 |
| Net change (during period) ³ | | | | | | | | | | |
| 29 Total..... | 7,504 | 20,533 | 31,090 | 2,464 | 2,651 | 2,351 | 2,626 | 2,853 | *2,736 | 2,424 |
| By holder: | | | | | | | | | | |
| 30 Commercial banks..... | 2,821 | 10,845 | 15,779 | 1,150 | 1,448 | 1,228 | 1,315 | 1,384 | *1,611 | 1,115 |
| 31 Finance companies..... | -90 | 2,644 | 5,376 | 524 | 321 | 378 | 487 | 543 | 500 | 460 |
| 32 Credit unions..... | 3,771 | 4,880 | 6,490 | 368 | 472 | 458 | 469 | 566 | 641 | 495 |
| 33 Retailers ¹ | 69 | 1,050 | 2,032 | 286 | 170 | 144 | 280 | 184 | -12 | 309 |
| 34 Others ² | 933 | 1,115 | 1,413 | 136 | 240 | 143 | 75 | 177 | -3 | 44 |
| By type of credit: | | | | | | | | | | |
| 35 Automobile..... | 3,007 | 10,238 | 13,235 | 1,069 | 1,054 | 1,105 | 850 | 1,241 | *1,297 | 1,185 |
| 36 Commercial banks..... | 559 | 6,431 | 8,135 | 584 | 725 | 714 | 587 | 725 | 835 | 637 |
| 37 Indirect..... | -334 | 2,823 | 4,194 | 290 | 357 | 466 | 295 | 444 | 486 | 407 |
| 38 Direct..... | 894 | 3,608 | 3,941 | 294 | 368 | 248 | 292 | 281 | 349 | 230 |
| 39 Finance companies..... | 532 | 1,334 | 1,774 | 275 | 65 | 128 | 52 | 242 | *127 | 247 |
| 40 Credit unions..... | 1,872 | 2,422 | 3,222 | 208 | 237 | 228 | 222 | 263 | 328 | 244 |
| 41 Other..... | 44 | 50 | 105 | 2 | 27 | 34 | -11 | 10 | 7 | 56 |
| 42 Mobile homes..... | -195 | 150 | 441 | 57 | 55 | 32 | 44 | 74 | *76 | 52 |
| 43 Commercial banks..... | -323 | 85 | 128 | 19 | 3 | 10 | 15 | 23 | 60 | 2 |
| 44 Finance companies..... | -73 | -177 | -164 | -12 | -18 | -3 | -11 | 4 | *-8 | 36 |
| 45 Home improvement..... | 881 | 1,585 | 1,967 | 165 | 183 | 143 | 201 | 211 | 173 | 105 |
| 46 Commercial banks..... | 271 | 588 | 920 | 76 | 62 | 77 | 115 | 99 | 110 | 70 |
| Revolving credit: | | | | | | | | | | |
| 47 Bank credit cards..... | 1,220 | 1,850 | 2,911 | 184 | 315 | 279 | 287 | 243 | 250 | 160 |
| 48 Bank check credit..... | 14 | 231 | 683 | 39 | 60 | 49 | 57 | 27 | 46 | 65 |
| 49 All other..... | 2,577 | 6,479 | 11,853 | 951 | 984 | 743 | 1,188 | 1,057 | *895 | 857 |
| 50 Commercial banks, total..... | 1,080 | 1,659 | 3,003 | 248 | 283 | 99 | 254 | 267 | 310 | 180 |
| 51 Personal loans..... | 858 | 1,040 | 2,070 | 143 | 161 | 56 | 142 | 183 | 235 | 81 |
| 52 Finance companies, total..... | -348 | 1,509 | 3,749 | 260 | 273 | 251 | 448 | 293 | *378 | 177 |
| 53 Personal loans..... | 279 | 1,290 | 2,748 | 228 | 186 | 223 | 353 | 235 | *254 | 162 |
| 54 Credit unions..... | 1,580 | 2,045 | 2,719 | 129 | 200 | 197 | 204 | 252 | 252 | 205 |
| 55 Retailers..... | 69 | 1,050 | 2,032 | 286 | 170 | 144 | 280 | 184 | -12 | 309 |
| 56 Others..... | 196 | 217 | 350 | 28 | 59 | 52 | 2 | 61 | -33 | -15 |

¹ Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

² Mutual savings banks, savings and loan associations, and auto dealers.

³ Net change equals extensions minus liquidations (repayments, charge-offs, and other credits); figures for all months are seasonally adjusted.

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 \$44.2 billion at the end of 1977, \$38.7 billion at the end of 1976, \$35.7 billion at the end of 1975, and \$33.8 billion at the end of 1974. Comparable data for Dec. 31, 1978, will be published in the February 1979 BULLETIN.

1.56 CONSUMER INSTALMENT CREDIT Extensions and Liquidations

Millions of dollars

| Holder, and type of credit | 1975 | 1976 | 1977 | 1977 | | | | | | 1978 |
|----------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|---------|--------|
| | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. |  | Jan. |
| Extensions ³ | | | | | | | | | | |
| 1 Total..... | 164,169 | 193,328 | 225,645 | 18,631 | 19,204 | 19,164 | 19,787 | 19,680 | *20,138 | 19,586 |
| By holder: | | | | | | | | | | |
| 2 Commercial banks..... | 77,312 | 94,220 | 110,777 | 9,143 | 9,426 | 9,442 | 9,802 | 9,688 | 10,226 | 9,625 |
| 3 Finance companies..... | 31,173 | 36,028 | 41,770 | 3,335 | 3,459 | 3,514 | 3,653 | 3,602 | *3,743 | 3,575 |
| 4 Credit unions..... | 24,096 | 28,587 | 33,592 | 2,663 | 2,806 | 2,773 | 2,858 | 2,920 | 3,093 | 2,820 |
| 5 Retailers ¹ | 27,049 | 29,188 | 33,202 | 2,951 | 2,840 | 2,860 | 2,961 | 2,857 | 2,647 | 3,102 |
| 6 Others ² | 4,539 | 5,305 | 6,303 | 540 | 673 | 575 | 512 | 612 | 428 | 464 |
| By type of credit: | | | | | | | | | | |
| 7 Automobile..... | 51,413 | 62,988 | 72,888 | 5,966 | 6,158 | 6,109 | 6,083 | 6,330 | *6,721 | 6,263 |
| 8 Commercial banks..... | 28,573 | 36,585 | 42,570 | 3,553 | 3,616 | 3,640 | 3,642 | 3,717 | 3,941 | 3,650 |
| 9 Indirect..... | 15,766 | 19,882 | 22,904 | 1,905 | 1,925 | 2,028 | 1,976 | 2,076 | 2,153 | 2,026 |
| 10 Direct..... | 12,807 | 16,704 | 19,666 | 1,649 | 1,692 | 1,612 | 1,666 | 1,641 | 1,788 | 1,624 |
| 11 Finance companies..... | 9,674 | 11,209 | 12,635 | 963 | 1,036 | 1,013 | 989 | 1,097 | *1,143 | 1,088 |
| 12 Credit unions..... | 12,683 | 14,675 | 17,041 | 1,402 | 1,434 | 1,376 | 1,414 | 1,458 | 1,581 | 1,421 |
| 13 Others..... | 483 | 518 | 642 | 48 | 72 | 80 | 38 | 58 | 55 | 105 |
| 14 Mobile homes..... | 4,323 | 4,841 | 5,244 | 455 | 479 | 424 | 457 | 464 | *460 | 449 |
| 15 Commercial banks..... | 2,622 | 3,071 | 3,153 | 267 | 267 | 261 | 270 | 280 | 300 | 250 |
| 16 Finance companies..... | 764 | 690 | 615 | 55 | 55 | 51 | 61 | 54 | *60 | 101 |
| 17 Home improvement..... | 5,556 | 6,736 | 8,066 | 671 | 733 | 679 | 718 | 761 | *722 | 618 |
| 18 Commercial banks..... | 2,722 | 3,245 | 3,968 | 330 | 332 | 340 | 373 | 370 | 384 | 327 |
| Revolving credit: | | | | | | | | | | |
| 19 Bank credit cards..... | 20,428 | 25,862 | 31,761 | 2,566 | 2,711 | 2,847 | 2,973 | 2,828 | 2,973 | 2,948 |
| 20 Bank check credit..... | 4,024 | 4,783 | 5,886 | 499 | 510 | 485 | 487 | 492 | 531 | 556 |
| 21 All other..... | 78,425 | 88,117 | 101,754 | 8,476 | 8,612 | 8,620 | 9,067 | 8,804 | *8,731 | 8,751 |
| 22 Commercial banks, total..... | 18,944 | 20,673 | 23,439 | 1,928 | 1,990 | 1,870 | 2,056 | 2,001 | 2,096 | 1,893 |
| 23 Personal loans..... | 13,386 | 14,480 | 16,828 | 1,350 | 1,404 | 1,346 | 1,463 | 1,434 | 1,518 | 1,338 |
| 24 Finance companies, total..... | 20,657 | 24,087 | 28,349 | 2,309 | 2,361 | 2,440 | 2,596 | 2,441 | *2,530 | 2,380 |
| 25 Personal loans..... | 16,944 | 19,579 | 22,323 | 1,836 | 1,870 | 1,938 | 2,044 | 1,914 | *1,975 | 1,851 |
| 26 Credit unions..... | 10,134 | 12,340 | 14,604 | 1,113 | 1,207 | 1,240 | 1,282 | 1,285 | 1,326 | 1,236 |
| 27 Retailers..... | 27,049 | 29,188 | 33,202 | 2,951 | 2,840 | 2,860 | 2,961 | 2,857 | 2,647 | 3,102 |
| 28 Others..... | 1,642 | 1,830 | 2,160 | 175 | 214 | 211 | 172 | 221 | 131 | 138 |
| Liquidations ³ | | | | | | | | | | |
| 29 Total..... | 156,665 | 172,795 | 194,533 | 16,167 | 16,553 | 16,814 | 17,160 | 16,826 | *17,402 | 17,162 |
| By holder: | | | | | | | | | | |
| 30 Commercial banks..... | 74,491 | 83,376 | 94,998 | 7,992 | 7,978 | 8,214 | 8,487 | 8,305 | 8,615 | 8,509 |
| 31 Finance companies..... | 31,263 | 33,384 | 36,372 | 2,811 | 3,138 | 3,135 | 3,166 | 3,059 | *3,244 | 3,114 |
| 32 Credit unions..... | 20,325 | 23,707 | 27,103 | 2,295 | 2,333 | 2,316 | 2,389 | 2,354 | 2,452 | 2,325 |
| 33 Retailers ¹ | 26,980 | 28,138 | 31,170 | 2,665 | 2,670 | 2,716 | 2,681 | 2,673 | 2,659 | 2,793 |
| 34 Others ² | 3,606 | 4,191 | 4,890 | 404 | 433 | 432 | 437 | 435 | 432 | 420 |
| By type of credit: | | | | | | | | | | |
| 35 Automobile..... | 48,406 | 52,750 | 59,610 | 4,897 | 5,104 | 5,005 | 5,234 | 5,089 | *5,424 | 5,078 |
| 36 Commercial banks..... | 28,014 | 30,154 | 34,435 | 2,969 | 2,891 | 2,926 | 3,055 | 2,991 | 3,106 | 3,013 |
| 37 Indirect..... | 16,101 | 17,059 | 18,710 | 1,615 | 1,568 | 1,562 | 1,681 | 1,632 | 1,667 | 1,619 |
| 38 Direct..... | 11,913 | 13,095 | 15,726 | 1,354 | 1,324 | 1,364 | 1,374 | 1,360 | 1,439 | 1,394 |
| 39 Finance companies..... | 9,142 | 9,875 | 10,819 | 688 | 970 | 885 | 937 | 855 | *1,017 | 841 |
| 40 Credit unions..... | 10,811 | 12,253 | 13,819 | 1,194 | 1,197 | 1,148 | 1,193 | 1,195 | 1,253 | 1,177 |
| 41 Others..... | 439 | 468 | 536 | 46 | 45 | 46 | 49 | 48 | 48 | 48 |
| 42 Mobile homes..... | 4,517 | 4,691 | 4,793 | 397 | 424 | 392 | 413 | 390 | *384 | 398 |
| 43 Commercial banks..... | 2,944 | 2,986 | 3,025 | 248 | 264 | 251 | 255 | 257 | 240 | 248 |
| 44 Finance companies..... | 837 | 867 | 806 | 68 | 73 | 54 | 72 | 50 | *68 | 65 |
| 45 Home improvement..... | 4,675 | 5,151 | 6,098 | 506 | 551 | 536 | 517 | 550 | 549 | 514 |
| 46 Commercial banks..... | 2,451 | 2,657 | 3,048 | 254 | 270 | 263 | 257 | 272 | 274 | 257 |
| Revolving credit: | | | | | | | | | | |
| 47 Bank credit cards..... | 19,208 | 24,012 | 28,851 | 2,382 | 2,396 | 2,567 | 2,687 | 2,585 | 2,723 | 2,788 |
| 48 Bank check credit..... | 4,010 | 4,552 | 5,202 | 459 | 450 | 436 | 430 | 466 | 485 | 491 |
| 49 All other..... | 75,849 | 81,638 | 89,977 | 7,525 | 7,628 | 7,877 | 7,880 | 7,747 | *7,836 | 7,894 |
| 50 Commercial banks, total..... | 17,864 | 19,014 | 20,436 | 1,680 | 1,707 | 1,771 | 1,802 | 1,734 | 1,786 | 1,713 |
| 51 Personal loans..... | 12,528 | 13,439 | 14,757 | 1,207 | 1,243 | 1,291 | 1,321 | 1,250 | 1,284 | 1,258 |
| 52 Finance companies, total..... | 21,005 | 22,578 | 24,676 | 2,049 | 2,089 | 2,189 | 2,148 | 2,148 | *2,152 | 2,203 |
| 53 Personal loans..... | 16,665 | 18,289 | 19,596 | 1,609 | 1,684 | 1,714 | 1,692 | 1,678 | *1,722 | 1,688 |
| 54 Credit unions..... | 8,554 | 10,295 | 11,884 | 984 | 1,008 | 1,043 | 1,078 | 1,033 | 1,075 | 1,031 |
| 55 Retailers..... | 26,980 | 28,138 | 31,170 | 2,665 | 2,670 | 2,716 | 2,681 | 2,673 | 2,659 | 2,793 |
| 56 Others..... | 1,446 | 1,613 | 1,811 | 146 | 155 | 158 | 170 | 159 | 165 | 153 |

¹ Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.² Mutual savings banks, savings and loan associations, and auto dealers.³ Monthly figures are seasonally adjusted.

1.57 FUNDS RAISED IN U.S. CREDIT MARKETS

Billions of dollars; half-year data are at seasonally adjusted annual rates.

| Transaction category, or sector | 1974 | 1975 | 1976 | 1977 | 1975 | | 1976 | | 1977 | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | | | H1 | H2 | H1 | H2 | H1 | H2 |
| Nonfinancial sectors | | | | | | | | | | |
| 1 Total funds raised..... | 189.6 | 205.6 | 268.3 | 335.9 | 180.8 | 230.4 | 254.5 | 282.1 | 306.2 | 365.6 |
| 2 Excluding equities..... | 185.8 | 195.5 | 257.8 | 327.4 | 170.3 | 220.8 | 241.1 | 274.4 | 297.3 | 357.5 |
| By sector and instrument: | | | | | | | | | | |
| 3 U.S. Govt..... | 11.8 | 85.4 | 69.0 | 56.8 | 79.6 | 91.2 | 73.1 | 64.9 | 40.3 | 73.2 |
| 4 Public debt securities..... | 12.0 | 85.8 | 69.1 | 57.6 | 80.4 | 91.3 | 73.0 | 65.3 | 40.9 | 74.4 |
| 5 Agency issues and mortgages..... | -.2 | -.4 | -.1 | -.9 | -.8 | -.1 | .1 | -.3 | -.6 | -1.2 |
| 6 All other nonfinancial sectors..... | 177.8 | 120.2 | 199.2 | 279.1 | 101.1 | 139.2 | 181.4 | 217.1 | 265.9 | 292.4 |
| 7 Corporate equities..... | 3.8 | 10.0 | 10.5 | 8.5 | 10.5 | 9.6 | 13.3 | 7.6 | 8.9 | 8.1 |
| 8 Debt instruments..... | 174.0 | 110.1 | 188.8 | 270.6 | 90.7 | 129.6 | 168.0 | 209.5 | 257.0 | 284.3 |
| 9 Private domestic nonfinancial sectors..... | 162.4 | 107.0 | 179.0 | 266.9 | 93.1 | 120.9 | 166.2 | 191.7 | 260.9 | 272.9 |
| 10 Corporate equities..... | 4.1 | 9.9 | 10.5 | 8.1 | 10.3 | 9.5 | 13.3 | 7.7 | 8.2 | 8.0 |
| 11 Debt instruments..... | 158.3 | 97.1 | 168.4 | 258.8 | 82.8 | 111.4 | 152.9 | 184.0 | 252.7 | 265.0 |
| 12 Debt capital instruments..... | 98.7 | 95.8 | 122.7 | 172.8 | 93.8 | 97.8 | 111.7 | 133.7 | 159.3 | 186.2 |
| 13 State and local obligations..... | 17.1 | 13.6 | 15.1 | 28.1 | 12.3 | 14.9 | 14.7 | 15.5 | 28.3 | 27.9 |
| 14 Corporate bonds..... | 19.7 | 27.2 | 22.8 | 18.0 | 33.4 | 21.1 | 20.4 | 25.3 | 14.4 | 21.6 |
| Mortgages: | | | | | | | | | | |
| 15 Home..... | 34.8 | 39.5 | 63.6 | 90.0 | 33.4 | 45.6 | 57.1 | 70.2 | 85.5 | 94.5 |
| 16 Multifamily residential..... | 6.9 | * | 1.6 | 7.0 | .4 | -.4 | .6 | 2.6 | 5.3 | 8.8 |
| 17 Commercial..... | 15.1 | 11.0 | 13.4 | 20.9 | 9.4 | 12.6 | 13.9 | 12.9 | 16.7 | 25.0 |
| 18 Farm..... | 5.0 | 4.6 | 6.1 | 8.7 | 5.1 | 4.0 | 5.0 | 7.3 | 9.0 | 8.5 |
| 19 Other debt instruments..... | 59.6 | 1.3 | 45.7 | 86.1 | -11.0 | 13.6 | 41.2 | 50.3 | 93.4 | 78.7 |
| 20 Consumer credit..... | 10.2 | 9.4 | 23.6 | 35.6 | 2.2 | 16.6 | 22.9 | 24.2 | 35.5 | 35.7 |
| 21 Bank loans n.e.c..... | 29.1 | -14.5 | 3.7 | 30.0 | -20.9 | -8.2 | -.3 | 7.8 | 37.4 | 22.5 |
| 22 Open market paper..... | 6.6 | -2.6 | 4.0 | 2.5 | -1.4 | -3.8 | 6.4 | 1.6 | 4.4 | 6.2 |
| 23 Other..... | 13.7 | 9.0 | 14.4 | 18.0 | 9.0 | 9.0 | 12.2 | 16.7 | 16.0 | 19.9 |
| By borrowing sector..... | | | | | | | | | | |
| 24 State and local governments..... | 16.2 | 11.2 | 14.6 | 24.8 | 10.0 | 12.3 | 13.0 | 16.3 | 21.7 | 27.9 |
| 25 Households..... | 49.2 | 48.6 | 89.8 | 130.9 | 37.3 | 59.9 | 83.9 | 95.6 | 129.6 | 132.2 |
| 26 Farm..... | 7.9 | 8.7 | 11.0 | 15.1 | 8.7 | 8.8 | 10.6 | 11.6 | 16.6 | 13.6 |
| 27 Nonfarm noncorporate..... | 7.4 | 2.0 | 5.2 | 10.8 | -1.1 | 5.1 | 2.7 | 7.6 | 10.9 | 10.7 |
| 28 Corporate..... | 81.8 | 36.6 | 58.3 | 85.3 | 38.3 | 34.8 | 56.1 | 60.5 | 82.1 | 88.4 |
| Foreign..... | | | | | | | | | | |
| 30 Corporate equities..... | 15.4 | 13.2 | 20.3 | 12.2 | 8.0 | 18.3 | 15.2 | 25.4 | 5.0 | 19.5 |
| 31 Debt instruments..... | -.2 | -.1 | * | -.4 | .1 | .1 | * | -.1 | .6 | -.2 |
| 32 Bonds..... | 15.7 | 13.0 | 20.3 | 11.8 | 7.9 | 18.2 | 15.1 | 25.5 | 4.3 | 19.3 |
| 33 Bank loans n.e.c..... | 2.1 | 6.2 | 8.4 | 5.0 | 5.7 | 6.8 | 7.3 | 9.5 | 4.3 | 5.7 |
| 34 Open market paper..... | 4.7 | 3.7 | 6.7 | .6 | -.4 | 7.8 | 3.4 | 10.0 | -5.8 | 7.0 |
| 35 U.S. Govt. loans..... | 7.3 | .3 | 1.9 | 2.8 | -.8 | 1.4 | 1.5 | 2.4 | 2.7 | 3.0 |
| 36 | 1.6 | 2.8 | 3.3 | 3.4 | 3.4 | 2.2 | 2.9 | 3.6 | 3.1 | 3.6 |
| Financial sectors | | | | | | | | | | |
| 37 Total funds raised..... | 39.4 | 14.0 | 28.6 | 62.7 | 15.1 | 12.8 | 27.8 | 29.4 | 63.1 | 62.3 |
| By instrument: | | | | | | | | | | |
| 38 U.S. Govt. related..... | 23.1 | 13.5 | 18.6 | 26.1 | 14.5 | 12.6 | 18.6 | 18.6 | 25.7 | 26.6 |
| 39 Sponsored credit agency securities..... | 16.6 | 2.3 | 3.3 | 6.9 | 1.9 | 2.8 | 4.5 | 2.1 | 10.1 | 3.7 |
| 40 Mortgage pool securities..... | 5.8 | 10.3 | 15.7 | 20.4 | 11.5 | 9.2 | 14.2 | 17.2 | 17.9 | 22.9 |
| 41 Loans from U.S. Govt..... | .7 | .9 | -.4 | -1.2 | 1.1 | .6 | * | -.7 | -2.3 | .. |
| 42 Private financial sectors..... | 16.3 | .4 | 10.0 | 36.5 | .6 | .2 | 9.1 | 10.8 | 37.4 | 35.7 |
| 43 Corporate equities..... | .3 | * | .7 | -.1 | .1 | -.1 | -.7 | 2.2 | -.3 | 1.4 |
| 44 Debt instruments..... | 16.0 | .4 | 9.2 | 36.6 | .6 | .3 | 9.8 | 8.6 | 37.7 | 35.6 |
| 45 Corporate bonds..... | 2.1 | 2.9 | 5.8 | 8.7 | 2.3 | 3.5 | 7.0 | 4.5 | 8.1 | 9.2 |
| 46 Mortgages..... | -1.3 | 2.3 | 2.1 | 3.1 | 1.4 | 3.2 | 1.4 | 2.8 | 3.1 | 3.1 |
| 47 Bank loans n.e.c..... | 4.6 | -3.6 | -3.7 | -.2 | -4.7 | -2.5 | -3.0 | -4.4 | -2.7 | 2.3 |
| 48 Open market paper and Rp's..... | 3.9 | 2.8 | 7.1 | 20.8 | 8.2 | -2.6 | 6.1 | 8.1 | 25.8 | 15.7 |
| 49 Loans from FHLB's..... | 6.7 | -4.0 | -2.0 | 4.3 | -6.6 | -1.3 | -1.6 | -2.4 | 3.5 | 5.2 |
| By sector: | | | | | | | | | | |
| 50 Sponsored credit agencies..... | 17.3 | 3.2 | 2.9 | 5.7 | 3.0 | 3.4 | 4.5 | 1.4 | 7.8 | 3.7 |
| 51 Mortgage pools..... | 5.8 | 10.3 | 15.7 | 20.4 | 11.5 | 9.2 | 14.2 | 17.2 | 17.9 | 22.9 |
| 52 Private financial sectors..... | 16.3 | .4 | 10.0 | 36.5 | .6 | .2 | 9.1 | 10.8 | 37.4 | 35.7 |
| 53 Commercial banks..... | -1.1 | 1.7 | 7.4 | 11.1 | 5.7 | -2.3 | 9.0 | 5.9 | 14.7 | 7.5 |
| 54 Bank affiliates..... | 3.5 | .3 | -.8 | 1.3 | .9 | -.3 | -1.3 | -.3 | 1.3 | 1.2 |
| 55 Savings and loan associations..... | 6.3 | -2.2 | * | 11.9 | -6.8 | 2.3 | .5 | -.5 | 11.0 | 12.8 |
| 56 Other insurance companies..... | .9 | 1.0 | 1.0 | 1.0 | .9 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 57 Finance companies..... | 4.5 | .5 | 6.4 | 15.1 | -1.4 | 2.4 | 5.7 | 7.1 | 14.3 | 15.9 |
| 58 REIT's..... | .6 | -2.0 | -2.8 | -2.4 | -2.0 | -1.9 | -2.5 | -3.0 | -2.9 | -1.8 |
| 59 Open-end investment companies..... | -.7 | -.1 | -1.0 | -1.5 | .7 | -.9 | -2.5 | .5 | -1.4 | -1.6 |
| 60 Money market funds..... | 2.4 | 1.3 | -.3 | .1 | 2.6 | * | -.7 | .2 | -.5 | .8 |
| All sectors | | | | | | | | | | |
| 61 Total funds raised, by instrument..... | 229.0 | 219.5 | 296.8 | 398.6 | 195.9 | 243.2 | 282.2 | 311.4 | 369.2 | 427.9 |
| 62 Investment company shares..... | -.7 | -.1 | -1.0 | -1.5 | .7 | -.9 | -2.5 | .5 | -1.4 | -1.6 |
| 63 Other corporate equities..... | 4.8 | 10.2 | 12.2 | 9.9 | 9.8 | 10.5 | 15.1 | 9.3 | 10.0 | 9.8 |
| 64 Debt instruments..... | 224.9 | 209.5 | 285.6 | 390.2 | 185.4 | 233.6 | 269.6 | 301.6 | 360.7 | 419.7 |
| 65 U.S. Govt. securities..... | 34.3 | 98.2 | 88.1 | 84.2 | 93.1 | 103.2 | 91.9 | 84.3 | 68.4 | 99.9 |
| 66 State and local obligations..... | 17.1 | 13.6 | 15.1 | 28.1 | 12.3 | 14.9 | 14.7 | 15.5 | 28.3 | 27.9 |
| 67 Corporate and foreign bonds..... | 23.9 | 36.3 | 37.0 | 31.7 | 41.3 | 31.3 | 34.7 | 39.3 | 26.8 | 36.5 |
| 68 Mortgages..... | 60.5 | 57.2 | 86.8 | 129.7 | 49.5 | 65.0 | 77.9 | 95.7 | 119.5 | 139.8 |
| 69 Consumer credit..... | 10.2 | 9.4 | 23.6 | 35.6 | 2.2 | 16.6 | 22.9 | 24.2 | 35.5 | 35.7 |
| 70 Bank loans n.e.c..... | 38.4 | -14.4 | 6.7 | 30.4 | -25.9 | -2.9 | .1 | 13.4 | 28.9 | 31.8 |
| 71 Open market paper and Rp's..... | 17.8 | .5 | 13.0 | 26.1 | 6.1 | -5.0 | 14.0 | 12.0 | 32.9 | 19.3 |
| 72 Other loans..... | 22.7 | 8.7 | 15.3 | 24.5 | 6.9 | 10.5 | 13.4 | 17.2 | 20.2 | 28.7 |

1.58 DIRECT AND INDIRECT SOURCES OF FUNDS TO CREDIT MARKETS

Billions of dollars, except as noted; half-year data are at seasonally adjusted annual rates.

| Transaction category, or sector | 1974 | 1975 | 1976 | 1977 | 1975 | | 1976 | | 1977 | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|
| | | | | | H1 | H2 | H1 | H2 | H1 | H2 |
| 1 Total funds advanced in credit markets to nonfinancial sectors..... | 185.8 | 195.5 | 257.8 | 327.4 | 170.3 | 220.8 | 241.1 | 274.4 | 297.3 | 357.5 1 |
| By public agencies and foreign: | | | | | | | | | | |
| 2 Total net advances..... | 52.7 | 44.3 | 54.6 | 84.6 | 55.0 | 33.6 | 53.2 | 56.0 | 73.6 | 95.5 2 |
| 3 U.S. Govt. securities..... | 11.9 | 22.5 | 26.8 | 39.7 | 33.4 | 11.6 | 27.1 | 26.5 | 30.6 | 48.8 3 |
| 4 Residential mortgages..... | 14.7 | 16.2 | 12.8 | 20.4 | 16.9 | 15.5 | 12.1 | 13.5 | 20.1 | 20.8 4 |
| 5 FHLB advances to S&L's..... | 6.7 | -4.0 | -2.0 | 4.3 | -6.6 | -1.3 | -1.6 | -2.4 | 3.5 | 5.2 5 |
| 6 Other loans and securities..... | 19.5 | 9.5 | 16.9 | 20.2 | 11.3 | 7.8 | 15.6 | 18.3 | 19.5 | 20.8 6 |
| Totals advanced, by sector | | | | | | | | | | |
| 7 U.S. Govt..... | 9.8 | 15.1 | 8.9 | 10.9 | 15.9 | 14.3 | 6.4 | 11.4 | 6.0 | 15.8 7 |
| 8 Sponsored credit agencies..... | 25.6 | 14.5 | 20.6 | 26.8 | 16.5 | 12.6 | 20.7 | 20.6 | 27.5 | 26.1 8 |
| 9 Monetary authorities..... | 6.2 | 8.5 | 9.8 | 7.1 | 7.6 | 9.5 | 14.5 | 5.2 | 11.6 | 2.7 9 |
| 10 Foreign..... | 11.2 | 6.1 | 15.2 | 39.7 | 15.0 | -2.7 | 11.6 | 18.8 | 28.5 | 50.9 10 |
| 11 Agency borrowing not included in line 1..... | 23.1 | 13.5 | 18.6 | 26.1 | 14.5 | 12.6 | 18.6 | 18.6 | 25.7 | 26.6 11 |
| Private domestic funds advanced | | | | | | | | | | |
| 12 Total net advances..... | 156.1 | 164.8 | 221.8 | 269.0 | 129.8 | 199.7 | 206.6 | 237.0 | 249.4 | 288.6 12 |
| 13 U.S. Govt. securities..... | 22.4 | 75.7 | 61.3 | 44.5 | 59.7 | 91.6 | 64.8 | 57.8 | 37.9 | 51.2 13 |
| 14 State and local obligations..... | 17.1 | 13.6 | 15.1 | 28.1 | 12.3 | 14.9 | 14.7 | 15.5 | 28.3 | 27.9 14 |
| 15 Corporate and foreign bonds..... | 20.9 | 32.8 | 30.3 | 19.2 | 38.8 | 26.8 | 26.8 | 33.9 | 15.6 | 22.7 15 |
| 16 Residential mortgages..... | 26.9 | 23.2 | 52.4 | 76.5 | 16.7 | 29.6 | 45.5 | 59.2 | 70.7 | 82.4 16 |
| 17 Other mortgages and loans..... | 75.4 | 15.6 | 60.8 | 105.0 | -4.3 | 35.5 | 53.2 | 68.3 | 100.3 | 109.7 17 |
| 18 Less: FHLB advances..... | 6.7 | -4.0 | -2.0 | 4.3 | -6.6 | -1.3 | -1.6 | -2.4 | 3.5 | 5.2 18 |
| Private financial intermediation | | | | | | | | | | |
| 19 Credit market funds advanced by private financial institutions..... | 126.3 | 119.9 | 187.2 | 242.7 | 99.8 | 140.0 | 167.6 | 206.8 | 235.5 | 250.0 19 |
| 20 Commercial banking..... | 64.6 | 27.6 | 58.0 | 79.8 | 14.4 | 40.7 | 44.5 | 71.5 | 80.6 | 79.1 20 |
| 21 Savings institutions..... | 26.9 | 52.0 | 71.7 | 86.4 | 48.5 | 55.4 | 71.8 | 71.7 | 84.7 | 88.0 21 |
| 22 Insurance and pension funds..... | 30.0 | 41.5 | 47.6 | 61.1 | 38.3 | 44.7 | 47.8 | 47.3 | 58.2 | 63.9 22 |
| 23 Other finance..... | 4.7 | -1.1 | 9.9 | 15.5 | -1.4 | -7 | 3.4 | 16.3 | 11.9 | 19.0 23 |
| 24 Sources of funds..... | 126.3 | 119.9 | 187.2 | 242.7 | 99.8 | 140.0 | 167.6 | 206.8 | 235.5 | 250.0 24 |
| 25 Private domestic deposits..... | 69.4 | 90.9 | 122.8 | 135.4 | 90.3 | 91.5 | 106.1 | 139.5 | 122.9 | 147.8 25 |
| 26 Credit market borrowing..... | 16.0 | .4 | 9.2 | 36.6 | .6 | .3 | 9.8 | 8.6 | 37.7 | 35.6 26 |
| 27 Other sources..... | 40.9 | 28.6 | 55.1 | 70.7 | 9.0 | 48.2 | 51.7 | 58.7 | 74.9 | 66.6 27 |
| 28 Foreign funds..... | 14.5 | -4 | 3.1 | 1.3 | -5.6 | 4.8 | -2.6 | 8.8 | -2.9 | 5.5 28 |
| 29 Treasury balances..... | -5.1 | -1.7 | -1 | 4.2 | -3.5 | .1 | 2.9 | -3.1 | -1.1 | 9.5 29 |
| 30 Insurance and pension reserves..... | 26.0 | 29.0 | 35.8 | 48.6 | 26.4 | 31.5 | 35.1 | 36.5 | 47.2 | 50.0 30 |
| 31 Other, net..... | 5.4 | 1.7 | 16.4 | 16.6 | -8.3 | 11.7 | 16.2 | 16.6 | 31.7 | 1.5 31 |
| Private domestic nonfinancial investors | | | | | | | | | | |
| 32 Direct lending in credit markets..... | 45.9 | 45.3 | 43.8 | 62.9 | 30.6 | 60.0 | 48.8 | 38.8 | 51.6 | 74.2 32 |
| 33 U.S. Govt. securities..... | 18.2 | 22.2 | 19.4 | 23.8 | 6.0 | 38.4 | 22.6 | 16.1 | 11.3 | 36.3 33 |
| 34 State and local obligations..... | 10.0 | 6.3 | 4.7 | 5.6 | 7.2 | 5.5 | 3.9 | 5.5 | 7.0 | 4.3 34 |
| 35 Corporate and foreign bonds..... | 4.7 | 8.2 | 4.0 | .2 | 10.8 | 5.6 | 4.9 | 3.1 | -1.9 | 2.2 35 |
| 36 Commercial paper..... | 4.8 | 3.1 | 4.0 | 16.6 | 1.5 | 4.7 | 6.7 | 1.3 | 18.8 | 14.4 36 |
| 37 Other..... | 8.2 | 5.5 | 11.8 | 16.6 | 5.1 | 6.0 | 10.8 | 12.8 | 16.4 | 16.9 37 |
| 38 Deposits and currency..... | 75.7 | 97.1 | 130.1 | 143.6 | 96.0 | 98.2 | 111.0 | 149.3 | 127.2 | 160.0 38 |
| 39 Time and savings accounts..... | 66.7 | 84.8 | 113.0 | 120.9 | 73.0 | 96.5 | 98.3 | 127.6 | 106.7 | 135.1 39 |
| 40 Large negotiable CD's..... | 18.8 | -14.0 | -14.2 | 10.8 | -27.8 | -2 | -18.0 | -10.4 | -2.7 | 24.2 40 |
| 41 Other at commercial banks..... | 26.1 | 39.4 | 58.1 | 40.4 | 39.3 | 39.4 | 50.2 | 66.0 | 41.9 | 38.9 41 |
| 42 At savings institutions..... | 21.8 | 59.4 | 69.1 | 69.7 | 61.5 | 57.4 | 66.1 | 72.1 | 67.4 | 72.0 42 |
| 43 Money..... | 8.9 | 12.3 | 17.2 | 22.7 | 23.0 | 1.7 | 12.7 | 21.6 | 20.5 | 25.0 43 |
| 44 Demand deposits..... | 2.6 | 6.1 | 9.9 | 14.5 | 17.3 | -5.0 | 7.8 | 11.9 | 16.2 | 12.8 44 |
| 45 Currency..... | 6.3 | 6.2 | 7.3 | 8.2 | 5.7 | 6.7 | 4.9 | 9.8 | 4.3 | 12.2 45 |
| 46 Total of credit market instruments, deposits and currency..... | 121.5 | 142.4 | 174.0 | 206.5 | 126.6 | 158.2 | 159.8 | 188.1 | 178.8 | 234.2 46 |
| 47 Public support rate (in per cent)..... | 28.4 | 22.7 | 21.2 | 25.8 | 32.3 | 15.2 | 22.1 | 20.4 | 24.8 | 26.7 47 |
| 48 Private financial intermediation (in per cent)..... | 80.9 | 72.8 | 84.4 | 90.2 | 76.9 | 70.1 | 81.1 | 87.3 | 94.4 | 86.6 48 |
| 49 Total foreign funds..... | 25.7 | 5.8 | 18.3 | 41.0 | 9.4 | 2.1 | 9.0 | 27.6 | 25.6 | 56.4 49 |
| MEMO: Corporate equities not included above | | | | | | | | | | |
| 50 Total net issues..... | 4.1 | 10.0 | 11.2 | 8.4 | 10.5 | 9.5 | 12.6 | 9.8 | 8.5 | 8.2 50 |
| 51 Mutual fund shares..... | -7 | -1 | -1.0 | -1.5 | .7 | -9 | -2.5 | .5 | -1.4 | -1.6 51 |
| 52 Other equities..... | 4.8 | 10.2 | 12.2 | 9.9 | 9.8 | 10.5 | 15.1 | 9.3 | 10.0 | 9.8 52 |
| 53 Acquisitions by financial institutions..... | 5.8 | 9.4 | 12.3 | 6.7 | 10.7 | 8.1 | 12.6 | 12.0 | 4.4 | 9.1 53 |
| 54 Other net purchases..... | -1.6 | .6 | -1.1 | 1.6 | -2 | 1.4 | * | -2.2 | 4.1 | -9 54 |

NOTES BY LINE NO.

1. Line 2 of p. A-44.
2. Sum of lines 3-6 or 7-10.
6. Includes farm and commercial mortgages.
11. Credit market funds raised by Federally sponsored credit agencies, and net issues of Federally related mortgage pool securities. Included below in lines 3, 13, and 33.
12. Line 1 less line 2 plus line 11. Also line 19 less line 26 plus line 32. Also sum of lines 27, 32, 39, and 44.
17. Includes farm and commercial mortgages.
25. Lines 39 plus 44.
26. Excludes equity issues and investment company shares. Includes line 18.
28. Foreign deposits at commercial banks, bank borrowings from foreign branches, and liabilities of foreign banking agencies to foreign affiliates.

29. Demand deposits at commercial banks.

30. Excludes net investment of these reserves in corporate equities.

31. Mainly retained earnings and net miscellaneous liabilities.

32. Line 12 less line 19 plus line 26.

33-37. Lines 13-17 less amounts acquired by private finance. Line 37 includes mortgages.

45. Mainly an offset to line 9.

46. Lines 32 plus 38 or line 12 less line 27 plus line 45.

47. Line 2/line 1.

48. Line 19/line 12.

49. Lines 10 plus 28.

50, 52. Includes issues by financial institutions.

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

2.10 NONFINANCIAL BUSINESS ACTIVITY Selected Measures

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

| Measure | 1975 | 1976 | 1977 ^p | 1977 | | | | | | 1978 | |
|---|-------|-------|-------------------|-------|-------|-------|-------|--------|--------|-------------------|-------------------|
| | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. ^p | Feb. ^p |
| 1 Industrial production..... | 117.8 | 129.8 | 137.0 | 138.7 | 138.1 | 138.5 | 138.9 | 139.3 | 139.6 | 138.5 | 139.2 |
| Market groupings: | | | | | | | | | | | |
| 2 Products, total..... | 119.3 | 129.3 | 137.1 | 138.7 | 138.4 | 138.8 | 138.9 | *139.5 | 140.3 | 139.0 | 140.0 |
| 3 Final, total..... | 118.2 | 127.2 | *134.9 | 136.8 | 136.3 | 136.8 | 136.5 | *137.0 | *137.7 | 135.8 | 136.9 |
| 4 Consumer goods..... | 124.0 | 136.2 | *143.4 | 145.4 | 144.7 | 144.9 | 144.9 | *145.2 | *145.8 | 142.5 | 144.0 |
| 5 Equipment..... | 110.2 | 114.6 | *123.2 | 124.8 | 124.9 | 125.6 | 125.0 | 125.8 | *126.6 | 126.5 | 127.1 |
| 6 Intermediate..... | 123.1 | 137.2 | 145.1 | 146.3 | 146.1 | 146.5 | 147.8 | *148.4 | *150.0 | 150.9 | 151.7 |
| 7 Materials..... | 115.5 | 130.6 | 136.9 | 138.9 | 137.6 | 137.9 | 138.9 | 139.0 | *138.6 | 137.7 | 137.8 |
| Industry groupings: | | | | | | | | | | | |
| 8 Manufacturing..... | 116.3 | 129.5 | 137.1 | 138.5 | 138.6 | 139.0 | 139.4 | 139.9 | 140.5 | 138.9 | 139.7 |
| Capacity utilization (per cent) ¹ in— | | | | | | | | | | | |
| 9 Manufacturing..... | 73.6 | 80.2 | 82.4 | 83.1 | 82.9 | 82.9 | 82.9 | 82.9 | 83.0 | 81.8 | 82.0 |
| 10 Industrial materials industries..... | 73.6 | 80.4 | 81.9 | 82.9 | 82.0 | 82.0 | 82.4 | 82.3 | *81.8 | 81.0 | 80.9 |
| 11 Construction contracts ² | 162.3 | 190.2 | 253.0 | 218.0 | 267.0 | 279.0 | 244.0 | 258.0 | 299.0 | 270.0 | ..... |
| 12 Nonagricultural employment, total ³ | 117.0 | 120.6 | 124.7 | 125.1 | 125.2 | 125.7 | 125.9 | 126.4 | 126.7 | 127.1 | 127.7 |
| 13 Goods-producing, total..... | 97.1 | 100.3 | 104.1 | 104.9 | 104.5 | 104.7 | 105.0 | 105.4 | 105.4 | 105.7 | 106.4 |
| 14 Manufacturing, total..... | 94.3 | 97.5 | 100.6 | 101.1 | 100.8 | 100.8 | 101.1 | 101.4 | 102.2 | 102.7 | 103.3 |
| 15 Manufacturing, production-worker..... | 91.3 | 95.2 | 98.3 | 98.9 | 98.4 | 98.5 | 98.8 | 99.1 | 100.0 | 100.7 | 101.3 |
| 16 Service-producing..... | 127.8 | 131.7 | 136.0 | 136.2 | 136.6 | 137.1 | 137.3 | 137.9 | 138.3 | 138.8 | 139.3 |
| 17 Personal income, total ⁴ | 200.0 | 220.7 | 245.1 | 245.6 | 247.2 | 249.2 | 252.8 | 255.3 | 258.2 | ..... | ..... |
| 18 Wages and salary disbursements..... | 188.5 | 208.6 | 231.5 | 232.3 | 233.4 | 235.2 | 239.1 | 240.4 | 241.3 | ..... | ..... |
| 19 Manufacturing..... | 157.3 | 177.7 | 199.3 | 201.2 | 200.7 | 202.2 | 205.3 | 206.9 | 208.3 | ..... | ..... |
| 20 Disposable personal income..... | 199.2 | 217.8 | 240.3 | ..... | 241.3 | ..... | ..... | 244.9 | ..... | ..... | ..... |
| 21 Retail sales ⁵ | 184.6 | 203.5 | 224.4 | 223.7 | 225.5 | 225.4 | 232.2 | *235.3 | *236.8 | *228.1 | 229.6 |
| Prices: ⁶ | | | | | | | | | | | |
| 22 Consumer ⁷ | 161.2 | 170.5 | 181.6 | 182.6 | 183.3 | 184.0 | 184.5 | 185.4 | 186.1 | ..... | ..... |
| 23 Wholesale..... | 174.9 | 183.0 | 194.2 | 194.8 | 194.6 | 195.8 | 196.3 | 197.0 | 198.2 | 199.9 | ..... |

¹ Ratios of indexes of production to indexes of capacity. Based on data from Federal Reserve, McGraw-Hill Economics Department, and Department of Commerce.

² Index of dollar value of total construction contracts, including residential, nonresidential, and heavy engineering, from McGraw-Hill Information Systems Company, F. W. Dodge Division.

³ Based on data in *Employment and Earnings* (U.S. Dept. of Labor). Series covers employees only, excluding personnel in the Armed Forces.

⁴ Based on data in *Survey of Current Business* (U.S. Dept. of Commerce). Series for disposable income is quarterly.

⁵ Based on Bureau of Census data published in *Survey of Current Business* (U.S. Dept. of Commerce).

⁶ Data without seasonal adjustment, as published in *Monthly Labor Review* (U.S. Dept. of Labor). Seasonally adjusted data for changes in the price indexes may be obtained from the Bureau of Labor Statistics, U.S. Dept. of Labor.

⁷ Beginning Jan. 1978, based on new index for all urban consumers.

NOTE.—Basic data (not index numbers) for series mentioned in notes 3, 4, and 5, and indexes for series mentioned in notes 2 and 6 may also be found in the *Survey of Current Business* (U.S. Dept. of Commerce).

Figures for industrial production for the last 2 months are preliminary and estimated, respectively.

2.11 OUTPUT, CAPACITY, AND CAPACITY UTILIZATION

Seasonally adjusted

| Series | 1977 | | | | 1977 | | | | 1977 | | | |
|-------------------------------------|---------------------|-------|-------|-----------------|------------------------------------|-------|-------|-------|-----------------------------|------|------|-----------------|
| | Q1 | Q2 | Q3 | Q4 ^r | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 ^r |
| | Output (1967 = 100) | | | | Capacity (per cent of 1967 output) | | | | Utilization rate (per cent) | | | |
| 1 Manufacturing..... | 133.1 | 136.9 | 138.7 | 139.9 | 164.0 | 165.6 | 167.1 | 168.7 | 81.2 | 82.7 | 83.0 | 82.9 |
| 2 Primary processing..... | 140.1 | 146.3 | 147.3 | 148.2 | 170.2 | 171.8 | 173.5 | 175.1 | 82.3 | 85.1 | 84.9 | 84.6 |
| 3 Advanced processing..... | 129.3 | 132.0 | 129.3 | 135.6 | 160.7 | 162.2 | 163.8 | 165.3 | 80.5 | 81.4 | 81.9 | 82.0 |
| 4 Materials..... | 133.1 | 137.7 | 138.1 | 138.8 | 165.5 | 166.6 | 167.8 | 168.9 | 80.4 | 82.6 | 82.3 | 82.2 |
| 5 Durable goods..... | 129.2 | 135.1 | 136.0 | 137.7 | 169.0 | 170.3 | 171.6 | 172.8 | 76.5 | 79.4 | 79.2 | 79.7 |
| 6 Basic metal..... | 108.6 | 116.4 | 109.4 | 109.4 | 144.8 | 145.1 | 145.3 | 145.5 | 75.0 | 80.2 | 75.3 | 75.2 |
| 7 Nondurable goods..... | 149.5 | 154.6 | 154.4 | 154.8 | 175.6 | 177.2 | 178.8 | 180.4 | 85.1 | 87.2 | 86.3 | 85.8 |
| 8 Textile, paper, and chemical..... | 153.9 | 159.9 | 159.2 | 159.2 | 183.6 | 185.4 | 187.1 | 188.9 | 83.8 | 86.3 | 85.1 | 84.3 |
| 9 Textile..... | 111.3 | 110.9 | 112.3 | 118.2 | 141.4 | 141.9 | 142.5 | 143.0 | 78.7 | 78.1 | 78.8 | 82.6 |
| 10 Paper..... | 131.7 | 134.3 | 135.1 | 132.0 | 148.9 | 150.1 | 151.3 | 152.5 | 88.4 | 89.5 | 89.3 | 86.6 |
| 11 Chemical..... | 181.6 | 191.8 | 189.5 | 188.2 | 216.2 | 218.7 | 221.2 | 223.6 | 84.0 | 87.7 | 85.7 | 84.2 |
| 12 Energy..... | 122.0 | 122.6 | 123.4 | 121.7 | 144.3 | 144.7 | 145.2 | 145.7 | 84.5 | 84.8 | 85.0 | 83.5 |

2.12 LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

Thousands of persons; monthly data are seasonally adjusted. Exceptions noted.

| Category | 1975 | 1976 | 1977 ^a | 1977 | | | | | | 1978 |
|---|---------------------------|---------|-------------------|---------|---------|---------|---------|---------|-------------------|-------------------|
| | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. ⁴ | Jan. ⁴ |
| | Household survey data | | | | | | | | | |
| 1 Noninstitutional population ¹ | 153,449 | 156,048 | 158,559 | 158,682 | 158,899 | 159,114 | 159,334 | 159,522 | 159,736 | 159,937 |
| 2 Labor force (including Armed Forces) ¹ | 94,793 | 96,917 | 99,534 | 99,442 | 99,751 | 99,887 | 100,205 | 101,009 | 101,048 | 101,228 |
| 3 Civilian labor force | 92,613 | 94,773 | 97,401 | 97,307 | 97,614 | 97,756 | 98,071 | 98,877 | 98,919 | 99,107 |
| Employment: | | | | | | | | | | |
| 4 Nonagricultural industries ² | 81,403 | 84,188 | 87,302 | 87,382 | 87,569 | 87,889 | 88,140 | 88,857 | 89,286 | 89,527 |
| 5 Agriculture | 3,380 | 3,297 | 3,244 | 3,206 | 3,224 | 3,199 | 3,243 | 3,357 | 3,323 | 3,354 |
| Unemployment: | | | | | | | | | | |
| 6 Number | 7,830 | 7,288 | 6,855 | 6,719 | 6,821 | 6,668 | 6,688 | 6,663 | 6,310 | 6,226 |
| 7 Rate (per cent of civilian labor force) | 8.5 | 7.7 | 7.0 | 6.9 | 7.0 | 6.8 | 6.8 | 6.7 | 6.4 | 6.3 |
| 8 Not in labor force | 58,655 | 59,130 | 59,025 | 59,241 | 59,147 | 59,227 | 59,130 | 58,512 | 58,688 | 58,709 |
| | Establishment survey data | | | | | | | | | |
| 9 Nonagricultural payroll employment ³ | 17,051 | 17,443 | 18,142 | 18,407 | 18,474 | 18,763 | 18,902 | 19,245 | 19,432 | 19,685 |
| 10 Manufacturing | 18,347 | 18,956 | 19,555 | 19,666 | 19,594 | 19,612 | 19,666 | 19,715 | 19,879 | 19,983 |
| 11 Mining | 745 | 783 | 831 | 833 | 818 | 856 | 859 | 863 | 713 | 720 |
| 12 Contract construction | 3,512 | 3,594 | 3,845 | 3,913 | 3,893 | 3,892 | 3,911 | 3,950 | 3,956 | 3,949 |
| 13 Transportation and public utilities | 4,498 | 4,509 | 4,589 | 4,572 | 4,581 | 4,616 | 4,610 | 4,634 | 4,650 | 4,628 |
| 14 Trade | 17,000 | 17,694 | 18,291 | 18,322 | 18,377 | 18,431 | 18,414 | 18,512 | 18,592 | 18,686 |
| 15 Finance | 4,223 | 4,316 | 4,508 | 4,506 | 4,524 | 4,545 | 4,572 | 4,597 | 4,609 | 4,619 |
| 16 Service | 14,006 | 14,644 | 15,333 | 15,372 | 15,448 | 15,482 | 15,533 | 15,608 | 15,659 | 15,713 |
| 17 Government | 14,720 | 14,948 | 15,190 | 15,223 | 15,239 | 15,329 | 15,337 | 15,366 | 15,374 | 15,387 |

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 Revised figures will be published in April BULLETIN.

2.13 INDUSTRIAL PRODUCTION Indexes and Gross Value

Monthly data are seasonally adjusted.

| Grouping | 1967 pro- portion | 1977 ^a average | 1976 | | 1977 | | | | | | | | 1978 | |
|--|-------------------------|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------------------|-------|-------------------|-------------------|--|
| | | | Dec. | Jan. | Feb. | July | Aug. | Sept. | Oct. | Nov. ^c | Dec. | Jan. ^p | Feb. ^q | |
| Index (1967 = 100) | | | | | | | | | | | | | | |
| MAJOR MARKET | | | | | | | | | | | | | | |
| 1 Total index..... | 100.00 | 137.0 | 133.0 | 132.3 | 133.2 | 138.7 | 138.1 | 138.5 | 138.9 | 139.3 | 139.6 | 138.5 | 139.2 | |
| 2 Products..... | 60.71 | 137.1 | 133.4 | 133.1 | 133.6 | 138.7 | 138.4 | 138.8 | 138.9 | 139.5 | 140.3 | 139.0 | 140.0 | |
| 3 Final products..... | 47.82 | 134.9 | 131.5 | 130.8 | 131.6 | 136.8 | 136.3 | 136.8 | 136.5 | 137.0 | 137.7 | 135.8 | 136.9 | |
| 4 Consumer goods..... | 27.68 | 143.4 | 141.3 | 139.9 | 140.5 | 145.4 | 144.7 | 144.9 | 144.9 | 145.2 | 145.8 | 142.5 | 144.0 | |
| 5 Equipment..... | 20.14 | 123.2 | 118.0 | 118.4 | 119.2 | 124.8 | 124.9 | 125.6 | 125.0 | 125.8 | 126.6 | 126.5 | 127.1 | |
| 6 Intermediate products..... | 12.89 | 145.1 | 140.5 | 142.2 | 141.6 | 146.3 | 146.1 | 146.5 | 147.8 | 148.4 | 150.0 | 150.9 | 151.7 | |
| 7 Materials..... | 39.29 | 136.9 | 132.0 | 131.1 | 132.7 | 138.9 | 137.6 | 137.9 | 138.9 | 139.0 | 138.6 | 137.7 | 137.8 | |
| Consumer goods | | | | | | | | | | | | | | |
| 8 Durable consumer goods..... | 7.89 | 153.2 | 150.5 | 145.4 | 146.1 | 158.0 | 154.7 | 155.6 | 156.8 | 155.2 | 156.4 | 147.0 | 150.9 | |
| 9 Automotive products..... | 2.83 | 174.3 | 178.8 | 164.2 | 161.7 | 184.8 | 177.2 | 177.0 | 179.4 | 173.6 | 173.9 | 157.2 | 162.8 | |
| 10 Autos and utility vehicles..... | 2.03 | 169.3 | 176.9 | 155.8 | 152.7 | 184.1 | 173.1 | 172.6 | 176.1 | 167.6 | 167.3 | 145.5 | 153.0 | |
| 11 Autos..... | 1.90 | 148.4 | 156.3 | 136.9 | 132.8 | 161.4 | 150.9 | 151.6 | 154.3 | 147.5 | 143.6 | 127.4 | 131.5 | |
| 12 Auto parts and allied goods..... | .80 | 186.8 | 183.4 | 185.6 | 184.3 | 186.6 | 187.3 | 188.1 | 187.6 | 188.7 | 190.8 | 187.3 | 187.7 | |
| 13 Home goods..... | 5.06 | 141.3 | 134.5 | 134.8 | 137.3 | 142.9 | 142.1 | 143.6 | 144.2 | 145.0 | 146.5 | 141.2 | 144.3 | |
| 14 Appliances, A/C, and TV..... | 1.40 | 127.3 | 110.3 | 113.4 | 118.5 | 130.1 | 129.6 | 129.4 | 128.6 | 131.4 | 132.9 | 119.6 | 128.1 | |
| 15 Appliances and TV..... | 1.33 | 130.5 | 112.3 | 116.0 | 121.1 | 134.4 | 133.0 | 134.1 | 131.6 | 133.0 | 134.6 | 121.0 | ..... |  |
| 16 Carpeting and furniture..... | 1.07 | 152.2 | 144.7 | 143.7 | 146.0 | 154.1 | 154.8 | 159.0 | 160.5 | 160.0 | 161.5 | 158.2 | ..... |  |
| 17 Misc. home goods..... | 2.59 | 144.3 | 143.6 | 142.7 | 144.0 | 145.1 | 143.6 | 144.9 | 145.8 | 146.3 | 147.7 | 145.9 | 146.7 | |
| 18 Nondurable consumer goods..... | 19.79 | 139.6 | 137.6 | 137.7 | 138.3 | 140.3 | 140.6 | 140.7 | 140.1 | 141.2 | 141.6 | 140.6 | 141.3 | |
| 19 Clothing..... | 4.29 | 125.2 | 124.1 | 123.7 | 123.6 | 124.1 | 126.4 | 128.3 | 128.0 | 126.4 | 126.9 | ..... | ..... |  |
| 20 Consumer staples..... | 15.50 | 143.6 | 141.3 | 141.7 | 142.2 | 144.8 | 144.6 | 144.1 | 143.5 | 145.3 | 145.8 | 145.7 | 146.2 | |
| 21 Consumer foods and tobacco..... | 8.33 | 135.5 | 131.8 | 131.5 | 133.3 | 137.1 | 137.9 | 137.1 | 135.2 | 136.7 | 137.6 | 136.7 | ..... |  |
| 22 Nonfood staples..... | 7.17 | 152.9 | 152.3 | 153.4 | 152.6 | 153.8 | 152.4 | 152.4 | 153.4 | 155.1 | 155.3 | 156.3 | 156.7 | |
| 23 Consumer chemical products..... | 2.63 | 180.5 | 177.5 | 178.5 | 175.7 | 179.4 | 181.8 | 182.5 | 183.7 | 186.9 | 186.5 | 187.5 | ..... |  |
| 24 Consumer paper products..... | 1.92 | 117.1 | 116.6 | 116.0 | 113.3 | 117.4 | 117.0 | 116.4 | 117.6 | 118.5 | 119.8 | 121.2 | ..... |  |
| 25 Consumer energy products..... | 2.62 | 151.5 | 153.1 | 155.8 | 158.3 | 154.9 | 148.9 | 148.6 | 149.1 | 149.9 | 150.3 | 151.0 | ..... |  |
| 26 Residential utilities..... | 1.45 | ..... | 162.1 | 166.7 | 167.1 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |  |
| Equipment | | | | | | | | | | | | | | |
| 27 Business equipment..... | 12.63 | 149.2 | 142.3 | 142.3 | 143.5 | 151.2 | 151.1 | 152.1 | 152.6 | 153.5 | 154.1 | 153.4 | 154.8 | |
| 28 Industrial equipment..... | 6.77 | 138.5 | 132.3 | 131.3 | 133.2 | 140.7 | 140.4 | 141.4 | 141.8 | 142.6 | 143.3 | 144.4 | 145.3 | |
| 29 Building and mining equipment..... | 1.44 | 202.5 | 183.7 | 187.4 | 192.9 | 210.6 | 203.9 | 204.5 | 205.7 | 206.7 | 208.3 | 211.3 | 212.0 | |
| 30 Manufacturing equipment..... | 3.85 | 113.9 | 110.8 | 107.8 | 108.5 | 114.3 | 115.3 | 117.6 | 118.5 | 118.7 | 118.9 | 119.1 | 120.1 | |
| 31 Power equipment..... | 1.47 | 140.2 | 137.9 | 137.5 | 139.3 | 141.2 | 143.7 | 141.4 | 139.8 | 142.1 | 143.7 | 145.0 | 146.0 | |
| 32 Commercial transit, farm equipment..... | 5.86 | 161.5 | 154.1 | 155.0 | 155.3 | 163.3 | 163.4 | 164.4 | 165.1 | 165.9 | 166.5 | 163.8 | 165.8 | |
| 33 Commercial equipment..... | 3.26 | 191.6 | 184.3 | 185.2 | 185.6 | 191.7 | 193.0 | 193.7 | 195.4 | 197.4 | 198.8 | 199.1 | 199.5 | |
| 34 Transit equipment..... | 1.93 | 117.3 | 108.0 | 108.4 | 108.7 | 121.5 | 121.9 | 125.1 | 122.3 | 118.9 | 119.4 | 112.8 | 118.6 | |
| 35 Farm equipment..... | .67 | 142.3 | 140.3 | 142.5 | 142.5 | 144.6 | 139.2 | 134.9 | 142.1 | 147.8 | 144.5 | 139.0 | ..... |  |
| 36 Defense and space equipment..... | 7.51 | 79.6 | 77.2 | 78.0 | 78.5 | 80.4 | 80.8 | 80.9 | 78.9 | 79.3 | 80.3 | 81.4 | 80.7 | |
| Intermediate products | | | | | | | | | | | | | | |
| 37 Construction supplies..... | 6.42 | 140.7 | 135.5 | 136.2 | 135.6 | 141.2 | 141.7 | 143.2 | 144.9 | 146.5 | 148.3 | 149.0 | 150.1 | |
| 38 Business supplies..... | 6.47 | 149.4 | 145.3 | 148.0 | 147.6 | 151.3 | 150.6 | 149.7 | 150.5 | 150.1 | 151.9 | 152.7 | ..... |  |
| 39 Commercial energy products..... | 1.14 | 164.0 | 162.7 | 164.9 | 164.9 | 168.2 | 165.0 | 162.7 | 163.0 | 160.9 | 162.0 | 161.3 | ..... |  |
| Materials | | | | | | | | | | | | | | |
| 40 Durable goods materials..... | 20.35 | 134.5 | 128.7 | 127.4 | 128.4 | 136.8 | 135.4 | 135.7 | 137.1 | 137.2 | 138.9 | 138.0 | 138.5 | |
| 41 Durable consumer parts..... | 4.58 | 132.1 | 126.3 | 121.8 | 124.1 | 137.2 | 135.2 | 135.8 | 135.4 | 136.5 | 136.6 | 133.3 | 133.9 | |
| 42 Equipment parts..... | 5.44 | 143.1 | 138.8 | 135.1 | 137.3 | 145.0 | 145.6 | 146.8 | 147.6 | 147.2 | 149.2 | 148.9 | 150.1 | |
| 43 Durable materials n.e.c..... | 10.34 | 131.1 | 124.3 | 125.9 | 125.5 | 132.4 | 130.1 | 129.8 | 132.4 | 132.3 | 134.3 | 134.2 | 134.4 | |
| 44 Basic metal materials..... | 5.57 | 110.9 | 104.8 | 106.6 | 105.5 | 112.6 | 108.7 | 106.8 | 110.0 | 107.9 | 110.3 | 109.9 | ..... |  |
| 45 Nondurable goods materials..... | 10.47 | 153.4 | 145.8 | 144.8 | 150.4 | 154.1 | 155.1 | 153.9 | 154.4 | 155.4 | 154.6 | 153.1 | 154.6 | |
| 46 Textile, paper, and chem. mat..... | 7.62 | 158.2 | 150.3 | 149.3 | 153.9 | 158.9 | 159.6 | 159.0 | 160.0 | 159.3 | 158.4 | 158.6 | 159.7 | |
| 47 Textile materials..... | 1.85 | 113.1 | 113.7 | 111.0 | 109.8 | 110.1 | 112.2 | 114.5 | 118.5 | 117.8 | 118.2 | 114.6 | ..... |  |
| 48 Paper materials..... | 1.62 | 133.4 | 127.6 | 127.6 | 133.5 | 134.3 | 135.7 | 135.2 | 134.4 | 132.2 | 129.5 | 131.5 | ..... |  |
| 49 Chemical materials..... | 4.15 | 188.0 | 175.5 | 175.1 | 181.6 | 190.3 | 190.1 | 188.2 | 188.5 | 188.6 | 187.6 | 188.8 | ..... |  |
| 50 Containers, nondurable..... | 1.70 | 151.0 | 143.8 | 139.5 | 150.2 | 152.4 | 156.2 | 151.2 | 148.9 | 156.7 | 155.5 | 148.8 | ..... |  |
| 51 Nondurable materials n.e.c..... | 1.14 | 125.1 | 119.8 | 122.6 | 126.8 | 124.9 | 122.4 | 124.1 | 125.4 | 128.5 | 127.9 | 127.2 | ..... |  |
| 52 Energy materials..... | 8.48 | 122.3 | 123.4 | 123.3 | 120.8 | 125.2 | 121.4 | 123.5 | 124.0 | 123.0 | 118.1 | 117.9 | 115.8 | |
| 53 Primary energy..... | 4.65 | 107.3 | 107.0 | 102.9 | 103.1 | 108.9 | 106.8 | 110.0 | 112.2 | 111.6 | 102.9 | 101.5 | ..... |  |
| 54 Converted fuel materials..... | 3.82 | 140.6 | 143.4 | 148.1 | 142.4 | 145.1 | 139.1 | 140.0 | 138.4 | 136.9 | 136.6 | 137.9 | ..... |  |
| Supplementary groups | | | | | | | | | | | | | | |
| 55 Home goods and clothing..... | 9.35 | 133.9 | 129.7 | 129.7 | 131.0 | 134.3 | 134.9 | 136.5 | 136.8 | 136.5 | 137.4 | 132.4 | 134.8 | |
| 56 Energy, total..... | 12.23 | 132.4 | 133.3 | 134.1 | 132.9 | 135.6 | 131.4 | 132.5 | 133.0 | 133.3 | 129.1 | 129.0 | 127.5 | |
| 57 Products..... | 3.76 | 155.3 | 156.0 | 158.5 | 160.3 | 158.9 | 153.7 | 153.0 | 153.3 | 153.2 | 153.9 | 154.2 | ..... |  |
| 58 Materials..... | 8.48 | 122.3 | 123.4 | 123.3 | 120.8 | 125.2 | 121.4 | 123.5 | 124.0 | 123.0 | 118.1 | 117.9 | 115.8 | |

For NOTE see opposite page.

2.13 Continued

| Grouping | SIC code | 1967 proportion | 1977 ^a average | 1976 | | 1977 | | | | | | | | 1978 | | | |
|--|----------|-----------------|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------------------|-------|-------------------|-------------------|--|--|--|
| | | | | Dec. | Jan. | Feb. | July | Aug. | Sept. | Oct. | Nov. ^r | Dec. | Jan. ^p | Feb. ^e | | | |
| | | | | | | | | | | | | | | | | | |
| Index (1967 = 100) | | | | | | | | | | | | | | | | | |
| MAJOR INDUSTRY | | | | | | | | | | | | | | | | | |
| 1 Mining and utilities..... | | 12.05 | 136.1 | 135.4 | 137.0 | 137.1 | 139.4 | 134.4 | 135.1 | 135.8 | 135.5 | 133.3 | 134.1 | 134.5 | | | |
| 2 Mining..... | | 6.36 | 117.8 | 115.4 | 112.8 | 116.3 | 119.8 | 115.4 | 118.0 | 119.6 | 118.8 | 113.3 | 113.3 | 114.1 | | | |
| 3 Utilities..... | | 5.69 | 156.4 | 157.9 | 163.8 | 160.3 | 161.4 | 155.7 | 154.1 | 154.0 | 154.2 | 155.7 | 157.1 | 157.3 | | | |
| 4 Electric..... | | 3.88 | 175.4 | 176.1 | 183.6 | 179.1 | | | | | | | | | | | |
| 5 Manufacturing..... | | 87.95 | 137.1 | 132.5 | 131.6 | 132.6 | 138.5 | 138.6 | 139.0 | 139.4 | 139.9 | 140.5 | 138.9 | 139.7 | | | |
| 6 Nondurable..... | | 35.97 | 148.1 | 143.3 | 143.4 | 145.3 | 148.6 | 149.4 | 149.5 | 149.6 | 150.1 | 150.5 | 149.7 | 150.1 | | | |
| 7 Durable..... | | 51.98 | 129.5 | 125.0 | 123.4 | 124.0 | 131.6 | 131.3 | 131.7 | 132.4 | 132.7 | 133.6 | 131.5 | 132.4 | | | |
| Mining | | | | | | | | | | | | | | | | | |
| 8 Metal mining..... | 10 | .51 | 105.4 | 126.8 | 130.6 | 128.5 | 101.9 | 70.0 | 71.4 | 80.0 | 84.8 | 104.3 | 121.2 | ..... |  |  |  |
| 9 Coal..... | 11,12 | .69 | 118.0 | 120.6 | 95.3 | 100.8 | 120.7 | 113.6 | 133.0 | 141.4 | 140.6 | 74.6 | 54.8 | 56.5 | | | |
| 10 Oil and gas extraction..... | 13 | 4.40 | 118.0 | 112.8 | 112.0 | 115.8 | 120.6 | 119.3 | 119.6 | 119.4 | 117.8 | 118.3 | 119.0 | 119.8 | | | |
| 11 Stone and earth minerals..... | 14 | .75 | 124.9 | 118.0 | 121.6 | 124.9 | 126.7 | 125.0 | 126.7 | 128.1 | 127.2 | 126.5 | 127.7 | ..... |  |  |  |
| Nondurable manufactures | | | | | | | | | | | | | | | | | |
| 12 Foods..... | 20 | 8.75 | 137.9 | 132.9 | 134.2 | 136.4 | 138.3 | 139.3 | 138.3 | 137.3 | 139.4 | 140.0 | 139.3 | ..... |  |  |  |
| 13 Tobacco products..... | 21 | .67 | 114.0 | 119.2 | 114.8 | 116.8 | 114.5 | 117.0 | 113.5 | 113.8 | 117.5 | 118.6 | ..... | ..... |  |  |  |
| 14 Textile mill products..... | 22 | 2.68 | 137.1 | 133.7 | 132.2 | 132.3 | 137.2 | 136.6 | 140.7 | 142.4 | 141.6 | 144.2 | 138.0 | ..... |  |  |  |
| 15 Apparel products..... | 23 | 3.31 | 124.2 | 124.9 | 123.0 | 124.4 | 121.1 | 124.1 | 127.7 | 129.0 | 125.1 | 125.7 | ..... | ..... |  |  |  |
| 16 Paper and products..... | 26 | 3.21 | 137.3 | 131.4 | 130.6 | 136.5 | 139.2 | 140.3 | 139.1 | 137.9 | 137.8 | 138.9 | 138.0 | 138.4 | | | |
| 17 Printing and publishing..... | 27 | 4.72 | 124.7 | 123.0 | 124.7 | 122.4 | 124.9 | 125.0 | 124.2 | 125.7 | 126.2 | 127.5 | 129.0 | 129.5 | | | |
| 18 Chemicals and products..... | 28 | 7.74 | 180.6 | 173.1 | 172.2 | 174.9 | 182.6 | 182.6 | 181.3 | 182.3 | 183.1 | 181.9 | 182.9 | ..... |  |  |  |
| 19 Petroleum products..... | 29 | 1.79 | 141.0 | 138.9 | 139.7 | 145.2 | 140.4 | 139.9 | 141.9 | 141.4 | 140.5 | 139.3 | 139.7 | 138.8 | | | |
| 20 Rubber & plastic products..... | 30 | 2.24 | 232.2 | 216.9 | 218.9 | 220.3 | 235.2 | 237.4 | 239.5 | 236.3 | 238.5 | 240.9 | 240.0 | ..... |  |  |  |
| 21 Leather and products..... | 31 | .86 | 75.2 | 74.2 | 74.8 | 75.0 | 74.1 | 74.5 | 74.0 | 77.0 | 78.1 | 75.8 | 75.2 | ..... |  |  |  |
| Durable manufactures | | | | | | | | | | | | | | | | | |
| 22 Ordnance, pvt. & govt..... | 19,91 | 3.64 | 74.1 | 71.3 | 72.6 | 72.6 | 75.0 | 75.5 | 75.1 | 74.4 | 74.1 | 75.2 | 74.4 | 72.8 | | | |
| 23 Lumber and products..... | 24 | 1.64 | 133.4 | 128.1 | 132.7 | 132.2 | 132.9 | 131.8 | 137.1 | 135.7 | 137.5 | 138.1 | 137.1 | ..... |  |  |  |
| 24 Furniture and fixtures..... | 25 | 1.37 | 140.9 | 135.7 | 135.1 | 137.1 | 143.0 | 142.9 | 145.6 | 146.6 | 146.0 | 146.6 | 145.6 | ..... |  |  |  |
| 25 Clay, glass, stone products..... | 32 | 2.74 | 146.1 | 142.8 | 137.1 | 139.0 | 148.0 | 148.8 | 145.5 | 148.0 | 152.8 | 152.8 | 151.1 | ..... |  |  |  |
| 26 Primary metals..... | 33 | 6.57 | 110.2 | 101.5 | 100.8 | 100.2 | 114.4 | 112.5 | 109.0 | 113.5 | 111.2 | 111.0 | 107.4 | 107.0 | | | |
| 27 Iron and steel..... | 331,2 | 4.21 | 103.4 | 93.4 | 89.7 | 91.3 | 110.9 | 110.6 | 104.6 | 107.7 | 104.3 | 103.8 | 100.3 | ..... |  |  |  |
| 28 Fabricated metal products..... | 34 | 5.93 | 130.9 | 128.1 | 125.7 | 125.8 | 132.0 | 134.0 | 133.6 | 133.8 | 135.8 | 136.4 | 136.8 | 137.4 | | | |
| 29 Nonelectrical machinery..... | 35 | 9.15 | 144.8 | 141.5 | 139.9 | 139.8 | 145.7 | 145.2 | 147.4 | 148.9 | 149.7 | 151.7 | 150.7 | 151.5 | | | |
| 30 Electrical machinery..... | 36 | 8.05 | 141.9 | 135.1 | 134.0 | 137.6 | 143.6 | 143.9 | 144.6 | 144.2 | 146.0 | 147.3 | 145.8 | 147.7 | | | |
| 31 Transportation equipment..... | 37 | 9.27 | 121.1 | 117.4 | 113.5 | 120.5 | 125.6 | 124.3 | 125.5 | 124.3 | 122.0 | 122.2 | 116.8 | 119.0 | | | |
| 32 Motor vehicles & parts..... | 371 | 4.50 | 159.6 | 155.0 | 145.5 | 161.2 | 166.2 | 164.4 | 165.6 | 168.4 | 163.0 | 161.7 | 147.2 | 153.8 | | | |
| 33 Aerospace & misc. tr. eq..... | 372-9 | 4.77 | 84.7 | 81.9 | 83.4 | 82.3 | 87.3 | 86.5 | 87.7 | 82.8 | 83.3 | 84.9 | 88.1 | 86.2 | | | |
| 34 Instruments..... | 38 | 2.11 | 159.1 | 155.8 | 153.7 | 157.0 | 159.0 | 158.3 | 160.3 | 162.2 | 163.1 | 164.7 | 162.9 | 164.5 | | | |
| 35 Miscellaneous mfrs..... | 39 | 1.51 | 149.1 | 146.8 | 147.8 | 147.9 | 150.4 | 147.5 | 150.7 | 151.0 | 151.8 | 152.5 | 152.7 | 153.2 | | | |
| MAJOR MARKET | | | | | | | | | | | | | | | | | |
| Gross value (billions of 1972 dollars, annual rates) | | | | | | | | | | | | | | | | | |
| 36 Products, total..... | | 1507.4 | 583.9 | 571.2 | 564.8 | 569.4 | 590.5 | 590.2 | 590.1 | 591.3 | 591.3 | 594.2 | 584.4 | 592.9 | | | |
| 37 Final products..... | | 1390.9 | 452.1 | 443.8 | 436.7 | 441.1 | 457.8 | 456.9 | 456.8 | 457.8 | 457.3 | 458.6 | 448.4 | 454.8 | | | |
| 38 Consumer goods..... | | 1277.5 | 317.5 | 315.1 | 308.8 | 312.2 | 321.5 | 320.0 | 319.1 | 319.5 | 320.0 | 320.5 | 312.3 | 316.9 | | | |
| 39 Equipment..... | | 1113.4 | 134.6 | 128.4 | 127.9 | 128.9 | 136.2 | 137.0 | 137.6 | 138.1 | 137.3 | 138.4 | 135.9 | 137.9 | | | |
| 40 Intermediate products..... | | 1116.6 | 131.8 | 127.1 | 128.2 | 128.4 | 132.8 | 133.1 | 133.5 | 133.8 | 134.1 | 135.6 | 136.2 | 137.9 | | | |

¹ 1972 dollars.

NOTE.—Published groupings include some series and subtotals not shown separately. For summary description and historical data, see June 1976 BULLETIN, pp. 470-79. Availability of detailed descriptive and historical data will be announced in a forthcoming BULLETIN.

The industrial production indexes have been revised back to January 1976, on the basis of more complete information now available. A complete set of the revised 1976 series is attached to the September G.12.3 release which may be obtained from the Publications Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

2.14 HOUSING AND CONSTRUCTION

Monthly figures are at seasonally adjusted annual rates. Exceptions noted.

| Item | 1975 | 1976 | 1977 | 1977 | | | | | | 1978 |
|--|---------|---------|---------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| | | | | July | Aug. | Sept. | Oct. ^r | Nov. ^r | Dec. | Jan. ^p |
| Private residential real estate activity (thousands of units) | | | | | | | | | | |
| NEW UNITS | | | | | | | | | | |
| 1 Permits authorized..... | 927 | 1,296 | 18,133 | 1,639 | 1,772 | 1,695 | 1,850 | 1,893 | ^r 1,811 | 1,533 |
| 2 1-family..... | 669 | 894 | 12,265 | 1,089 | 1,156 | 1,135 | 1,216 | 1,257 | 1,210 | 1,021 |
| 3 2-or-more-family..... | 278 | 402 | 5,861 | 550 | 616 | 560 | 634 | 636 | ^r 601 | 521 |
| 4 Started..... | 1,160 | 1,540 | 1,986 | ^r 2,072 | ^r 2,038 | ^r 2,012 | 2,139 | 2,096 | ^r 2,194 | 1,549 |
| 5 1-family..... | 892 | 1,163 | 1,451 | ^r 1,453 | ^r 1,454 | ^r 1,508 | 1,532 | 1,544 | ^r 1,568 | 1,139 |
| 6 2-or-more-family..... | 268 | 377 | 535 | ^r 619 | ^r 584 | ^r 504 | 607 | 552 | ^r 626 | 410 |
| 7 Under construction, end of period ¹ | 1,003 | 1,147 | 1,442 | 1,344 | 1,359 | ^r 1,367 | 1,415 | 1,444 | 1,494 | ..... |
| 8 1-family..... | 531 | 655 | 829 | 793 | 799 | ^r 797 | 822 | 844 | 872 | ..... |
| 9 2-or-more-family..... | 472 | 492 | 613 | 551 | 559 | 570 | 592 | 601 | 621 | ..... |
| 10 Completed..... | 1,297 | 1,362 | 1,652 | 1,671 | 1,699 | ^r 1,901 | 1,627 | 1,780 | 1,604 | ..... |
| 11 1-family..... | 866 | 1,026 | 1,254 | 1,267 | 1,282 | ^r 1,489 | 1,217 | 1,272 | 1,257 | ..... |
| 12 2-or-more-family..... | 430 | 336 | 398 | 404 | 417 | ^r 412 | 410 | 508 | 347 | ..... |
| 13 Mobile homes shipped..... | 213 | 250 | 613 | 251 | 270 | 300 | 319 | 318 | 324 | 312 |
| Merchant builder activity in 1-family units: | | | | | | | | | | |
| 14 Number sold..... | 544 | 639 | 819 | ^r 722 | ^r 881 | ^r 845 | 870 | 818 | ^r 847 | 762 |
| 15 Number for sale, end of period ¹ | 383 | 433 | 407 | ^r 375 | ^r 389 | ^r 389 | 398 | 402 | ^r 405 | 407 |
| Price (thous. of dollars) ² | | | | | | | | | | |
| Median: | | | | | | | | | | |
| 16 Units sold..... | 39.3 | 44.2 | 48.9 | 48.6 | 49.0 | 48.5 | 51.4 | 51.6 | ^r 52.8 | 51.7 |
| 17 Units for sale..... | 38.9 | 41.6 | 48.2 | 44.8 | 45.1 | 45.9 | 46.7 | 47.7 | 48.2 | ..... |
| Average: | | | | | | | | | | |
| 18 Units sold..... | 42.5 | 48.1 | 54.4 | 53.6 | 54.3 | 53.9 | 57.2 | 57.8 | ^r 57.6 | 58.9 |
| EXISTING UNITS (1-family) | | | | | | | | | | |
| 19 Number sold..... | 2,452 | 3,002 | 3,572 | 3,510 | 3,720 | 3,880 | 3,930 | 4,160 | 4,140 | 3,780 |
| Price of units sold (thous. of dollars): ² | | | | | | | | | | |
| 20 Median..... | 35.3 | 38.1 | 42.9 | 43.7 | 43.9 | 43.8 | 44.0 | 44.5 | 44.2 | 45.5 |
| 21 Average..... | 39.0 | 42.2 | 47.9 | 48.0 | 48.1 | 47.9 | 48.2 | 48.5 | 48.3 | 50.3 |
| Value of new construction ³ (millions of dollars) | | | | | | | | | | |
| CONSTRUCTION | | | | | | | | | | |
| 22 Total put in place..... | 134,293 | 147,481 | 170,685 | 173,035 | 172,001 | 175,929 | 177,802 | 177,784 | 180,189 | 173,218 |
| 23 Private..... | 93,624 | 109,499 | 133,652 | 133,795 | 133,774 | 136,676 | 140,103 | 142,143 | 143,907 | 139,486 |
| 24 Residential..... | 46,472 | 60,519 | 81,067 | 80,825 | 80,718 | 82,365 | 85,697 | 87,661 | 90,011 | 84,334 |
| 25 Nonresidential, total..... | 47,152 | 48,980 | 52,585 | 52,970 | 53,056 | 54,311 | 54,406 | 54,482 | 53,896 | 55,152 |
| Buildings: | | | | | | | | | | |
| 26 Industrial..... | 8,017 | 7,182 | 7,182 | 7,210 | 7,646 | 7,484 | 7,579 | 7,716 | 7,132 | 7,142 |
| 27 Commercial..... | 12,804 | 12,757 | 14,604 | 15,533 | 15,257 | 16,054 | 15,846 | 15,404 | 14,627 | 14,581 |
| 28 Other..... | 5,585 | 6,155 | 6,226 | 6,474 | 6,294 | 6,370 | 6,337 | 6,437 | 6,200 | 6,158 |
| 29 Public utilities and other..... | 20,746 | 22,886 | 24,573 | 23,753 | 23,859 | 24,404 | 24,644 | 24,925 | 25,937 | 27,271 |
| 30 Public..... | 40,669 | 37,982 | 37,033 | 39,240 | 38,228 | 39,253 | 37,699 | 35,641 | 36,282 | 33,732 |
| 31 Military..... | 1,392 | 1,508 | 1,478 | 1,538 | 1,460 | 1,493 | 1,381 | 1,286 | 1,387 | 1,410 |
| 32 Highway..... | 10,861 | 9,756 | 9,170 | 9,539 | 9,449 | 9,051 | 9,507 | 8,281 | 7,791 | ..... |
| 33 Conservation and development..... | 3,256 | 3,722 | 3,765 | 4,252 | 4,120 | 4,878 | 3,141 | 3,464 | 3,878 | ..... |
| 34 Other ⁴ | 25,160 | 22,996 | 22,620 | 23,911 | 23,199 | 23,831 | 23,670 | 22,610 | 23,226 | ..... |

¹ Not at annual rates.² Not seasonally adjusted.³ Value of new construction data in recent periods may not be strictly comparable with data in prior periods due to changes by the Bureau of the Census in its estimating techniques. For a description of these changes see *Construction Reports (C-30-76-5)*, issued by the Bureau in July 1976.⁴ Beginning Jan. 1977 Highway imputations are included in Other.

NOTE.—Census Bureau estimates for all series except (a) mobile homes, which are private, domestic shipments as reported by the Manufactured Housing Institute and seasonally adjusted by the Census Bureau, and (b) sales and prices of existing units, which are published by the National Association of Realtors. All back and current figures are available from originating agency. Permit authorizations are for 14,000 jurisdictions reporting to the Census Bureau.

2.15 CONSUMER AND WHOLESALE PRICES

Percentage changes based on seasonally adjusted data, except as noted.

| Item | 12 months to— | | 3 months (at annual rate) to— | | | | 1 month to— | | | | | Index level Jan. 1978 (1967 = 100) ¹ |
|--|---------------|--------------|-------------------------------|-------|-------|------|-------------------|------|------|------|---------------------------|---|
| | 1977 Jan. | 1978 Jan. | 1977 ^r | | | | 1977 ^r | | | | 1978 Jan. ² | |
| | | | Mar. | June | Sept. | Dec. | Sept. | Oct. | Nov. | Dec. | | |
| | | | | | | | | | | | | |
| Consumer prices ² | | | | | | | | | | | | |
| 1 All items..... | 5.2 | 6.8 | 7.1 | 8.9 | 6.1 | 4.7 | .4 | .3 | .4 | .4 | .8 | 187.2 |
| 2 Commodities..... | 3.9 | 6.2 | 7.1 | 8.6 | 4.6 | 3.7 | .3 | .3 | .5 | .5 | .9 | 179.2 |
| 3 Food..... | 1.4 | 8.6 | 7.7 | 13.4 | 6.6 | 3.0 | .2 | .2 | .5 | .4 | 1.3 | 199.2 |
| 4 Commodities less food..... | 5.4 | 5.0 | 6.5 | 5.8 | 3.5 | 4.0 | .3 | .4 | .5 | .5 | .7 | 168.6 |
| 5 Durable..... | 6.6 | 4.8 | 7.3 | 6.3 | 2.5 | 3.3 | .2 | .3 | .4 | .5 | 1.0 | 166.6 |
| 6 Nondurable..... | 4.7 | 4.8 | 6.0 | 5.8 | 4.1 | 4.3 | .4 | .5 | .5 | .3 | .4 | 169.7 |
| 7 Services..... | 7.1 | 7.8 | 7.4 | 9.6 | 8.5 | 6.3 | .6 | .4 | .4 | .4 | .6 | 202.0 |
| 8 Rent..... | 5.9 | 6.2 | 6.1 | 6.6 | 6.5 | 6.5 | .6 | .5 | .6 | .5 | .6 | 158.8 |
| 9 Services less rent..... | 7.3 | 8.0 | 7.5 | 9.9 | 8.9 | 6.3 | .6 | .3 | .4 | .4 | .6 | 209.8 |
| Other groupings: | | | | | | | | | | | | |
| 10 All items less food..... | 6.3 | 6.3 | 7.0 | 7.6 | 6.0 | 5.1 | .4 | .3 | .4 | .4 | .8 | 183.8 |
| 11 All items less food and energy..... | 6.2 | 6.4 | 6.4 | 7.7 | 6.0 | 5.2 | .5 | .3 | .4 | .5 | .9 | 181.4 |
| 12 Homeownership..... | 4.2 | 9.3 | 5.8 | 10.9 | 9.4 | 7.8 | .6 | .3 | .7 | .7 | 1.0 | 215.0 |
| Wholesale prices | | | | | | | | | | | | |
| 13 All commodities..... | 4.8 | 6.3 | 11.1 | 4.0 | 1.9 | 6.9 | .3 | .6 | .7 | .4 | .9 | 199.1 |
| 14 Farm products, and processed foods and feeds..... | .1 | 4.0 | 19.3 | -3.1 | -15.0 | 14.7 | -.5 | .9 | 2.3 | .3 | 1.1 | 192.1 |
| 15 Farm products..... | .4 | -.7 | 26.5 | -20.3 | -21.3 | 17.9 | -.4 | 1.3 | 3.1 | -.3 | 1.7 | 192.2 |
| 16 Processed foods and feeds..... | -.1 | 6.7 | 15.6 | 8.2 | -11.3 | 13.0 | -.6 | .7 | 1.8 | .6 | .8 | 191.3 |
| 17 Industrial commodities..... | 6.2 | 7.0 | 8.8 | 6.4 | 7.0 | 4.7 | .5 | .5 | .3 | .5 | .7 | 201.5 |
| Materials, supplies, and components of which: | | | | | | | | | | | | |
| 18 Crude nonfood materials ³ | 12.1 | 10.1 | 25.6 | -8.1 | -5.6 | 18.8 | -.2 | .7 | 1.9 | 1.8 | 1.4 | 267.5 |
| 19 Intermediate materials ⁴ | 6.3 | 6.6 | 8.9 | 5.5 | 7.3 | 3.8 | .5 | .3 | .2 | .4 | .9 | 208.2 |
| Finished goods, excluding foods: | | | | | | | | | | | | |
| 20 Consumer..... | 5.2 | 5.9 | 9.0 | 7.8 | 4.2 | 4.2 | .7 | .3 | .3 | .3 | .5 | 177.2 |
| 21 Durable..... | 4.2 | 6.2 | 7.0 | 6.9 | 5.4 | 5.6 | .2 | .6 | .3 | .4 | .7 | 158.2 |
| 22 Nondurable..... | 5.8 | 5.7 | 10.5 | 7.7 | 3.3 | 4.1 | .8 | .2 | .4 | .4 | .4 | 189.8 |
| 23 Producer..... | 6.0 | 7.3 | 5.0 | 6.8 | 6.0 | 10.5 | .5 | 1.3 | .5 | .6 | .5 | 192.8 |
| MEMO: | | | | | | | | | | | | |
| 24 Consumer foods..... | -1.2 | 7.3 | 17.9 | 4.3 | -2.9 | 8.1 | -.3 | .3 | 1.2 | .5 | 1.1 | 194.8 |

¹ Not seasonally adjusted.² Beginning January 1978 figures for consumer prices are those for all urban consumers.³ Excludes crude foodstuffs and feedstuffs.⁴ Excludes intermediate materials for food manufacturing and manufactured animal feeds.

SOURCE.—Bureau of Labor Statistics.

2.16 GROSS NATIONAL PRODUCT AND INCOME

Billions of current dollars except as noted; quarterly data are at seasonally adjusted annual rates.

| Account | 1975 | 1976 | 1977 | 1976 | | 1977 | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Gross national product | | | | | | | | | |
| 1 Total..... | 1,528.8 | 1,706.5 | 1,890.1 | 1,727.3 | 1,755.4 | 1,810.8 | 1,869.9 | 1,915.9 | 1,963.7 |
| By source: | | | | | | | | | |
| 2 Personal consumption expenditures..... | 980.4 | 1,094.0 | 1,211.4 | 1,102.2 | 1,139.0 | 1,172.4 | 1,194.0 | 1,218.9 | 1,260.2 |
| 3 Durable goods..... | 132.9 | 158.9 | 179.9 | 159.3 | 166.3 | 177.0 | 178.6 | 177.6 | 186.3 |
| 4 Nondurable goods..... | 409.3 | 442.7 | 480.7 | 444.7 | 458.8 | 466.6 | 474.4 | 481.8 | 500.0 |
| 5 Services..... | 438.2 | 492.3 | 550.8 | 498.2 | 513.9 | 528.8 | 541.1 | 559.5 | 573.9 |
| 6 Gross private domestic investment..... | 189.1 | 243.3 | 293.9 | 254.3 | 243.4 | 271.8 | 294.9 | 303.6 | 305.2 |
| 7 Fixed investment..... | 200.6 | 230.0 | 276.4 | 232.8 | 244.3 | 258.0 | 273.2 | 280.0 | 294.5 |
| 8 Nonresidential..... | 149.1 | 161.9 | 185.5 | 164.9 | 167.6 | 177.0 | 182.4 | 187.5 | 194.9 |
| 9 Structures..... | 52.9 | 55.8 | 61.6 | 56.0 | 57.0 | 57.9 | 61.0 | 62.6 | 64.8 |
| 10 Producers' durable equipment..... | 96.3 | 106.1 | 123.9 | 109.0 | 110.6 | 119.2 | 121.4 | 124.9 | 130.1 |
| 11 Residential structures..... | 51.5 | 68.0 | 91.0 | 67.8 | 76.7 | 81.0 | 90.8 | 92.5 | 99.6 |
| 12 Nonfarm..... | 49.5 | 65.7 | 88.4 | 65.7 | 74.3 | 78.5 | 88.2 | 89.9 | 97.0 |
| 13 Change in business inventories..... | -11.5 | 13.3 | 17.4 | 21.5 | -9 | 13.8 | 21.7 | 23.6 | 10.7 |
| 14 Nonfarm..... | -15.1 | 14.9 | 16.4 | 22.0 | 1.4 | 14.1 | 22.4 | 23.1 | 6.2 |
| 15 Net exports of goods and services..... | 2.0 | 7.8 | -10.1 | 7.9 | 3.0 | -8.2 | -9.7 | -7.5 | -15.1 |
| 16 Exports..... | 147.3 | 162.9 | 175.5 | 168.4 | 168.5 | 170.4 | 178.1 | 179.9 | 173.6 |
| 17 Imports..... | 126.9 | 155.1 | 185.6 | 160.6 | 165.6 | 178.6 | 187.7 | 187.4 | 188.7 |
| 18 Govt. purchases of goods and services..... | 338.9 | 361.4 | 394.9 | 363.0 | 370.0 | 374.9 | 390.6 | 400.9 | 413.4 |
| 19 Federal..... | 123.3 | 130.1 | 145.5 | 130.2 | 134.2 | 136.3 | 143.6 | 148.1 | 153.8 |
| 20 State and local..... | 215.6 | 231.2 | 249.5 | 232.7 | 235.8 | 238.5 | 247.0 | 252.9 | 259.6 |
| By major type of product: | | | | | | | | | |
| 21 Final sales, total..... | 1,540.3 | 1,693.1 | 1,872.6 | 1,705.8 | 1,756.3 | 1,797.0 | 1,848.2 | 1,892.2 | 1,953.0 |
| 22 Goods..... | 686.2 | 764.2 | 834.4 | 746.0 | 774.7 | 805.9 | 827.1 | 843.5 | 861.1 |
| 23 Durable goods..... | 258.2 | 303.4 | 341.4 | 313.4 | 312.6 | 334.4 | 341.0 | 342.3 | 347.9 |
| 24 Nondurable..... | 428.0 | 460.9 | 493.0 | 464.1 | 460.6 | 471.5 | 486.1 | 501.2 | 513.2 |
| 25 Services..... | 699.2 | 782.0 | 868.3 | 791.8 | 813.8 | 833.7 | 855.3 | 881.6 | 902.4 |
| 26 Structures..... | 143.5 | 160.2 | 187.4 | 159.6 | 166.9 | 171.2 | 187.5 | 190.7 | 200.2 |
| 27 Change in business inventories..... | -11.5 | 13.3 | 17.4 | 21.5 | -9 | 13.8 | 21.7 | 23.6 | 10.7 |
| 28 Durable goods..... | -9.2 | 4.1 | 8.7 | 10.7 | .6 | 7.8 | 11.5 | 10.3 | 5.0 |
| 29 Nondurable goods..... | -2.2 | 9.3 | 8.8 | 12.4 | -3.1 | 6.0 | 10.2 | 13.4 | 5.7 |
| 30 MEMO: Total GNP in 1972 dollars..... | 1,202.1 | 1,274.7 | 1,337.5 | 1,283.7 | 1,287.4 | 1,311.0 | 1,330.7 | 1,347.4 | 1,360.7 |
| National income | | | | | | | | | |
| 31 Total..... | 1,217.0 | 1,364.1 | 1,519.8 | 1,379.6 | 1,402.1 | 1,450.2 | 1,505.7 | 1,540.5 | ..... |
| 32 Compensation of employees..... | 930.3 | 1,036.3 | 1,156.2 | 1,046.5 | 1,074.2 | 1,109.9 | 1,144.7 | 1,167.4 | 1,202.8 |
| 33 Wages and salaries..... | 805.7 | 891.8 | 989.9 | 900.2 | 923.2 | 951.3 | 980.9 | 998.9 | 1,028.5 |
| 34 Government and Government enterprises..... | 175.4 | 187.2 | 199.9 | 188.2 | 192.5 | 194.8 | 197.2 | 200.6 | 206.9 |
| 35 Other..... | 630.3 | 704.6 | 790.0 | 712.0 | 730.7 | 756.4 | 783.6 | 798.3 | 821.6 |
| 36 Supplement to wages and salaries..... | 124.6 | 144.5 | 166.3 | 146.3 | 150.9 | 158.6 | 163.8 | 168.5 | 174.2 |
| 37 Employer contributions for social insurance..... | 59.8 | 68.6 | 77.7 | 69.1 | 70.9 | 75.4 | 77.1 | 78.2 | 80.2 |
| 38 Other labor income..... | 64.9 | 75.9 | 88.6 | 77.3 | 80.0 | 83.2 | 86.7 | 90.3 | 94.0 |
| 39 Proprietors' income ¹ | 86.0 | 88.0 | 98.1 | 86.2 | 88.7 | 95.1 | 97.0 | 95.5 | 105.0 |
| 40 Business and professional ¹ | 62.8 | 69.4 | 78.5 | 70.0 | 72.0 | 74.3 | 77.3 | 80.0 | 82.4 |
| 41 Farm ¹ | 23.2 | 18.6 | 19.7 | 16.2 | 16.6 | 20.7 | 19.7 | 15.5 | 22.7 |
| 42 Rental income of persons ² | 22.3 | 23.3 | 25.3 | 23.3 | 24.1 | 24.5 | 24.9 | 25.5 | 26.4 |
| 43 Corporate profits ¹ | 99.3 | 128.1 | 139.3 | 133.5 | 123.1 | 125.4 | 140.2 | 149.0 | ..... |
| 44 Profits before tax ³ | 123.5 | 156.9 | 171.2 | 159.9 | 154.8 | 161.7 | 174.0 | 172.8 | ..... |
| 45 Inventory valuation adjustment..... | -12.0 | -14.1 | -14.6 | -11.7 | -16.9 | -20.6 | -17.8 | -5.9 | -14.1 |
| 46 Capital consumption adjustment..... | -12.2 | -14.7 | -17.2 | -14.7 | -14.8 | -15.6 | -15.9 | -17.9 | -19.4 |
| 47 Net interest..... | 79.1 | 88.4 | 100.8 | 90.1 | 92.0 | 95.3 | 98.9 | 103.1 | 106.0 |

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 | 1976 | | 1977 | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Personal income and saving | | | | | | | | | |
| 1 Total personal income | 1,253.4 | 1,382.7 | 1,536.7 | 1,393.9 | 1,432.2 | 1,476.8 | 1,517.2 | 1,549.8 | 1,602.8 |
| 2 Wage and salary disbursements | 805.7 | 891.8 | 989.9 | 900.2 | 923.2 | 951.3 | 980.9 | 998.9 | 1,028.5 |
| 3 Commodity-producing industries | 275.0 | 308.4 | 346.4 | 310.8 | 317.7 | 328.9 | 345.4 | 351.0 | 360.1 |
| 4 Manufacturing | 211.0 | 238.2 | 267.3 | 240.2 | 245.1 | 255.4 | 265.9 | 270.0 | 277.9 |
| 5 Distributive industries | 195.4 | 217.1 | 242.9 | 220.2 | 226.4 | 234.5 | 240.5 | 244.4 | 251.7 |
| 6 Service industries | 159.9 | 179.0 | 200.8 | 180.9 | 186.7 | 193.0 | 197.7 | 202.8 | 207.8 |
| 7 Government and government enterprises | 175.4 | 187.2 | 199.9 | 188.2 | 192.5 | 194.8 | 197.2 | 200.6 | 206.9 |
| 8 Other labor income | 64.9 | 75.9 | 88.6 | 77.3 | 80.0 | 83.2 | 86.7 | 90.3 | 94.0 |
| 9 Proprietors' income ¹ | 86.0 | 88.0 | 98.1 | 86.2 | 88.7 | 95.1 | 97.0 | 95.5 | 105.0 |
| 10 Business and professional ¹ | 62.8 | 69.4 | 78.5 | 70.0 | 72.0 | 74.3 | 77.3 | 80.0 | 82.4 |
| 11 Farm ¹ | 23.2 | 18.6 | 19.7 | 16.2 | 16.6 | 20.7 | 19.7 | 15.5 | 22.7 |
| 12 Rental income of persons ² | 22.3 | 23.3 | 25.3 | 23.3 | 24.1 | 24.5 | 24.9 | 25.5 | 26.4 |
| 13 Dividends | 32.4 | 35.8 | 41.2 | 36.0 | 38.4 | 38.5 | 40.3 | 42.3 | 43.6 |
| 14 Personal interest income | 115.6 | 130.3 | 147.9 | 132.2 | 136.4 | 140.3 | 145.4 | 150.3 | 155.4 |
| 15 Transfer payments | 176.8 | 192.8 | 206.9 | 194.3 | 198.0 | 203.5 | 203.0 | 208.7 | 212.7 |
| 16 Old-age survivors, disability, and health insurance benefits | 81.4 | 92.9 | 105.0 | 95.8 | 98.4 | 99.9 | 101.8 | 108.5 | 110.0 |
| 17 LESS: Personal contributions for social insurance | 50.4 | 55.2 | 61.2 | 55.6 | 56.6 | 59.6 | 60.8 | 61.7 | 62.9 |
| 18 EQUALS: Personal income | 1,253.4 | 1,382.7 | 1,536.7 | 1,393.9 | 1,432.2 | 1,476.8 | 1,517.2 | 1,549.8 | 1,602.8 |
| 19 LESS: Personal tax and nontax payments | 169.0 | 196.9 | 227.5 | 200.6 | 209.5 | 224.4 | 224.8 | 226.1 | 234.6 |
| 20 EQUALS: Disposable personal income | 1,084.4 | 1,185.8 | 1,309.2 | 1,193.3 | 1,222.6 | 1,252.4 | 1,292.5 | 1,323.8 | 1,368.2 |
| 21 LESS: Personal outlays | 1,004.2 | 1,119.9 | 1,242.1 | 1,128.5 | 1,166.3 | 1,201.0 | 1,223.9 | 1,250.5 | 1,293.0 |
| 22 EQUALS: Personal saving | 80.2 | 65.9 | 67.1 | 64.8 | 56.3 | 51.4 | 68.5 | 73.3 | 75.2 |
| MEMO ITEMS: | | | | | | | | | |
| Per capita (1972 dollars): | | | | | | | | | |
| 23 Gross national product | 5,629 | 5,924 | 6,166 | 5,961 | 5,966 | 6,064 | 6,143 | 6,206 | 6,256 |
| 24 Personal consumption expenditures | 3,629 | 3,817 | 3,970 | 3,820 | 3,892 | 3,934 | 3,943 | 3,963 | 4,045 |
| 25 Disposable personal income | 4,014 | 4,137 | 4,292 | 4,135 | 4,177 | 4,202 | 4,268 | 4,305 | 4,391 |
| 26 Saving rate (per cent) | 7.4 | 5.6 | 5.1 | 5.4 | 4.6 | 4.1 | 5.3 | 5.5 | 5.5 |
| Gross saving | | | | | | | | | |
| 27 Gross private saving | 259.4 | 272.5 | 293.4 | 277.2 | 261.6 | 262.9 | 292.1 | 310.5 | ..... |
| 28 Personal saving | 80.2 | 65.9 | 67.1 | 64.8 | 56.3 | 51.4 | 68.5 | 73.3 | 75.2 |
| 29 Undistributed corporate profits ¹ | 16.7 | 27.6 | 29.3 | 31.6 | 20.8 | 22.5 | 30.3 | 37.4 | ..... |
| 30 Corporate inventory valuation adjustment | -12.0 | -14.1 | -14.6 | -11.7 | -16.9 | -20.6 | -17.8 | -5.9 | -14.1 |
| Capital consumption allowances: | | | | | | | | | |
| 31 Corporate | 101.7 | 111.8 | 121.9 | 112.9 | 115.2 | 117.6 | 119.4 | 123.7 | 127.0 |
| 32 Noncorporate | 60.8 | 67.2 | 75.1 | 68.0 | 69.2 | 71.4 | 73.8 | 76.2 | 78.9 |
| 33 Wage accruals less disbursements ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 34 Government surplus, or deficit (-), national income and product accounts | -64.3 | -35.6 | -20.6 | -32.4 | -29.4 | -11.5 | -14.9 | -26.0 | ..... |
| 35 Federal | -70.2 | -54.0 | -49.9 | -53.5 | -55.9 | -38.8 | -40.3 | -58.9 | ..... |
| 36 State and local | 5.9 | 18.4 | 29.3 | 21.1 | 26.5 | 27.3 | 25.4 | 32.9 | ..... |
| 37 Capital grants received by the United States, net ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 38 Investment | 201.0 | 242.5 | 273.8 | 252.8 | 237.5 | 254.7 | 276.1 | 285.4 | 279.0 |
| 39 Gross private domestic | 189.1 | 243.3 | 293.9 | 254.1 | 243.3 | 271.8 | 294.9 | 303.6 | 305.2 |
| 40 Net foreign | 11.8 | -9 | -20.1 | -1.5 | -5.9 | -17.1 | -18.8 | -18.2 | -26.2 |
| 41 Statistical discrepancy | 5.9 | 5.5 | 1.0 | 8.0 | 5.3 | 3.3 | -1.2 | .9 | ..... |

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 | 1974 | 1975 | 1976 | 1976 | | | 1977 | | |
|--|---------|---------|---------|--------|--------|---------|--------|--------|--------|
| | | | | Q1 | Q3 | Q4 | Q1 | Q2 | Q3 |
| 1 Merchandise exports..... | 98,306 | 107,088 | 114,694 | 27,000 | 29,603 | 29,711 | 29,458 | 30,590 | 30,869 |
| 2 Merchandise imports..... | 103,673 | 98,043 | 124,014 | 28,343 | 32,411 | 33,305 | 36,561 | 38,347 | 38,378 |
| 3 Merchandise trade balance ² | -5,367 | 9,045 | -9,320 | -1,343 | -2,808 | -3,594 | -7,103 | -7,757 | -7,509 |
| 4 Military transactions, net..... | -2,083 | -876 | 366 | -65 | 235 | 235 | 516 | 311 | 577 |
| 5 Investment income, net..... | 8,744 | 5,954 | 9,808 | 2,437 | 2,667 | 2,424 | 3,252 | 3,504 | 3,215 |
| 6 Other service transactions, net..... | 865 | 2,042 | 2,743 | 523 | 781 | 598 | 340 | 553 | 767 |
| 7 Balance on goods and services ³ | 2,160 | 16,164 | 3,596 | 1,552 | 875 | -337 | -2,995 | -3,389 | -2,950 |
| 8 Remittances, pensions, and other transfers..... | -1,714 | -1,719 | -1,878 | -485 | -461 | -473 | -526 | -492 | -567 |
| 9 U.S. Govt. grants (excluding military)..... | -5,475 | -2,893 | -3,146 | -544 | -1,475 | -572 | -637 | -723 | -785 |
| 10 Balance on current account..... | -5,028 | 11,552 | -1,427 | 523 | -1,061 | -1,382 | -4,158 | -4,604 | -4,302 |
| 11 Not seasonally adjusted..... | | | | 1,458 | -3,809 | 303 | -3,409 | -4,821 | -6,940 |
| 12 Change in U.S. Govt. assets, other than official reserve assets, net (increase, -)..... | 365 | -3,463 | -4,213 | -723 | -1,405 | -1,142 | -909 | -825 | -1,175 |
| 13 Change in U.S. official reserve assets (increase, -)..... | -1,434 | -607 | -2,530 | -773 | -407 | 228 | -388 | 6 | 151 |
| 14 Gold..... | | | | | | | -58 | | |
| 15 Special Drawing Rights (SDR's)..... | -172 | -66 | -78 | -45 | -18 | -29 | | -83 | -9 |
| 16 Reserve position in International Monetary Fund (IMF)..... | -1,265 | -466 | -2,212 | -237 | -716 | -461 | -389 | -80 | 133 |
| 17 Foreign currencies..... | 3 | -75 | -240 | -491 | 327 | 718 | 59 | 169 | 27 |
| 18 Change in U.S. private assets abroad (increase, -)..... | -25,960 | -27,478 | -36,216 | -9,254 | -6,597 | -13,108 | 1,627 | -9,464 | -2,372 |
| 19 Bank-reported claims..... | -19,516 | -13,532 | -20,904 | -3,630 | -3,372 | -9,148 | 3,446 | -4,553 | 244 |
| 20 Long-term..... | -1,183 | -2,357 | -2,124 | -289 | -978 | -480 | -306 | 23 | -441 |
| 21 Short-term..... | -18,333 | -11,175 | -18,780 | -3,341 | -2,394 | -8,668 | 3,752 | 4,576 | 685 |
| 22 Nonbank-reported claims..... | -3,221 | -1,447 | -1,986 | -738 | 723 | -967 | -722 | -1,129 | 674 |
| 23 Long-term..... | -474 | -432 | 10 | -191 | 66 | -10 | 45 | 68 | 47 |
| 24 Short-term..... | -2,747 | -1,015 | -1,996 | -547 | 657 | -957 | -767 | -1,197 | 627 |
| 25 U.S. purchase of foreign securities, net..... | -1,854 | -6,235 | -8,730 | -2,460 | -2,743 | -2,171 | -692 | -1,784 | -2,190 |
| 26 U.S. direct investments abroad, net..... | -1,368 | -6,264 | -4,596 | -2,427 | -1,205 | -822 | -404 | -1,998 | -1,100 |
| 27 Change in foreign official assets in the United States (increase, +)..... | 10,981 | 6,960 | 17,945 | 3,847 | 3,070 | 6,977 | 5,719 | 7,908 | 8,243 |
| 28 U.S. Treasury securities..... | 3,282 | 4,408 | 9,333 | 1,998 | 1,260 | 3,909 | 5,149 | 5,124 | 6,943 |
| 29 Other U.S. Govt. obligations..... | 902 | 905 | 566 | 68 | 66 | 116 | 100 | 609 | 627 |
| 30 Other U.S. Govt. liabilities ⁴ | 724 | 1,701 | 4,938 | 1,524 | 1,819 | 852 | 712 | 456 | 319 |
| 31 Other U.S. liabilities reported by U.S. banks..... | 5,818 | -2,158 | 893 | -412 | -599 | 1,769 | -420 | 752 | -152 |
| 32 Other foreign official assets ⁵ | 254 | 2,104 | 2,215 | 669 | 524 | 331 | 178 | 967 | 506 |
| 33 Change in foreign private assets in the United States (increase, +)..... | 22,631 | 7,376 | 16,575 | 3,009 | 5,131 | 5,102 | -3,209 | 5,873 | 4,680 |
| 34 U.S. bank-reported liabilities..... | 16,017 | 628 | 10,982 | 672 | 1,774 | 5,008 | -5,298 | 6,344 | 2,498 |
| 35 Long-term..... | 9 | -280 | 175 | -105 | 75 | 221 | 47 | 105 | 192 |
| 36 Short-term..... | 16,008 | 908 | 10,807 | 777 | 1,699 | 4,787 | -5,345 | 6,239 | 2,306 |
| 37 U.S. nonbank-reported liabilities..... | 1,844 | 240 | -616 | 161 | -297 | -242 | -374 | -405 | -90 |
| 38 Long-term..... | -90 | 334 | -947 | -233 | -241 | -311 | -229 | -183 | -48 |
| 39 Short-term..... | 1,934 | -94 | 331 | 394 | -56 | 69 | -145 | -222 | -42 |
| 40 Foreign private purchases of U.S. Treasury securities, net..... | 697 | 2,590 | 2,783 | 437 | 3,026 | -88 | 1,047 | -1,370 | 1,247 |
| 41 Foreign purchases of other U.S. securities, net..... | 378 | 2,503 | 1,250 | 1,030 | 68 | 21 | 879 | 736 | 514 |
| 42 Foreign direct investments in the United States, net..... | 3,695 | 1,414 | 2,176 | 709 | 561 | 403 | 537 | 568 | 511 |
| 43 Allocation of SDR's..... | | | | | | | | | |
| 44 Discrepancy..... | -1,555 | 5,660 | 9,866 | 3,372 | 1,268 | 3,325 | 1,317 | 1,106 | -5,225 |
| 45 Owing to seasonal adjustments..... | | | | 717 | -2,622 | 1,780 | 524 | -215 | -2,506 |
| 46 Statistical discrepancy in recorded data before seasonal adjustment..... | -1,555 | 5,660 | 9,866 | 2,655 | 3,890 | 1,545 | 793 | 1,321 | -2,719 |
| MEMO ITEMS: | | | | | | | | | |
| Changes in official assets: | | | | | | | | | |
| 47 U.S. official reserve assets (increase, -)..... | -1,434 | -607 | -2,530 | -773 | -407 | 228 | -388 | 6 | 151 |
| 48 Foreign official assets in the United States (increase, +)..... | 10,257 | 5,259 | 13,007 | 2,323 | 1,251 | 6,125 | 5,007 | 7,452 | 7,924 |
| 49 Changes in Organization of Petroleum Exporting Countries (OPEC) official assets in the United States (part of line 27 above)..... | 10,841 | 7,092 | 9,324 | 3,482 | 1,774 | 805 | 3,249 | 1,073 | 1,441 |
| 50 Transfers under military grant programs (excluded from lines 1, 4, and 9 above)..... | 1,817 | 2,217 | 386 | 50 | 156 | 94 | 46 | 27 | 32 |

¹ Seasonal factors are no longer calculated for lines 13 through 50.² 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 Differs from the definition of "net exports of goods and services" in the national income and product (GNP) account. The GNP definition

excludes certain military sales to Israel from exports and excludes U.S. Govt. interest payments from imports.

⁴ Primarily associated with military sales contracts and other transactions arranged with or through foreign official agencies.⁵ Consists of investments in U.S. corporate stocks and in debt securities of private corporations and state and local governments.NOTE.—Data are from Bureau of Economic Analysis, *Survey of Current Business* (U.S. Department of Commerce).

3.11 U.S. FOREIGN TRADE

Millions of dollars; monthly data are seasonally adjusted.

| Item | 1975 | 1976 ^r | 1977 | 1977 ^r | | | | | | 1978 |
|--|---------|-------------------|---------|-------------------|--------|--------|--------|--------|--------|--------|
| | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. |
| 1 EXPORTS of domestic and foreign merchandise excluding grant-aid shipments..... | 107,130 | 115,155 | 121,144 | 10,385 | 9,674 | 11,037 | 9,375 | 9,475 | 11,007 | 10,014 |
| 2 GENERAL IMPORTS including merchandise for immediate consumption plus entries into bonded warehouses..... | 96,115 | 121,009 | 147,491 | 13,077 | 11,651 | 12,605 | 12,996 | 11,833 | 13,123 | 12,393 |
| 3 Trade balance..... | 11,014 | -5,854 | -26,347 | -2,692 | -1,977 | -1,569 | -3,621 | -2,358 | -2,116 | -2,379 |

NOTE.—Bureau of Census data reported on a free-alongside-ship (f.a.s.) value basis. Before 1974 imports were reported on a customs import value basis. For calendar year 1974 the f.a.s. import value was \$100.3 billion, about 0.7 per cent less than the corresponding customs import value. The international-accounts-basis data shown in Table 3.10 adjust the Census basis data for reasons of coverage and timing. On the *export side*, the largest adjustments are: (a) the addition of exports to Canada not covered in Census statistics, and (b) the exclusion of military

exports (which are combined with other military transactions and are reported separately in the "service account"). On the *import side*, the largest single adjustment is the addition of imports into the Virgin Islands (largely oil for a refinery on St. Croix), which are not included in Census statistics.

SOURCE.—FT 900 "Summary of U.S. Export and Import Merchandise Trade" (U.S. Dept. of Commerce, Bureau of the Census).

3.12 U.S. RESERVE ASSETS

Millions of dollars, end of period

| Type | 1974 | 1975 | 1976 | 1977 | | | | | 1978 | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|-------------------|---------------------|
| | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. ^p | Feb. ^p |
| 1 Total..... | 15,883 | 16,226 | 18,747 | 19,055 | 18,988 | 19,048 | 19,155 | 19,317 | 19,454 | ³ 19,373 |
| 2 Gold stock, including Exchange Stabilization Fund ¹ | 11,652 | 11,599 | 11,598 | 11,658 | 11,658 | 11,658 | 11,658 | 11,719 | 11,718 | 11,718 |
| 3 Special Drawing Rights ² | 2,374 | 2,335 | 2,395 | 2,483 | 2,489 | 2,530 | 2,548 | 2,629 | 2,629 | ³ 2,671 |
| 4 Reserve position in International Monetary Fund..... | 1,852 | 2,212 | 4,434 | 4,859 | 4,776 | 4,842 | 4,933 | 4,951 | 4,934 | ³ 4,966 |
| 5 Convertible foreign currencies..... | 5 | 80 | 320 | 55 | 65 | 18 | 16 | 18 | 173 | 18 |

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. Data for 1977 reflect these changes. However, the quarterly international-accounts-basis data in Table 3.10 will not incorporate the 1977 revisions until June. The latter 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

SDR based on a weighted average of exchange rates for the currencies of 16 member countries. The U.S. SDR holdings and reserve position in the IMF also are valued on this basis beginning July 1974. At valuation used prior to July 1974 (SDR1 = \$1.20635) total U.S. reserve assets at end of Feb. amounted to \$19,129; SDR holdings, \$2,627, and reserve position in IMF, \$4,776.

3.13 SELECTED U.S. LIABILITIES TO FOREIGNERS

Millions of dollars, end of period

| Holder, and type of liability | 1974 | 1975 | 1976 | 1977 | | | | | | 1978 |
|---|---------|---------|---------|-------------------|-------------------|--------------------|-------------------|---------|-------------------|-------------------|
| | | | | July ^r | Aug. ^r | Sept. ^r | Oct. ^r | Nov. | Dec. ^p | Jan. ^p |
| 1 Total..... | 119,164 | 126,552 | 151,356 | 168,811 | 166,342 | 174,709 | 178,937 | 184,720 | 192,280 | 194,006 |
| 2 Foreign countries..... | 115,842 | 120,929 | 142,873 | 162,390 | 159,186 | 167,295 | 171,541 | 177,087 | 184,635 | 186,308 |
| 3 Official institutions ¹ | 76,823 | 80,712 | 91,975 | 107,608 | 108,137 | 111,208 | 117,057 | 123,142 | 126,050 | 129,768 |
| 4 Short-term, reported by banks in the United States ² | 53,079 | 49,530 | 53,619 | 60,063 | 56,810 | 56,805 | 59,835 | 62,214 | 64,532 | 66,487 |
| U.S. Treasury bonds and notes: | | | | | | | | | | |
| 5 Marketable ³ | 5,059 | 6,671 | 11,788 | 19,392 | 23,088 | 25,581 | 28,633 | 31,519 | 32,116 | 33,830 |
| 6 Nonmarketable ⁴ | 16,339 | 19,976 | 20,648 | 20,837 | 20,655 | 21,128 | 20,351 | 20,462 | 20,443 | 20,473 |
| 7 Other readily marketable liabilities ⁵ | 2,346 | 4,535 | 5,920 | 7,316 | 7,584 | 7,694 | 8,238 | 8,947 | 8,959 | 8,978 |
| Commercial banks abroad: | | | | | | | | | | |
| 8 Short-term, reported by banks in the United States ^{2,6} | 30,106 | 29,516 | 37,329 | 39,946 | 35,800 | 40,414 | 38,755 | 37,981 | 42,500 | 40,337 |
| 9 Other foreigners..... | 8,913 | 10,701 | 13,569 | 14,836 | 15,249 | 15,673 | 15,729 | 15,964 | 16,085 | 16,203 |
| 10 Short-term, reported by banks in the United States ² | 8,415 | 10,000 | 12,592 | 13,381 | 13,693 | 14,046 | 14,038 | 14,196 | 14,327 | 14,385 |
| 11 Marketable U.S. Treasury bonds and notes ^{3,7} | 498 | 701 | 977 | 1,455 | 1,556 | 1,627 | 1,691 | 1,768 | 1,758 | 1,818 |
| 12 Nonmonetary international and regional organization ⁸ | 3,322 | 5,623 | 8,483 | 6,421 | 7,156 | 7,414 | 7,396 | 7,633 | 7,645 | 7,698 |
| 13 Short-term, reported by banks in the United States ² | 3,171 | 5,292 | 5,450 | 3,835 | 4,216 | 3,555 | 3,396 | 3,258 | 2,899 | 3,245 |
| 14 Marketable U.S. Treasury bonds and notes ³ | 151 | 331 | 3,033 | 2,586 | 2,940 | 3,859 | 4,000 | 4,375 | 4,746 | 4,453 |

¹ Includes Bank for International Settlements.² Includes Treasury bills as shown in Table 3.15.³ Derived by applying reported transactions to benchmark data.⁴ Excludes notes issued to foreign official nonreserve agencies.⁵ Includes long-term liabilities reported by banks in the United States and debt securities of U.S. Federally sponsored agencies and U.S. corporations.⁶ Includes short-term liabilities payable in foreign currencies to commercial banks abroad and to other foreigners.⁷ Includes marketable U.S. Treasury bonds and notes held by commercial banks abroad and other foreigners.⁸ Principally the International Bank for Reconstruction and Development and the Inter-American and Asian Development Banks.

NOTE.—Based on Treasury Dept. data and on data reported to the Treasury Dept. by banks (including Federal Reserve banks) and brokers in the United States. Data exclude the holdings of dollars of the International Monetary Fund derived from payments of the U.S. subscription, and from the exchange transactions and other operations of the IMF. Data also exclude U.S. Treasury letters of credit and nonnegotiable, non-interest-bearing special U.S. notes held by nonmonetary international and regional organizations.

3.14 SELECTED U.S. LIABILITIES TO FOREIGN OFFICIAL INSTITUTIONS

Millions of dollars, end of period

| Area | 1974 | 1975 | 1976 | 1977 | | | | | | 1978 |
|--------------------------------------|--------|--------|--------|-------------------|-------------------|--------------------|-------------------|---------|-------------------|-------------------|
| | | | | July ^r | Aug. ^r | Sept. ^r | Oct. ^r | Nov. | Dec. ^p | Jan. ^p |
| 1 Total..... | 76,823 | 80,712 | 91,975 | 107,608 | 108,137 | 111,208 | 117,057 | 123,142 | 126,050 | 129,768 |
| 2 Western Europe ¹ | 44,328 | 45,701 | 45,882 | 55,669 | 57,743 | 60,724 | 65,039 | 68,147 | 70,709 | 72,528 |
| 3 Canada..... | 3,662 | 3,132 | 3,406 | 2,653 | 2,557 | 2,508 | 1,863 | 1,919 | 2,334 | 2,078 |
| 4 Latin American republics..... | 4,419 | 4,450 | 4,906 | 4,338 | 4,246 | 4,466 | 4,269 | 4,843 | 4,634 | 4,562 |
| 5 Asia..... | 18,627 | 22,551 | 34,108 | 41,167 | 40,440 | 40,333 | 42,700 | 45,450 | 45,688 | 48,096 |
| 6 Africa..... | 3,160 | 2,983 | 1,893 | 2,460 | 2,265 | 2,144 | 2,027 | 1,792 | 1,742 | 1,706 |
| 7 Other countries ² | 2,627 | 1,895 | 1,780 | 1,321 | 886 | 1,033 | 1,159 | 991 | 943 | 798 |

¹ Includes Bank for International Settlements.² Includes countries in Oceania and Eastern Europe, and Western European dependencies in Latin America.

NOTE.—Data represent breakdown by area of line 3, Table 3.13.

3.15 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States
By Holder and by Type of Liability
Millions of dollars, end of period

| Holder, and type of liability | 1974 | 1975 | 1976 | 1977 | | | | | | 1978 |
|--|---------------|---------------|----------------|-------------------|-------------------|--------------------|----------------|----------------|-------------------|----------------|
| | | | | July ^r | Aug. ^r | Sept. ^r | Oct. | Nov. | Dec. ^p | |
| 1 All foreigners, excluding the International Monetary Fund..... | 94,771 | 94,338 | 108,990 | 117,225 | 110,519 | 114,820 | 116,024 | 117,649 | 124,258 | 124,454 |
| 2 Payable in dollars..... | 94,004 | 93,781 | 108,266 | 116,265 | 109,630 | 114,075 | 115,260 | 116,817 | 123,447 | 123,736 |
| Deposits: | | | | | | | | | | |
| 3 Demand..... | 14,051 | 13,564 | 16,803 | 17,496 | 15,942 | 16,893 | 16,895 | 16,461 | 18,967 | 17,378 |
| 4 Time ¹ | 9,907 | 10,250 | 11,316 | 11,832 | 11,756 | 11,601 | 11,515 | 11,372 | 11,524 | 11,510 |
| 5 U.S. Treasury bills and certificates ² | 35,662 | 37,414 | 40,744 | 44,445 | 42,254 | 43,207 | 44,700 | 47,130 | 48,906 | 51,076 |
| 6 Other short-term liabilities ³ | 34,384 | 32,552 | 39,403 | 42,492 | 39,678 | 42,373 | 42,150 | 41,854 | 44,050 | 43,772 |
| 7 Payable in foreign currencies..... | 766 | 558 | 724 | 960 | 889 | 745 | 764 | 832 | 812 | 718 |
| 8 Nonmonetary international and regional organizations⁴..... | 3,171 | 5,293 | 5,450 | 3,835 | 4,216 | 3,555 | 3,396 | 3,258 | 2,899 | 3,245 |
| 9 Payable in dollars..... | 3,171 | 5,284 | 5,445 | 3,820 | 4,178 | 3,523 | 3,376 | 3,237 | 2,889 | 3,234 |
| Deposits: | | | | | | | | | | |
| 10 Demand..... | 139 | 139 | 290 | 122 | 142 | 214 | 173 | 173 | 231 | 186 |
| 11 Time ¹ | 111 | 148 | 205 | 155 | 147 | 134 | 140 | 142 | 139 | 126 |
| 12 U.S. Treasury bills and certificates..... | 497 | 2,554 | 2,701 | 2,191 | 1,990 | 1,875 | 802 | 767 | 706 | 959 |
| 13 Other short-term liabilities ³ | 2,424 | 2,443 | 2,250 | 1,352 | 1,900 | 1,300 | 2,261 | 2,155 | 1,813 | 1,963 |
| 14 Payable in foreign currencies..... | 8 | 5 | 15 | 38 | 32 | 20 | 20 | 11 | 11 | 11 |
| 15 Official institutions, banks, and other foreigners..... | 91,600 | 89,046 | 103,540 | 113,390 | 106,303 | 111,265 | 112,628 | 114,391 | 121,359 | 121,209 |
| 16 Payable in dollars..... | 90,834 | 88,496 | 102,821 | 112,445 | 105,451 | 110,552 | 111,884 | 113,579 | 120,558 | 120,502 |
| Deposits: | | | | | | | | | | |
| 17 Demand..... | 13,912 | 13,426 | 16,513 | 17,374 | 15,801 | 16,679 | 16,722 | 16,288 | 18,736 | 17,192 |
| 18 Time ¹ | 9,796 | 10,119 | 11,142 | 11,678 | 11,609 | 11,468 | 11,375 | 11,229 | 11,385 | 11,384 |
| 19 U.S. Treasury bills and certificates ² | 35,165 | 34,860 | 38,042 | 42,253 | 40,264 | 41,331 | 43,898 | 46,364 | 48,200 | 50,117 |
| 20 Other short-term liabilities ³ | 31,961 | 30,092 | 37,123 | 41,141 | 37,778 | 41,073 | 39,889 | 39,699 | 42,237 | 41,809 |
| 21 Payable in foreign currencies..... | 766 | 549 | 719 | 945 | 851 | 713 | 744 | 812 | 801 | 707 |
| 22 Official institutions⁶..... | 53,079 | 49,530 | 53,619 | 60,063 | 56,810 | 56,805 | 59,835 | 62,214 | 64,532 | 66,487 |
| 23 Payable in dollars..... | 52,952 | 49,530 | 53,619 | 60,063 | 56,810 | 56,805 | 59,835 | 62,214 | 64,532 | 66,487 |
| Deposits: | | | | | | | | | | |
| 24 Demand..... | 2,951 | 2,644 | 3,394 | 3,642 | 3,122 | 3,133 | 2,990 | 2,557 | 3,528 | 2,672 |
| 25 Time ¹ | 4,167 | 3,423 | 2,321 | 2,401 | 2,248 | 1,987 | 1,903 | 1,848 | 1,802 | 1,771 |
| 26 U.S. Treasury bills and certificates ² | 34,656 | 34,199 | 37,725 | 41,958 | 39,825 | 40,802 | 43,424 | 45,849 | 47,820 | 49,734 |
| 27 Other short-term liabilities ³ | 11,178 | 9,264 | 10,179 | 12,062 | 11,615 | 10,882 | 11,518 | 11,960 | 11,382 | 12,310 |
| 28 Payable in foreign currencies..... | 127 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 29 Banks and other foreigners..... | 38,520 | 39,515 | 49,921 | 53,327 | 49,493 | 54,461 | 52,793 | 52,177 | 56,827 | 54,722 |
| 30 Payable in dollars..... | 37,881 | 38,966 | 49,202 | 52,382 | 48,642 | 53,747 | 52,049 | 51,365 | 56,026 | 54,015 |
| 31 Banks⁷..... | 29,467 | 28,966 | 36,610 | 39,001 | 34,948 | 39,701 | 38,011 | 37,169 | 41,699 | 39,630 |
| Deposits: | | | | | | | | | | |
| 32 Demand..... | 8,231 | 7,534 | 9,104 | 10,136 | 8,928 | 9,676 | 9,677 | 9,666 | 10,933 | 10,276 |
| 33 Time ¹ | 1,885 | 1,873 | 2,297 | 1,820 | 1,863 | 1,842 | 1,858 | 1,805 | 2,035 | 2,015 |
| 34 U.S. Treasury bills and certificates..... | 232 | 335 | 119 | 144 | 112 | 125 | 127 | 141 | 141 | 152 |
| 35 Other short-term liabilities ³ | 19,119 | 19,224 | 25,089 | 26,901 | 24,046 | 28,057 | 26,349 | 25,557 | 28,591 | 27,188 |
| 36 Other foreigners..... | 8,414 | 10,000 | 12,592 | 13,381 | 13,693 | 14,046 | 14,037 | 14,196 | 14,327 | 14,385 |
| Deposits: | | | | | | | | | | |
| 37 Demand..... | 2,729 | 3,248 | 4,015 | 3,595 | 3,751 | 3,870 | 4,055 | 4,065 | 4,275 | 4,243 |
| 38 Time ¹ | 3,744 | 4,823 | 6,524 | 7,457 | 7,499 | 7,638 | 7,614 | 7,576 | 7,548 | 7,598 |
| 39 U.S. Treasury bills and certificates..... | 277 | 325 | 198 | 151 | 328 | 404 | 346 | 373 | 240 | 231 |
| 40 Other short-term liabilities ³ | 1,664 | 1,604 | 1,854 | 2,177 | 2,116 | 2,133 | 2,022 | 2,182 | 2,265 | 2,312 |
| 41 Payable in foreign currencies..... | 639 | 549 | 719 | 945 | 851 | 713 | 744 | 812 | 801 | 707 |

¹ Excludes negotiable time certificates of deposit, which are included in "Other short-term liabilities."

² Includes nonmarketable certificates of indebtedness and Treasury bills issued to official institutions of foreign countries.

³ Includes liabilities of U.S. banks to their foreign branches, liabilities of U.S. agencies and branches of foreign banks to their head offices and foreign branches of their head offices, bankers acceptances, commercial paper, and negotiable time certificates of deposit.

⁴ Principally the International Bank for Reconstruction and Development, and the Inter-American and Asian Development Banks.

⁵ Principally bankers acceptances, commercial paper, and negotiable time certificates of deposit.

⁶ Foreign central banks and foreign central governments and their agencies, and Bank for International Settlements.

⁷ Excludes central banks, which are included in "Official institutions."

NOTE.—"Short-term obligations" are those payable on demand, or having an original maturity of 1 year or less.

3.16 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars, end of period

| Area and country | 1974 | 1975 | 1976 | 1977 | | | | | | 1978 |
|--|--------|--------|---------|-------------------|-------------------|--------------------|---------|---------|-------------------|---------|
| | | | | July ^r | Aug. ^r | Sept. ^r | Oct. | Nov. | Dec. ^p | |
| 1 Total..... | 94,771 | 94,338 | 108,990 | 117,225 | 110,519 | 114,820 | 116,024 | 117,649 | 124,258 | 124,454 |
| 2 Foreign countries..... | 91,600 | 89,046 | 103,540 | 113,390 | 106,303 | 111,265 | 112,628 | 114,391 | 121,359 | 121,209 |
| 3 Europe..... | 48,813 | 43,988 | 46,938 | 50,604 | 48,953 | 51,457 | 52,970 | 54,369 | 60,054 | 59,380 |
| 4 Austria..... | 607 | 754 | 348 | 455 | 498 | 448 | 410 | 375 | 319 | 302 |
| 5 Belgium-Luxembourg..... | 2,506 | 2,898 | 2,275 | 2,822 | 2,691 | 2,667 | 2,736 | 2,662 | 2,547 | 2,680 |
| 6 Denmark..... | 369 | 332 | 363 | 1,154 | 1,032 | 1,172 | 1,250 | 1,264 | 771 | 1,045 |
| 7 Finland..... | 266 | 391 | 422 | 209 | 217 | 248 | 232 | 263 | 332 | 302 |
| 8 France..... | 4,287 | 7,733 | 4,875 | 4,745 | 4,894 | 4,799 | 5,006 | 4,683 | 5,248 | 5,145 |
| 9 Germany..... | 9,429 | 4,357 | 5,965 | 4,937 | 4,413 | 4,289 | 5,280 | 5,580 | 7,030 | 8,595 |
| 10 Greece..... | 248 | 284 | 403 | 573 | 709 | 629 | 648 | 643 | 603 | 538 |
| 11 Italy..... | 2,577 | 1,072 | 3,206 | 5,422 | 5,538 | 5,792 | 6,320 | 6,778 | 6,862 | 6,207 |
| 12 Netherlands..... | 3,234 | 3,411 | 3,007 | 3,397 | 3,328 | 3,216 | 3,088 | 2,996 | 2,876 | 2,951 |
| 13 Norway..... | 1,040 | 996 | 785 | 1,203 | 1,140 | 1,190 | 1,023 | 641 | 949 | 988 |
| 14 Portugal..... | 310 | 195 | 239 | 222 | 169 | 173 | 191 | 266 | 273 | 205 |
| 15 Spain..... | 382 | 426 | 561 | 642 | 543 | 723 | 724 | 647 | 609 | 681 |
| 16 Sweden..... | 1,138 | 2,286 | 1,693 | 1,963 | 1,782 | 2,483 | 2,734 | 3,136 | 2,718 | 2,717 |
| 17 Switzerland..... | 10,139 | 8,514 | 9,458 | 9,162 | 9,386 | 9,923 | 9,757 | 9,884 | 12,390 | 12,111 |
| 18 Turkey..... | 152 | 118 | 166 | 101 | 203 | 93 | 106 | 118 | 130 | 187 |
| 19 United Kingdom..... | 7,584 | 6,886 | 10,004 | 11,250 | 10,226 | 11,427 | 11,096 | 12,119 | 14,035 | 12,484 |
| 20 Yugoslavia..... | 183 | 126 | 188 | 125 | 110 | 119 | 130 | 171 | 232 | 219 |
| 21 Other Western Europe ¹ | 4,073 | 2,970 | 2,672 | 1,973 | 1,855 | 1,839 | 1,948 | 1,910 | 1,799 | 1,771 |
| 22 U.S.S.R..... | 82 | 40 | 51 | 88 | 70 | 53 | 68 | 66 | 99 | 68 |
| 23 Other Eastern Europe..... | 206 | 200 | 255 | 160 | 151 | 173 | 162 | 167 | 234 | 184 |
| 24 Canada..... | 3,520 | 3,076 | 4,784 | 4,456 | 4,631 | 4,492 | 4,913 | 4,686 | 4,668 | 5,343 |
| 25 Latin America..... | 11,754 | 14,942 | 19,026 | 23,042 | 21,428 | 24,478 | 22,354 | 22,417 | 23,573 | 23,145 |
| 26 Argentina..... | 886 | 1,147 | 1,538 | 1,754 | 2,022 | 2,187 | 2,421 | 2,594 | 1,465 | 1,796 |
| 27 Bahamas..... | 1,054 | 1,827 | 2,750 | 5,518 | 4,283 | 5,940 | 3,769 | 3,409 | 3,534 | 3,074 |
| 28 Brazil..... | 1,034 | 1,227 | 1,432 | 1,398 | 1,233 | 1,101 | 1,055 | 935 | 1,386 | 1,111 |
| 29 Chile..... | 276 | 317 | 335 | 373 | 353 | 342 | 340 | 322 | 359 | 386 |
| 30 Colombia..... | 305 | 417 | 1,017 | 1,220 | 1,164 | 1,156 | 1,182 | 1,152 | 1,213 | 1,219 |
| 31 Cuba..... | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 6 |
| 32 Mexico..... | 1,770 | 2,066 | 2,848 | 2,873 | 2,806 | 2,823 | 2,741 | 2,850 | 2,804 | 2,906 |
| 33 Panama..... | 510 | 1,099 | 1,140 | 1,015 | 954 | 947 | 946 | 986 | 2,302 | 2,171 |
| 34 Peru..... | 272 | 244 | 257 | 241 | 273 | 288 | 259 | 235 | 286 | 264 |
| 35 Uruguay..... | 165 | 172 | 245 | 242 | 230 | 245 | 226 | 258 | 242 | 229 |
| 36 Venezuela..... | 3,413 | 3,289 | 3,095 | 2,532 | 2,887 | 3,037 | 3,212 | 3,780 | 2,913 | 3,001 |
| 37 Other Latin American republics..... | 1,316 | 1,494 | 2,081 | 2,238 | 2,154 | 2,320 | 2,199 | 2,140 | 2,472 | 2,368 |
| 38 Netherlands Antilles ² | 158 | 129 | 140 | 158 | 180 | 169 | 156 | 184 | 188 | 187 |
| 39 Other Latin America..... | 589 | 1,507 | 2,142 | 3,476 | 2,886 | 3,916 | 3,840 | 3,566 | 4,401 | 4,427 |
| 40 Asia..... | 21,130 | 21,539 | 28,472 | 30,300 | 26,935 | 26,463 | 28,165 | 28,948 | 29,217 | 29,706 |
| 41 China, People's Republic of (Mainland)..... | 50 | 123 | 47 | 49 | 46 | 44 | 48 | 52 | 53 | 54 |
| 42 China, Republic of (Taiwan)..... | 818 | 1,025 | 989 | 1,259 | 925 | 924 | 899 | 926 | 1,012 | 1,049 |
| 43 Hong Kong..... | 530 | 623 | 892 | 1,028 | 1,066 | 1,153 | 993 | 971 | 1,091 | 1,032 |
| 44 India..... | 261 | 126 | 648 | 746 | 743 | 850 | 886 | 980 | 975 | 1,029 |
| 45 Indonesia..... | 1,221 | 369 | 340 | 782 | 589 | 453 | 905 | 739 | 406 | 892 |
| 46 Israel..... | 389 | 386 | 391 | 484 | 467 | 416 | 465 | 490 | 558 | 490 |
| 47 Japan..... | 10,931 | 10,218 | 14,380 | 12,837 | 11,695 | 11,444 | 13,272 | 14,835 | 14,632 | 14,472 |
| 48 Korea..... | 384 | 390 | 437 | 633 | 527 | 600 | 596 | 572 | 601 | 606 |
| 49 Philippines..... | 747 | 698 | 627 | 653 | 561 | 559 | 630 | 603 | 696 | 668 |
| 50 Thailand..... | 333 | 252 | 275 | 281 | 293 | 264 | 271 | 251 | 262 | 256 |
| 51 Middle East oil-exporting countries ³ | 4,623 | 6,461 | 8,073 | 9,981 | 8,828 | 8,527 | 7,933 | 7,365 | 7,679 | 7,980 |
| 52 Other..... | 845 | 867 | 1,372 | 1,568 | 1,195 | 1,230 | 1,267 | 1,164 | 1,252 | 1,178 |
| 53 Africa..... | 3,551 | 3,373 | 2,300 | 3,284 | 3,177 | 3,023 | 2,786 | 2,560 | 2,532 | 2,503 |
| 54 Egypt..... | 103 | 343 | 333 | 401 | 603 | 484 | 393 | 331 | 404 | 346 |
| 55 Morocco..... | 38 | 68 | 88 | 73 | 61 | 68 | 61 | 31 | 66 | 100 |
| 56 South Africa..... | 130 | 169 | 143 | 257 | 185 | 208 | 232 | 240 | 175 | 192 |
| 57 Zaire..... | 84 | 63 | 35 | 40 | 38 | 36 | 33 | 30 | 39 | 41 |
| 58 Oil-exporting countries ⁴ | 2,814 | 2,239 | 1,116 | 1,541 | 1,430 | 1,564 | 1,403 | 1,214 | 1,154 | 1,178 |
| 59 Other..... | 383 | 491 | 585 | 973 | 860 | 664 | 664 | 715 | 694 | 645 |
| 60 Other countries..... | 2,831 | 2,128 | 2,019 | 1,704 | 1,179 | 1,352 | 1,500 | 1,411 | 1,314 | 1,132 |
| 61 Australia..... | 2,742 | 2,014 | 1,911 | 1,553 | 1,007 | 1,206 | 1,348 | 1,269 | 1,154 | 937 |
| 62 All other..... | 89 | 114 | 108 | 151 | 172 | 146 | 152 | 142 | 161 | 195 |
| 63 Nonmonetary international and regional organizations..... | 3,171 | 5,293 | 5,450 | 3,835 | 4,216 | 3,555 | 3,396 | 3,258 | 2,899 | 3,245 |
| 64 International..... | 2,900 | 5,064 | 5,091 | 3,488 | 3,820 | 3,186 | 3,079 | 2,922 | 2,636 | 2,995 |
| 65 Latin American regional..... | 202 | 187 | 136 | 162 | 183 | 157 | 134 | 128 | 98 | 79 |
| 66 Other regional ⁵ | 69 | 42 | 223 | 186 | 213 | 212 | 183 | 208 | 165 | 171 |

For notes see bottom of p. A59.

3.17 SHORT-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Supplemental "Other" Countries ¹

Millions of dollars, end of period

| Area and country | 1975 | | 1976 | | 1977 | Area and country | 1975 | | 1976 | | 1977 |
|---------------------------------------|-------|-------|-------|-------|-------|----------------------------------|------|------|------|------|-------|
| | Apr. | Dec. | Apr. | Dec. | Apr. | | Apr. | Dec. | Apr. | Dec. | Apr. |
| Other Western Europe | | | | | | Other Asia | | | | | |
| 1 Cyprus..... | 17 | 6 | 38 | 68 | 58 | 25 Afghanistan..... | 19 | 41 | 57 | 55 | 90 |
| 2 Iceland..... | 20 | 33 | 43 | 40 | 32 | 26 Bangladesh..... | 50 | 54 | 44 | 54 | ..... |
| 3 Ireland, Republic of..... | 29 | 75 | 43 | 236 | 131 | 27 Burma..... | 49 | 31 | 34 | 13 | ..... |
| Other Eastern Europe | | | | | | 28 Cambodia..... | 4 | 4 | 3 | 4 | ..... |
| 4 Bulgaria..... | 13 | 19 | 14 | 34 | 11 | 29 Jordan..... | 30 | 39 | 23 | 37 | 23 |
| 5 Czechoslovakia..... | 11 | 32 | 11 | 19 | 31 | 30 Laos..... | 5 | 2 | 2 | 1 | ..... |
| 6 German Democratic Republic..... | 18 | 17 | 3 | 11 | ..... | 31 Lebanon..... | 180 | 117 | 132 | 140 | 133 |
| 7 Hungary..... | 11 | 13 | 11 | 18 | 16 | 32 Malaysia..... | 92 | 77 | 130 | 394 | 511 |
| 8 Poland..... | 42 | 66 | 74 | 75 | 64 | 33 Nepal..... | 22 | 28 | 34 | 32 | 35 |
| 9 Rumania..... | 14 | 44 | 29 | 19 | 23 | 34 Pakistan..... | 118 | 74 | 92 | 188 | 135 |
| Other Latin American republics | | | | | | 35 Singapore..... | 215 | 256 | 344 | 280 | 300 |
| 10 Bolivia..... | 93 | 110 | 117 | 121 | 135 | 36 Sri Lanka (Ceylon)..... | 13 | 13 | 10 | 22 | 27 |
| 11 Costa Rica..... | 120 | 124 | 134 | 134 | 170 | 37 Vietnam..... | 70 | 62 | 66 | 50 | 50 |
| 12 Dominican Republic..... | 214 | 169 | 170 | 274 | 280 | Other Africa | | | | | |
| 13 Ecuador..... | 157 | 120 | 150 | 319 | 311 | 38 Ethiopia (incl. Eritrea)..... | 76 | 60 | 72 | 41 | 48 |
| 14 El Salvador..... | 144 | 171 | 212 | 176 | 214 | 39 Ghana..... | 13 | 23 | 45 | 27 | 37 |
| 15 Guatemala..... | 255 | 260 | 368 | 340 | 392 | 40 Ivory Coast..... | 11 | 18 | 17 | 10 | 26 |
| 16 Haiti..... | 34 | 38 | 48 | 46 | 68 | 41 Kenya..... | 32 | 19 | 39 | 46 | 185 |
| 17 Honduras..... | 92 | 99 | 137 | 134 | 210 | 42 Liberia..... | 33 | 53 | 63 | 76 | 95 |
| 18 Jamaica..... | 62 | 41 | 59 | 34 | 43 | 43 Southern Rhodesia..... | 3 | 1 | 1 | 1 | 1 |
| 19 Nicaragua..... | 126 | 133 | 158 | 113 | 133 | 44 Sudan..... | 14 | 12 | 17 | 22 | 30 |
| 20 Paraguay..... | 38 | 43 | 50 | 47 | 60 | 45 Tanzania..... | 21 | 30 | 20 | 48 | 57 |
| 21 Surinam ²..... | ..... | ..... | 13 | 29 | 17 | 46 Tunisia..... | 23 | 29 | 34 | 19 | 15 |
| 22 Trinidad and Tobago..... | 31 | 131 | 44 | 167 | 85 | 47 Uganda..... | 38 | 22 | 50 | 43 | ..... |
| Other Latin America: | | | | | | 48 Zambia..... | 18 | 78 | 14 | 35 | 55 |
| 23 Bermuda..... | 100 | 170 | 197 | 177 | 199 | All Other | | | | | |
| 24 British West Indies..... | 627 | 1,311 | 2,284 | 1,874 | 2,377 | 49 New Zealand..... | 36 | 42 | 48 | 43 | 75 |

¹ Represents a partial breakdown of the amounts shown in the "Other" categories on Table 3.16.² Surinam included with Netherlands Antilles until January 1976.

3.18 LONG-TERM LIABILITIES TO FOREIGNERS Reported by Banks in the United States

Millions of dollars, end of period

| Holder, and area or country | 1974 | 1975 | 1976 ^a | 1977 | | | | | | 1978 |
|---|-------|-------|-------------------|-------------------|-------------------|-------|-------|-------|-------------------|-------|
| | | | | July ^a | Aug. ^a | Sept. | Oct. | Nov. | Dec. ^b | |
| 1 Total..... | 1,285 | 1,812 | 2,449 | 2,339 | 2,354 | 2,526 | 2,579 | 2,747 | 2,781 | 2,720 |
| 2 Nonmonetary international and regional organizations..... | 822 | 415 | 269 | 269 | 313 | 330 | 352 | 352 | 373 | 375 |
| 3 Foreign countries..... | 464 | 1,397 | 2,180 | 2,071 | 2,040 | 2,196 | 2,227 | 2,396 | 2,408 | 2,345 |
| 4 Official institutions, including central banks..... | 124 | 931 | 1,337 | 1,186 | 1,006 | 1,074 | 1,089 | 1,313 | 1,309 | 1,239 |
| 5 Banks, excluding central banks..... | 261 | 366 | 621 | 538 | 680 | 713 | 715 | 707 | 716 | 719 |
| 6 Other foreigners..... | 79 | 100 | 222 | 346 | 355 | 409 | 422 | 376 | 384 | 387 |
| Area or country: | | | | | | | | | | |
| 7 Europe..... | 226 | 330 | 570 | 634 | 664 | 708 | 719 | 704 | 696 | 701 |
| 8 Germany..... | 146 | 214 | 346 | 307 | 308 | 307 | 308 | 309 | 307 | 313 |
| 9 United Kingdom..... | 59 | 66 | 124 | 162 | 169 | 200 | 205 | 200 | 180 | 176 |
| 10 Canada..... | 19 | 23 | 29 | 33 | 27 | 27 | 27 | 26 | 35 | 39 |
| 11 Latin America..... | 115 | 140 | 248 | 304 | 322 | 341 | 339 | 330 | 343 | 342 |
| 12 Middle East oil-exporting countries ¹ | 94 | 894 | 1,286 | 1,075 | 987 | 1,056 | 1,064 | 1,285 | 1,285 | 1,216 |
| 13 Other Asia..... | 7 | 8 | 46 | 18 | 34 | 38 | 53 | 42 | 42 | 42 |
| 14 African oil-exporting countries ² | * | * | * | * | * | * | 1 | 1 | * | * |
| 15 Other Africa..... | 1 | 1 | * | 6 | 6 | 23 | 22 | 6 | 5 | 5 |
| 16 All other countries..... | * | * | 1 | 1 | 1 | 1 | 2 | 1 | 1 | * |

¹ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).² Comprises Algeria, Gabon, Libya, and Nigeria.

NOTE.—Long-term obligations are those having an original maturity of more than 1 year.

NOTES TO TABLE 3.16:

¹ Includes Bank for International Settlements.² Surinam included with Netherlands Antilles until January 1976.³ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).⁴ Comprises Algeria, Gabon, Libya, and Nigeria.⁵ Asian, African, and European regional organizations, except BIS, which is included in "Other Western Europe."

3.19 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Country

Millions of dollars, end of period

| Area and country | 1974 | 1975 | 1976 | 1977 | | | | | | 1978 |
|--|--------|--------|--------|-------------------|-------------------|--------------------|-------------------|--------|-------------------|--------|
| | | | | July ^r | Aug. ^r | Sept. ^r | Oct. ^r | Nov. | Dec. ^p | |
| 1 Total..... | 39,056 | 50,231 | 69,237 | 69,267 | 68,584 | 71,095 | 75,104 | 74,726 | 79,960 | 81,571 |
| 2 Foreign countries..... | 39,055 | 50,229 | 69,232 | 69,618 | 68,573 | 71,085 | 75,094 | 74,714 | 79,950 | 81,561 |
| 3 Europe..... | 6,255 | 8,987 | 12,220 | 12,792 | 12,274 | 13,352 | 13,767 | 13,019 | 15,461 | 17,997 |
| 4 Austria..... | 21 | 15 | 44 | 63 | 53 | 117 | 75 | 52 | 52 | 95 |
| 5 Belgium-Luxembourg..... | 384 | 352 | 662 | 505 | 476 | 558 | 782 | 751 | 793 | 897 |
| 6 Denmark..... | 46 | 49 | 85 | 86 | 100 | 140 | 126 | 107 | 130 | 140 |
| 7 Finland..... | 122 | 128 | 139 | 101 | 103 | 95 | 111 | 106 | 101 | 104 |
| 8 France..... | 673 | 1,471 | 1,445 | 1,503 | 1,471 | 1,356 | 1,341 | 1,320 | 1,616 | 1,367 |
| 9 Germany..... | 589 | 416 | 517 | 623 | 648 | 615 | 768 | 645 | 661 | 693 |
| 10 Greece..... | 64 | 49 | 79 | 66 | 68 | 103 | 98 | 107 | 94 | 86 |
| 11 Italy..... | 345 | 370 | 929 | 963 | 1,011 | 1,065 | 1,104 | 1,157 | 1,284 | 1,127 |
| 12 Netherlands..... | 348 | 300 | 304 | 471 | 371 | 447 | 304 | 352 | 352 | 387 |
| 13 Norway..... | 119 | 71 | 98 | 121 | 135 | 109 | 120 | 122 | 131 | 141 |
| 14 Portugal..... | 20 | 16 | 65 | 110 | 138 | 148 | 138 | 120 | 138 | 103 |
| 15 Spain..... | 196 | 249 | 373 | 323 | 344 | 346 | 471 | 401 | 413 | 425 |
| 16 Sweden..... | 180 | 167 | 180 | 153 | 151 | 139 | 172 | 143 | 169 | 179 |
| 17 Switzerland..... | 335 | 237 | 485 | 488 | 533 | 700 | 681 | 614 | 633 | 722 |
| 18 Turkey..... | 15 | 86 | 176 | 323 | 329 | 337 | 329 | 344 | 312 | 286 |
| 19 United Kingdom..... | 2,580 | 4,718 | 6,277 | 6,544 | 6,011 | 6,766 | 6,623 | 6,369 | 8,167 | 10,806 |
| 20 Yugoslavia..... | 22 | 38 | 41 | 49 | 35 | 34 | 28 | 29 | 56 | 42 |
| 21 Other Western Europe..... | 22 | 27 | 52 | 42 | 47 | 43 | 259 | 50 | 89 | 127 |
| 22 U.S.S.R..... | 46 | 103 | 99 | 88 | 81 | 89 | 82 | 81 | 103 | 112 |
| 23 Other Eastern Europe..... | 131 | 127 | 171 | 169 | 169 | 146 | 155 | 150 | 168 | 158 |
| 24 Canada..... | 2,776 | 2,817 | 3,049 | 3,728 | 3,978 | 3,400 | 3,626 | 3,803 | 3,716 | 4,052 |
| 25 Latin America..... | 12,377 | 20,532 | 34,270 | 33,425 | 32,831 | 35,113 | 38,051 | 37,890 | 40,419 | 39,625 |
| 26 Argentina..... | 720 | 1,203 | 964 | 839 | 856 | 939 | 1,076 | 1,085 | 1,180 | 1,214 |
| 27 Bahamas..... | 3,405 | 7,570 | 15,336 | 15,084 | 13,647 | 15,564 | 18,930 | 18,115 | 19,678 | 18,739 |
| 28 Brazil..... | 1,418 | 2,221 | 3,322 | 3,026 | 3,077 | 3,011 | 3,121 | 2,962 | 3,076 | 2,937 |
| 29 Chile..... | 290 | 360 | 387 | 373 | 382 | 431 | 435 | 443 | 502 | 508 |
| 30 Colombia..... | 713 | 689 | 586 | 514 | 542 | 570 | 554 | 573 | 548 | 548 |
| 31 Cuba..... | 14 | 13 | 13 | 13 | 13 | 13 | 10 | 15 | 10 | 14 |
| 32 Mexico..... | 1,972 | 2,802 | 3,432 | 3,464 | 3,460 | 3,488 | 3,261 | 3,201 | 2,997 | 2,988 |
| 33 Panama..... | 505 | 1,052 | 1,257 | 1,278 | 1,463 | 1,063 | 1,431 | 1,652 | 1,262 | 1,800 |
| 34 Peru..... | 518 | 583 | 704 | 788 | 783 | 785 | 737 | 735 | 769 | 774 |
| 35 Uruguay..... | 63 | 51 | 38 | 38 | 39 | 42 | 47 | 60 | 71 | 59 |
| 36 Venezuela..... | 704 | 1,086 | 1,564 | 1,421 | 1,435 | 1,656 | 1,654 | 1,714 | 1,836 | 1,736 |
| 37 Other Latin American republics..... | 852 | 967 | 1,125 | 1,181 | 1,233 | 1,224 | 1,290 | 1,316 | 1,463 | 1,493 |
| 38 Netherlands Antilles ¹ | 62 | 49 | 40 | 64 | 57 | 75 | 61 | 139 | 86 | 77 |
| 39 Other Latin America..... | 1,142 | 1,885 | 5,503 | 5,342 | 5,844 | 6,293 | 5,426 | 5,898 | 6,917 | 6,738 |
| 40 Asia..... | 16,226 | 16,057 | 17,672 | 17,015 | 16,828 | 16,566 | 16,856 | 17,315 | 17,765 | 17,293 |
| 41 China, People's Republic of (Mainland)..... | 4 | 22 | 3 | 13 | 9 | 27 | 20 | 22 | 12 | 14 |
| 42 China, Republic of (Taiwan)..... | 500 | 736 | 991 | 1,275 | 1,236 | 1,303 | 1,321 | 1,275 | 1,371 | 1,268 |
| 43 Hong Kong..... | 223 | 258 | 271 | 359 | 272 | 360 | 357 | 466 | 465 | 435 |
| 44 India..... | 14 | 21 | 41 | 25 | 65 | 59 | 48 | 54 | 35 | 47 |
| 45 Indonesia..... | 157 | 102 | 76 | 65 | 56 | 67 | 97 | 60 | 77 | 56 |
| 46 Israel..... | 255 | 491 | 551 | 311 | 323 | 304 | 348 | 347 | 441 | 368 |
| 47 Japan..... | 12,518 | 10,776 | 10,997 | 9,688 | 9,614 | 9,303 | 9,341 | 9,578 | 9,778 | 9,475 |
| 48 Korea..... | 955 | 1,561 | 1,714 | 1,981 | 2,069 | 2,001 | 1,998 | 1,876 | 2,069 | 2,208 |
| 49 Philippines..... | 372 | 384 | 559 | 372 | 478 | 477 | 489 | 508 | 470 | 476 |
| 50 Thailand..... | 458 | 499 | 422 | 584 | 580 | 617 | 612 | 594 | 616 | 618 |
| 51 Middle East oil-exporting countries ² | 330 | 524 | 1,312 | 1,476 | 1,369 | 1,340 | 1,531 | 1,783 | 1,583 | 1,525 |
| 52 Other..... | 441 | 684 | 735 | 867 | 758 | 708 | 695 | 752 | 849 | 803 |
| 53 Africa..... | 855 | 1,228 | 1,481 | 1,648 | 1,720 | 1,656 | 1,828 | 1,749 | 1,728 | 1,757 |
| 54 Egypt..... | 111 | 101 | 127 | 158 | 149 | 134 | 155 | 130 | 114 | 122 |
| 55 Morocco..... | 18 | 9 | 13 | 36 | 43 | 48 | 44 | 31 | 30 | 48 |
| 56 South Africa..... | 329 | 545 | 763 | 821 | 799 | 802 | 881 | 823 | 840 | 868 |
| 57 Zaire..... | 98 | 34 | 29 | 8 | 6 | 15 | 7 | 7 | 7 | 8 |
| 58 Oil-exporting countries ³ | 115 | 231 | 253 | 290 | 357 | 306 | 378 | 358 | 321 | 312 |
| 59 Other..... | 185 | 308 | 296 | 333 | 365 | 350 | 362 | 399 | 416 | 400 |
| 60 Other countries..... | 565 | 609 | 540 | 1,010 | 943 | 998 | 966 | 939 | 861 | 837 |
| 61 Australia..... | 466 | 535 | 441 | 861 | 795 | 863 | 839 | 815 | 743 | 710 |
| 62 All other..... | 99 | 73 | 99 | 150 | 148 | 135 | 127 | 124 | 117 | 127 |
| 63 Nonmonetary international and regional organizations..... | * | 1 | 5 | 10 | 11 | 10 | 9 | 12 | 9 | 10 |

¹ Includes Surinam until January 1976.² Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).³ Comprises Algeria, Gabon, Libya, and Nigeria.

3.20 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

By Type of Claim

Millions of dollars, end of period

| Type | 1974 | 1975 | 1976 ^r | 1977 | | | | | | 1978 |
|--|--------|--------|-------------------|-------------------|-------------------|--------------------|-------------------|--------|-------------------|--------|
| | | | | July ^r | Aug. ^r | Sept. ^r | Oct. ^r | Nov. | Dec. ^p | |
| 1 Total..... | 39,056 | 50,231 | 69,237 | 69,627 | 68,584 | 71,095 | 75,104 | 74,726 | 79,960 | 81,571 |
| 2 Payable in dollars..... | 37,859 | 48,888 | 67,592 | 67,980 | 66,666 | 69,345 | 73,104 | 72,849 | 77,836 | 79,438 |
| 3 Loans, total..... | 11,287 | 13,200 | 18,016 | 17,298 | 16,504 | 18,135 | 18,040 | 17,486 | 19,840 | 18,402 |
| 4 Official institutions, including central banks..... | 381 | 613 | 1,448 | 841 | 1,018 | 1,007 | 1,085 | 1,048 | 1,019 | 1,104 |
| 5 Banks, excluding central banks..... | 7,332 | 7,635 | 10,974 | 11,303 | 10,412 | 11,736 | 11,305 | 11,103 | 12,859 | 11,442 |
| 6 All other, including nonmonetary international and regional organizations..... | 3,574 | 4,951 | 5,594 | 5,153 | 5,074 | 5,392 | 5,649 | 5,335 | 5,962 | 5,856 |
| 7 Collections outstanding..... | 5,637 | 5,467 | 5,756 | 6,352 | 6,200 | 6,025 | 6,005 | 6,045 | 6,187 | 6,342 |
| 8 Acceptances made for accounts of foreigners..... | 11,237 | 11,147 | 12,358 | 13,431 | 13,556 | 13,645 | 13,735 | 13,462 | 14,212 | 13,587 |
| 9 Other claims ¹ | 9,698 | 19,075 | 31,462 | 30,899 | 30,406 | 31,540 | 35,324 | 35,856 | 37,598 | 41,108 |
| 10 Payable in foreign currencies..... | 1,196 | 1,342 | 1,645 | 1,648 | 1,918 | 1,750 | 2,000 | 1,876 | 2,123 | 2,132 |
| 11 Deposits with foreigners..... | 669 | 656 | 1,063 | 809 | 1,028 | 840 | 922 | 879 | 963 | 940 |
| 12 Foreign government securities, commercial and finance paper..... | 289 | 314 | 89 | 277 | 233 | 265 | 356 | 405 | 454 | 370 |
| 13 Other claims..... | 238 | 372 | 493 | 562 | 658 | 645 | 722 | 593 | 707 | 823 |

¹ Includes claims of U.S. banks on their foreign branches and claims of U.S. agencies and branches of foreign banks on their head offices and foreign branches of their head offices.

NOTE.—Short-term claims are principally the following items payable on demand or with a contractual maturity of not more than 1 year: loans

made to, and acceptances made for, foreigners; drafts drawn against foreigners, where collection is being made by banks and bankers for their own account or for account of their customers in the United States; and foreign currency balances held abroad by banks and bankers and their customers in the United States. Excludes foreign currencies held by U.S. monetary authorities.

3.21 LONG-TERM CLAIMS ON FOREIGNERS Reported by Banks in the United States

Millions of dollars, end of period

| Type, and area or country | 1974 | 1975 | 1976 | 1977 | | | | | | 1978 |
|--|-------|-------|--------|-------------------|-------------------|--------------------|-------------------|--------|-------------------|--------|
| | | | | July ^r | Aug. ^r | Sept. ^r | Oct. ^r | Nov. | Dec. ^p | |
| 1 Total..... | 7,179 | 9,536 | 11,898 | 12,238 | 12,453 | 12,631 | 12,716 | 12,338 | 12,644 | 12,762 |
| By type: | | | | | | | | | | |
| 2 Payable in dollars..... | 7,099 | 9,419 | 11,750 | 12,037 | 12,235 | 12,416 | 12,486 | 12,106 | 12,389 | 12,522 |
| 3 Loans, total..... | 6,490 | 8,316 | 10,093 | 10,323 | 10,504 | 10,609 | 10,760 | 10,421 | 10,671 | 10,830 |
| 4 Official institutions, including central banks..... | 1,324 | 1,351 | 1,407 | 1,669 | 1,717 | 1,761 | 1,777 | 1,794 | 1,918 | 1,909 |
| 5 Banks, excluding central banks..... | 929 | 1,567 | 2,232 | 2,226 | 2,279 | 2,321 | 2,419 | 2,289 | 2,384 | 2,423 |
| 6 All other, including nonmonetary international and regional organizations..... | 4,237 | 5,399 | 6,454 | 6,428 | 6,508 | 6,527 | 6,564 | 6,338 | 6,368 | 6,498 |
| 7 Other long-term claims..... | 609 | 1,103 | 1,656 | 1,713 | 1,731 | 1,807 | 1,726 | 1,685 | 1,718 | 1,692 |
| 8 Payable in foreign currencies..... | 80 | 116 | 148 | 202 | 218 | 216 | 229 | 232 | 254 | 240 |
| By area or country: | | | | | | | | | | |
| 9 Europe..... | 1,908 | 2,704 | 3,328 | 3,682 | 3,745 | 3,707 | 3,664 | 3,402 | 3,484 | 3,439 |
| 10 Canada..... | 501 | 555 | 767 | 485 | 455 | 456 | 461 | 424 | 434 | 426 |
| 11 Latin America..... | 2,614 | 3,468 | 4,856 | 4,998 | 5,165 | 5,381 | 5,542 | 5,572 | 5,776 | 5,911 |
| 12 Asia..... | 1,619 | 1,795 | 1,904 | 1,862 | 1,846 | 1,872 | 1,768 | 1,742 | 1,776 | 1,797 |
| 13 Japan..... | 258 | 296 | 382 | 391 | 371 | 359 | 339 | 320 | 317 | 337 |
| 14 Middle East oil-exporting countries ¹ | 384 | 220 | 146 | 155 | 170 | 161 | 173 | 154 | 181 | 193 |
| 15 Other Asia..... | 977 | 1,279 | 1,376 | 1,317 | 1,305 | 1,353 | 1,257 | 1,268 | 1,277 | 1,267 |
| 16 Africa..... | 366 | 747 | 890 | 857 | 898 | 873 | 857 | 850 | 855 | 863 |
| 17 Oil-exporting countries ² | 62 | 151 | 271 | 191 | 219 | 221 | 201 | 176 | 180 | 179 |
| 18 Other..... | 305 | 596 | 619 | 666 | 679 | 651 | 657 | 674 | 674 | 683 |
| 19 All other countries ³ | 171 | 267 | 282 | 353 | 344 | 343 | 423 | 348 | 319 | 327 |

¹ Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).

² Comprises Algeria, Gabon, Libya, and Nigeria.

³ Includes nonmonetary international and regional organizations.

3.22 FOREIGN BRANCHES OF U.S. BANKS Balance Sheet Data

Millions of dollars, end of period

| Asset account | 1974 | 1975 | 1976 Dec. r | 1977 | | | | | | |
|--|---------|---------|----------------|---------|---------|---------|---------|---------|---------|---------|
| | | | | June r | July r | Aug. r | Sept. r | Oct. r | Nov. | Dec. p |
| All foreign countries | | | | | | | | | | |
| 1 Total, all currencies | 151,905 | 176,493 | 219,420 | 236,480 | 235,637 | 234,592 | 244,955 | 246,980 | 249,379 | 257,488 |
| 2 Claims on United States | 6,900 | 6,743 | 7,889 | 7,398 | 10,683 | 8,192 | 11,914 | 8,232 | 9,074 | 11,730 |
| 3 Parent bank | 4,464 | 3,665 | 4,323 | 3,610 | 7,134 | 4,630 | 8,231 | 4,535 | 5,238 | 7,777 |
| 4 Other | 2,435 | 3,078 | 3,566 | 3,788 | 3,549 | 3,562 | 3,683 | 3,697 | 3,836 | 3,953 |
| 5 Claims on foreigners | 138,712 | 163,391 | 204,486 | 221,667 | 217,456 | 218,869 | 225,123 | 230,295 | 231,599 | 237,127 |
| 6 Other branches of parent bank . . | 27,559 | 34,508 | 45,955 | 52,406 | 48,387 | 48,317 | 52,071 | 51,901 | 54,280 | 55,189 |
| 7 Other banks | 60,283 | 69,206 | 83,765 | 86,889 | 84,364 | 85,533 | 87,742 | 91,867 | 89,015 | 92,190 |
| 8 Official institutions | 4,077 | 5,792 | 10,613 | 13,200 | 13,579 | 13,829 | 14,193 | 14,456 | 14,854 | 14,634 |
| 9 Nonbank foreigners | 46,793 | 53,886 | 64,153 | 69,172 | 71,126 | 71,190 | 71,116 | 72,071 | 73,450 | 75,114 |
| 10 Other assets | 6,294 | 6,359 | 7,045 | 7,414 | 7,497 | 7,530 | 7,919 | 8,453 | 8,706 | 8,631 |
| 11 Total payable in U.S. dollars | 105,969 | 132,901 | 167,695 | 182,386 | 179,634 | 179,034 | 188,160 | 187,494 | 188,392 | 193,789 |
| 12 Claims on United States | 6,603 | 6,408 | 7,595 | 6,984 | 10,266 | 7,748 | 11,434 | 7,690 | 8,503 | 11,156 |
| 13 Parent bank | 4,428 | 3,628 | 4,264 | 3,590 | 7,095 | 4,560 | 8,177 | 4,448 | 5,145 | 7,664 |
| 14 Other | 2,175 | 2,780 | 3,332 | 3,393 | 3,170 | 3,188 | 3,257 | 3,242 | 3,358 | 3,492 |
| 15 Claims on foreigners | 96,209 | 123,496 | 156,896 | 172,011 | 166,057 | 167,716 | 173,191 | 175,842 | 175,772 | 178,633 |
| 16 Other branches of parent bank . . | 19,688 | 28,478 | 37,909 | 43,952 | 39,647 | 39,995 | 42,983 | 42,693 | 44,337 | 44,677 |
| 17 Other banks | 45,067 | 55,319 | 66,331 | 68,815 | 65,875 | 66,826 | 68,789 | 71,591 | 68,924 | 71,095 |
| 18 Official institutions | 3,289 | 4,864 | 9,022 | 11,766 | 12,118 | 12,232 | 12,705 | 12,779 | 12,887 | 12,621 |
| 19 Nonbank foreigners | 28,164 | 34,835 | 43,634 | 47,478 | 48,417 | 48,663 | 48,714 | 48,778 | 49,623 | 50,240 |
| 20 Other assets | 3,157 | 2,997 | 3,204 | 3,391 | 3,312 | 3,570 | 3,535 | 3,963 | 4,117 | 4,000 |
| United Kingdom | | | | | | | | | | |
| 21 Total, all currencies | 69,804 | 74,883 | 81,466 | 84,734 | 83,484 | 83,270 | 88,033 | 90,154 | 88,748 | 91,039 |
| 22 Claims on United States | 3,248 | 2,392 | 3,354 | 2,450 | 3,129 | 2,307 | 3,422 | 2,729 | 2,955 | 4,326 |
| 23 Parent bank | 2,472 | 1,449 | 2,376 | 1,553 | 2,249 | 1,397 | 2,556 | 1,789 | 2,123 | 3,502 |
| 24 Other | 776 | 943 | 978 | 897 | 881 | 910 | 866 | 940 | 833 | 823 |
| 25 Claims on foreigners | 64,111 | 70,331 | 75,859 | 80,087 | 78,083 | 78,607 | 82,154 | 84,766 | 83,331 | 84,137 |
| 26 Other branches of parent bank . . | 12,724 | 17,557 | 19,753 | 22,121 | 20,909 | 20,015 | 22,363 | 22,178 | 21,476 | 22,138 |
| 27 Other banks | 32,701 | 35,904 | 38,089 | 39,157 | 37,772 | 38,784 | 39,576 | 41,923 | 40,530 | 39,899 |
| 28 Official institutions | 788 | 881 | 1,274 | 1,764 | 1,863 | 1,983 | 1,955 | 2,052 | 2,145 | 2,206 |
| 29 Nonbank foreigners | 17,898 | 15,990 | 16,743 | 17,045 | 17,538 | 17,826 | 18,259 | 18,613 | 19,180 | 19,895 |
| 30 Other assets | 2,445 | 2,159 | 2,253 | 2,197 | 2,272 | 2,355 | 2,458 | 2,659 | 2,462 | 2,576 |
| 31 Total payable in U.S. dollars | 49,211 | 57,361 | 61,587 | 64,841 | 62,815 | 62,686 | 66,895 | 67,243 | 65,369 | 66,741 |
| 32 Claims on United States | 3,146 | 2,273 | 3,275 | 2,338 | 3,011 | 2,130 | 3,259 | 2,545 | 2,744 | 4,085 |
| 33 Parent bank | 2,468 | 1,445 | 2,374 | 1,547 | 2,237 | 1,348 | 2,527 | 1,748 | 2,062 | 3,416 |
| 34 Other | 678 | 828 | 902 | 791 | 774 | 781 | 732 | 797 | 682 | 669 |
| 35 Claims on foreigners | 44,694 | 54,121 | 57,488 | 61,582 | 58,875 | 59,419 | 62,584 | 63,596 | 61,587 | 61,529 |
| 36 Other branches of parent bank . . | 10,265 | 15,645 | 17,249 | 19,538 | 18,135 | 17,550 | 19,865 | 19,497 | 18,539 | 19,068 |
| 37 Other banks | 23,716 | 28,224 | 28,983 | 29,930 | 28,497 | 29,199 | 29,808 | 31,134 | 29,560 | 28,530 |
| 38 Official institutions | 610 | 648 | 846 | 1,437 | 1,473 | 1,574 | 1,555 | 1,595 | 1,639 | 1,669 |
| 39 Nonbank foreigners | 10,102 | 9,604 | 10,410 | 10,676 | 10,769 | 11,095 | 11,355 | 11,370 | 11,849 | 12,263 |
| 40 Other assets | 1,372 | 967 | 824 | 922 | 930 | 1,138 | 1,052 | 1,103 | 1,038 | 1,126 |
| Bahamas and Caymans | | | | | | | | | | |
| 41 Total, all currencies | 31,733 | 45,203 | 66,774 | 74,853 | 74,727 | 73,284 | 78,430 | 75,962 | 76,769 | 79,053 |
| 42 Claims on United States | 2,464 | 3,229 | 3,508 | 3,970 | 6,447 | 4,875 | 7,455 | 4,687 | 5,259 | 5,765 |
| 43 Parent bank | 1,081 | 1,477 | 1,141 | 1,394 | 4,062 | 2,465 | 4,861 | 2,104 | 2,552 | 3,038 |
| 44 Other | 1,383 | 1,752 | 2,367 | 2,576 | 2,385 | 2,410 | 2,595 | 2,583 | 2,707 | 2,728 |
| 45 Claims on foreigners | 28,453 | 41,040 | 62,048 | 69,528 | 66,970 | 67,124 | 69,680 | 69,685 | 69,839 | 71,672 |
| 46 Other branches of parent bank . . | 3,478 | 5,411 | 8,144 | 9,638 | 7,586 | 8,259 | 9,828 | 9,266 | 10,611 | 11,120 |
| 47 Other banks | 11,354 | 16,298 | 25,354 | 27,374 | 25,968 | 25,482 | 26,368 | 27,131 | 25,912 | 28,248 |
| 48 Official institutions | 2,022 | 3,576 | 7,105 | 8,350 | 8,635 | 8,599 | 9,203 | 9,207 | 9,198 | 9,109 |
| 49 Nonbank foreigners | 11,599 | 15,756 | 21,445 | 24,166 | 24,780 | 24,783 | 24,281 | 24,082 | 24,119 | 23,195 |
| 50 Other assets | 815 | 933 | 1,217 | 1,356 | 1,309 | 1,285 | 1,294 | 1,589 | 1,670 | 1,616 |
| 51 Total payable in U.S. dollars | 28,726 | 41,887 | 62,705 | 69,920 | 69,535 | 68,192 | 72,932 | 70,415 | 71,728 | 73,988 |

3.22 Continued

| Liability account | 1974 | 1975 | 1976 Dec. ^r | 1977 | | | | | | |
|--|-----------------------|---------|---------------------------|-------------------|-------------------|-------------------|--------------------|---------|---------|-------------------|
| | | | | June ^r | July ^r | Aug. ^r | Sept. ^r | Oct. | Nov. | Dec. ^p |
| | All foreign countries | | | | | | | | | |
| 52 Total, all currencies..... | 151,905 | 176,493 | 219,420 | 236,480 | 235,637 | 234,592 | 244,955 | 246,980 | 249,379 | 257,488 |
| 53 To United States..... | 11,982 | 20,221 | 32,719 | 37,580 | 37,713 | 36,360 | 40,328 | 39,965 | 42,587 | 44,525 |
| 54 Parent bank..... | 5,809 | 12,165 | 19,773 | 23,164 | 19,670 | 19,438 | 20,073 | 22,747 | 25,061 | 24,965 |
| 55 Other..... | 6,173 | 8,057 | 12,946 | 14,416 | 18,043 | 16,922 | 20,255 | 17,218 | 17,526 | 19,560 |
| 56 To foreigners..... | 132,990 | 149,815 | 179,954 | 191,825 | 189,349 | 189,743 | 197,109 | 198,719 | 198,821 | 204,159 |
| 57 Other branches of parent bank..... | 26,941 | 34,111 | 44,370 | 50,291 | 47,015 | 47,221 | 49,933 | 49,862 | 51,475 | 51,971 |
| 58 Other banks..... | 65,675 | 72,259 | 83,880 | 84,145 | 86,786 | 86,457 | 91,122 | 89,540 | 89,649 | 93,191 |
| 59 Official institutions..... | 20,185 | 22,773 | 25,829 | 28,368 | 27,218 | 27,776 | 28,014 | 29,888 | 28,667 | 28,080 |
| 60 Nonbank foreigners..... | 20,189 | 20,672 | 25,877 | 29,021 | 28,329 | 28,289 | 28,040 | 29,429 | 29,030 | 30,917 |
| 61 Other liabilities..... | 6,933 | 6,456 | 6,747 | 7,075 | 8,575 | 8,488 | 7,518 | 8,296 | 7,972 | 8,804 |
| 62 Total payable in U.S. dollars..... | 107,890 | 135,907 | 173,071 | 187,614 | 184,689 | 183,263 | 192,922 | 192,706 | 193,233 | 198,557 |
| 63 To United States..... | 11,437 | 19,503 | 31,932 | 36,469 | 36,751 | 35,482 | 39,403 | 38,929 | 41,491 | 43,288 |
| 64 Parent bank..... | 5,641 | 11,939 | 19,559 | 22,721 | 19,396 | 19,168 | 19,759 | 22,439 | 24,770 | 24,654 |
| 65 Other..... | 5,795 | 7,564 | 12,373 | 13,748 | 17,355 | 16,314 | 19,644 | 16,490 | 16,722 | 18,633 |
| 66 To foreigners..... | 92,503 | 112,879 | 137,612 | 147,349 | 142,959 | 142,684 | 149,440 | 149,387 | 147,540 | 150,450 |
| 67 Other branches of parent bank..... | 19,330 | 28,217 | 37,098 | 42,739 | 38,939 | 39,483 | 41,775 | 41,514 | 42,656 | 42,619 |
| 68 Other banks..... | 43,656 | 51,583 | 60,619 | 60,188 | 61,691 | 61,117 | 65,545 | 62,892 | 62,094 | 64,708 |
| 69 Official institutions..... | 17,444 | 19,982 | 22,878 | 25,377 | 24,240 | 24,481 | 24,695 | 26,366 | 25,113 | 23,942 |
| 70 Nonbank foreigners..... | 12,072 | 13,097 | 17,017 | 19,045 | 18,088 | 17,604 | 17,425 | 18,615 | 17,677 | 19,181 |
| 71 Other liabilities..... | 3,951 | 3,526 | 3,527 | 3,796 | 4,979 | 5,097 | 4,079 | 4,391 | 4,203 | 4,819 |
| | United Kingdom | | | | | | | | | |
| 72 Total, all currencies..... | 69,804 | 74,883 | 81,466 | 84,734 | 83,484 | 83,270 | 88,033 | 90,154 | 88,748 | 91,039 |
| 73 To United States..... | 3,978 | 5,646 | 5,997 | 6,894 | 8,537 | 7,933 | 7,922 | 7,310 | 7,237 | 7,806 |
| 74 Parent bank..... | 510 | 2,122 | 1,198 | 2,150 | 2,217 | 1,611 | 1,425 | 1,364 | 1,375 | 1,557 |
| 75 Other..... | 3,468 | 3,523 | 4,798 | 4,743 | 6,320 | 6,322 | 6,496 | 5,946 | 5,862 | 6,249 |
| 76 To foreigners..... | 63,409 | 67,240 | 73,228 | 75,683 | 72,585 | 72,848 | 77,580 | 79,837 | 79,087 | 80,387 |
| 77 Other branches of parent bank..... | 4,762 | 6,494 | 7,092 | 8,936 | 7,987 | 8,395 | 8,934 | 9,187 | 9,491 | 9,376 |
| 78 Other banks..... | 32,040 | 32,964 | 36,259 | 34,960 | 34,623 | 34,163 | 37,024 | 36,676 | 36,974 | 37,626 |
| 79 Official institutions..... | 15,258 | 16,553 | 17,273 | 18,086 | 17,148 | 17,366 | 18,553 | 20,366 | 19,555 | 18,298 |
| 80 Nonbank foreigners..... | 11,349 | 11,229 | 12,605 | 13,701 | 12,827 | 12,923 | 13,070 | 13,608 | 13,066 | 15,087 |
| 81 Other liabilities..... | 2,418 | 1,997 | 2,241 | 2,157 | 2,362 | 2,488 | 2,532 | 3,007 | 2,424 | 2,846 |
| 82 Total payable in U.S. dollars..... | 49,666 | 57,820 | 63,174 | 65,735 | 63,848 | 63,334 | 67,689 | 68,594 | 66,289 | 67,679 |
| 83 To United States..... | 3,744 | 5,415 | 5,849 | 6,679 | 8,348 | 7,676 | 7,622 | 7,004 | 7,012 | 7,550 |
| 84 Parent bank..... | 484 | 2,083 | 1,182 | 2,083 | 2,184 | 1,563 | 1,363 | 1,288 | 1,339 | 1,522 |
| 85 Other..... | 3,261 | 3,332 | 4,666 | 4,596 | 6,164 | 6,113 | 6,259 | 5,716 | 5,673 | 6,028 |
| 86 To foreigners..... | 44,594 | 51,447 | 56,372 | 58,136 | 54,550 | 54,539 | 58,962 | 60,304 | 58,285 | 58,720 |
| 87 Other branches of parent bank..... | 3,256 | 5,442 | 5,874 | 7,660 | 6,583 | 7,131 | 7,535 | 7,724 | 7,871 | 7,505 |
| 88 Other banks..... | 20,526 | 23,330 | 25,527 | 24,135 | 23,681 | 23,254 | 25,984 | 25,306 | 24,605 | 25,434 |
| 89 Official institutions..... | 13,225 | 14,498 | 15,423 | 16,301 | 15,295 | 15,252 | 16,430 | 18,053 | 17,171 | 15,462 |
| 90 Nonbank foreigners..... | 7,587 | 8,176 | 9,547 | 10,040 | 8,990 | 8,902 | 9,013 | 9,221 | 8,638 | 10,319 |
| 91 Other liabilities..... | 1,328 | 959 | 953 | 920 | 951 | 1,119 | 1,105 | 1,286 | 991 | 1,409 |
| | Bahamas and Caymans | | | | | | | | | |
| 92 Total, all currencies..... | 31,733 | 45,203 | 66,774 | 74,853 | 74,727 | 73,284 | 78,430 | 75,962 | 76,769 | 79,053 |
| 93 To United States..... | 4,815 | 11,147 | 22,721 | 26,963 | 25,080 | 24,487 | 28,741 | 28,442 | 30,641 | 32,140 |
| 94 Parent bank..... | 2,636 | 7,628 | 16,161 | 18,705 | 14,835 | 15,288 | 16,524 | 18,538 | 20,572 | 20,921 |
| 95 Other..... | 2,180 | 3,520 | 6,560 | 8,258 | 10,245 | 9,198 | 12,218 | 9,905 | 10,069 | 11,219 |
| 96 To foreigners..... | 26,140 | 32,949 | 42,899 | 46,480 | 47,163 | 46,468 | 48,328 | 46,034 | 44,571 | 45,294 |
| 97 Other branches of parent bank..... | 7,702 | 10,569 | 13,801 | 14,662 | 13,736 | 13,206 | 13,758 | 13,844 | 13,308 | 12,818 |
| 98 Other banks..... | 14,050 | 16,825 | 21,760 | 22,696 | 24,168 | 23,881 | 26,931 | 23,678 | 23,374 | 24,717 |
| 99 Official institutions..... | 2,377 | 3,308 | 3,573 | 4,216 | 4,322 | 4,592 | 3,184 | 3,357 | 3,053 | 3,000 |
| 100 Nonbank foreigners..... | 2,011 | 2,248 | 3,765 | 4,906 | 4,937 | 4,789 | 4,455 | 5,155 | 4,836 | 4,759 |
| 101 Other liabilities..... | 778 | 1,106 | 1,154 | 1,410 | 2,484 | 2,330 | 1,361 | 1,485 | 1,557 | 1,619 |
| 102 Total payable in U.S. dollars..... | 28,840 | 42,197 | 63,417 | 70,787 | 70,367 | 68,627 | 73,733 | 71,187 | 72,286 | 74,464 |

3.23 MARKETABLE U.S. TREASURY BONDS AND NOTES Foreign Holdings and Transactions

Millions of dollars

| Country or area | 1975 | 1976 | 1977 ^r | 1977 | | | | | | 1978 |
|--|---|---------|-------------------|-------------------|-------------------|--------------------|-------------------|--------|-------------------|--------|
| | | | | July ^r | Aug. ^r | Sept. ^r | Oct. ^r | Nov. | Dec. ^p | |
| | Holdings (end of period) ⁴ | | | | | | | | | |
| 1 Estimated total..... | 7,703 | *15,799 | 38,620 | 23,432 | 27,583 | 31,066 | 34,324 | 37,661 | 38,620 | 40,101 |
| 2 Foreign countries..... | 7,372 | 12,765 | 33,874 | 20,847 | 24,643 | 27,207 | 30,323 | 33,285 | 33,874 | 35,648 |
| 3 Europe..... | 1,085 | 2,330 | 13,916 | 6,225 | 8,480 | 10,163 | 12,603 | 14,003 | 13,916 | 15,044 |
| 4 Belgium-Luxembourg..... | 13 | 14 | 19 | 19 | 19 | 19 | 20 | 20 | 19 | 19 |
| 5 Germany..... | 215 | 764 | 3,168 | 1,266 | 1,847 | 1,957 | 2,165 | 2,742 | 3,168 | 3,373 |
| 6 Netherlands..... | 16 | 288 | 911 | 503 | 633 | 719 | 821 | 911 | 911 | 930 |
| 7 Sweden..... | 276 | 191 | 100 | 149 | 155 | 125 | 125 | 100 | 100 | 125 |
| 8 Switzerland..... | 55 | 261 | 477 | 485 | 478 | 488 | 474 | 476 | 477 | 391 |
| 9 United Kingdom..... | 363 | 485 | 8,888 | 3,478 | 5,017 | 6,506 | 8,640 | 9,419 | 8,888 | 9,839 |
| 10 Other Western Europe..... | 143 | 323 | 349 | 321 | 326 | 343 | 353 | 331 | 349 | 362 |
| 11 Eastern Europe..... | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 12 Canada..... | 395 | 256 | 288 | 283 | 288 | 292 | 294 | 293 | 288 | 285 |
| 13 Latin America..... | 200 | *313 | 551 | 481 | 513 | 516 | 519 | 533 | 551 | 543 |
| 14 Venezuela..... | 4 | 149 | 199 | 193 | 193 | 183 | 183 | 199 | 199 | 201 |
| 15 Other Latin America republics..... | 29 | *36 | 17 | 18 | 18 | 18 | 21 | 11 | 17 | 10 |
| 16 Netherlands Antilles ¹ | 161 | 118 | 170 | 113 | 145 | 158 | 158 | 167 | 170 | 162 |
| 17 Asia..... | 5,370 | 9,323 | 18,745 | 13,566 | 15,070 | 15,941 | 16,611 | 18,104 | 18,745 | 19,413 |
| 18 Japan..... | 3,271 | 2,687 | 6,860 | 4,314 | 5,025 | 5,635 | 5,958 | 6,547 | 6,860 | 7,463 |
| 19 Africa..... | 321 | 543 | 362 | 279 | 279 | 279 | 279 | 348 | 362 | 362 |
| 20 All other..... | * | * | 11 | 13 | 12 | 16 | 18 | 5 | 11 | 2 |
| 21 Nonmonetary international and regional organizations..... | 331 | *3,034 | 4,746 | 2,585 | 2,940 | 3,859 | 4,001 | 4,376 | 4,746 | 4,453 |
| 22 International..... | 322 | *2,906 | 4,646 | 2,440 | 2,830 | 3,759 | 3,900 | 4,276 | 4,646 | 4,358 |
| 23 Latin American regional..... | 9 | 128 | 100 | 146 | 110 | 100 | 100 | 100 | 100 | 95 |
| | Transactions (net purchases, or sales (-), during period) | | | | | | | | | |
| 24 Total..... | 1,994 | *8,096 | 22,823 | 1,238 | 4,151 | 3,483 | 3,257 | 3,337 | 959 | 1,481 |
| 25 Foreign countries..... | 1,814 | 5,393 | 21,110 | 1,108 | 3,796 | 2,564 | 3,116 | 2,962 | 589 | 1,774 |
| 26 Official institutions..... | 1,612 | 5,116 | 20,328 | 1,048 | 3,696 | 2,493 | 3,052 | 2,885 | 598 | 1,714 |
| 27 Other foreign..... | 202 | 276 | 782 | 59 | 101 | 71 | 65 | 76 | -9 | 59 |
| 28 Nonmonetary international and regional organizations..... | 180 | *2,704 | 1,713 | 130 | 354 | 919 | 141 | 376 | 370 | -292 |
| MEMO: Oil-exporting countries | | | | | | | | | | |
| 29 Middle East ² | 1,797 | 3,887 | 4,451 | -14 | 533 | 161 | 284 | 869 | 324 | 56 |
| 30 Africa ³ | 170 | 221 | -181 | | | | | 69 | 13 | |

¹ Includes Surinam until January 1976.² Comprises Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates (Trucial States).³ Comprises Algeria, Gabon, Libya, and Nigeria.⁴ Estimated official and private holdings of marketable U.S. Treasury securities with an original maturity of more than 1 year. Data are based on a benchmark survey of holdings as of Jan. 31, 1971, and monthly transactions reports. Excludes nonmarketable U.S. Treasury bonds and notes held by official institutions of foreign countries.

3.24 FOREIGN OFFICIAL ASSETS HELD AT FEDERAL RESERVE BANKS

Millions of dollars, end of period

| Assets | 1974 | 1975 | 1976 | 1977 | | | | | 1978 | |
|---|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|
| | | | | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. |
| 1 Deposits..... | 418 | 353 | 352 | 534 | 382 | 425 | 416 | 424 | 422 | 445 |
| Assets held in custody: | | | | | | | | | | |
| 2 U.S. Treasury securities ¹ | 55,600 | 60,019 | 66,532 | 75,976 | 79,285 | 83,832 | 89,497 | *91,962 | 95,945 | 98,465 |
| 3 Earmarked gold ² | 16,838 | 16,745 | 16,414 | 16,117 | 16,073 | 15,988 | 15,872 | 15,988 | 15,726 | 15,735 |

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.

3.25 FOREIGN TRANSACTIONS IN SECURITIES

Millions of dollars

| Transactions, and area or country | | 1975 | 1976 ^r | 1977 ^r | 1977 | | | | | | 1978 |
|-----------------------------------|---|--------|-------------------|-------------------|-------------------|-------------------|--------------------|-------|-------|-------------------|-------------------|
| | | | | | July ^r | Aug. ^r | Sept. ^r | Oct. | Nov. | Dec. ^p | Jan. ^p |
| U.S. corporate securities | | | | | | | | | | | |
| Stocks | | | | | | | | | | | |
| 1 | Foreign purchases..... | 15,355 | 18,227 | 14,154 | 1,373 | 1,023 | 1,012 | 973 | 1,282 | 1,235 | 1,003 |
| 2 | Foreign sales..... | 10,678 | 15,485 | 11,479 | 1,163 | 900 | 847 | 752 | 899 | 945 | 878 |
| 3 | Net purchases, or sales (-)..... | 4,678 | 2,743 | 2,676 | 210 | 123 | 165 | 222 | 383 | 290 | 125 |
| 4 | Foreign countries..... | 4,660 | 2,730 | 2,661 | 209 | 124 | 170 | 223 | 385 | 286 | 126 |
| 5 | Europe..... | 2,491 | 329 | 1,006 | 29 | 37 | 57 | 109 | 200 | 156 | 36 |
| 6 | France..... | 262 | 256 | 40 | -24 | -13 | 5 | 27 | 1 | -3 | -12 |
| 7 | Germany..... | 251 | 68 | 291 | 20 | -1 | 14 | 37 | 64 | 58 | 44 |
| 8 | Netherlands..... | 359 | -199 | 22 | -10 | -2 | -18 | 5 | 10 | 9 | -5 |
| 9 | Switzerland..... | 899 | -100 | 152 | 5 | -7 | 6 | 2 | 34 | -3 | -52 |
| 10 | United Kingdom..... | 594 | 333 | 613 | 57 | 67 | 80 | 52 | 106 | 109 | 57 |
| 11 | Canada..... | 361 | 324 | 65 | 12 | -5 | -3 | 20 | 21 | 14 | -14 |
| 12 | Latin America..... | -7 | 152 | 127 | 4 | 1 | -3 | -4 | 27 | 15 | -10 |
| 13 | Middle East ¹ | 1,649 | 1,803 | 1,389 | 171 | 94 | 108 | 93 | 128 | 100 | 107 |
| 14 | Other Asia..... | 142 | 119 | 59 | -7 | -3 | 8 | 2 | 8 | 1 | 6 |
| 15 | Africa..... | 10 | 7 | 5 | * | 1 | 2 | 2 | * | * | * |
| 16 | Other countries..... | 15 | -4 | 8 | * | -2 | 1 | 2 | 2 | * | 1 |
| 17 | Nonmonetary international and regional organizations..... | 18 | 13 | 15 | 2 | -1 | -5 | -1 | -2 | 4 | -1 |
| Bonds ² | | | | | | | | | | | |
| 18 | Foreign purchases..... | 5,408 | 5,529 | 7,766 | 752 | 715 | 503 | 942 | 743 | 354 | 453 |
| 19 | Foreign sales..... | 4,642 | 4,322 | 3,432 | 286 | 252 | 383 | 292 | 226 | 267 | 377 |
| 20 | Net purchases, or sales (-)..... | 766 | 1,207 | 4,334 | 466 | 463 | 120 | 650 | 517 | 87 | 76 |
| 21 | Foreign countries..... | 1,795 | 1,248 | 4,238 | 498 | 438 | 123 | 650 | 507 | 41 | 95 |
| 22 | Europe..... | 113 | 91 | 2,005 | 232 | 130 | 33 | 376 | 320 | 19 | 127 |
| 23 | France..... | 82 | 39 | -39 | 1 | 1 | 1 | * | -5 | -11 | -4 |
| 24 | Germany..... | -6 | -49 | 59 | 12 | 1 | 3 | 5 | 4 | 9 | * |
| 25 | Netherlands..... | -9 | -29 | 72 | 11 | * | 21 | 2 | 20 | * | 7 |
| 26 | Switzerland..... | 117 | 158 | 158 | 34 | 21 | 12 | -7 | -7 | -6 | -7 |
| 27 | United Kingdom..... | -52 | 23 | 1,702 | 197 | 96 | 6 | 324 | 324 | 28 | 120 |
| 28 | Canada..... | 128 | 96 | 141 | 30 | 13 | 15 | 4 | 1 | -1 | 7 |
| 29 | Latin America..... | 31 | 94 | 64 | 12 | 18 | 13 | 11 | -1 | 3 | 11 |
| 30 | Middle East ¹ | 1,553 | 1,179 | 1,695 | 153 | 192 | 79 | 124 | 159 | 4 | -59 |
| 31 | Other Asia..... | -35 | -165 | 338 | 72 | 84 | -14 | 135 | 27 | 16 | 8 |
| 32 | Africa..... | 5 | -25 | -6 | * | * | -3 | * | * | * | * |
| 33 | Other countries..... | 1 | -21 | * | * | * | * | * | * | * | * |
| 34 | Nonmonetary international and regional organizations..... | -1,029 | -41 | 96 | -32 | 25 | -2 | * | 10 | 46 | -18 |
| Foreign securities | | | | | | | | | | | |
| 35 | Stocks, net purchases, or sales (-)..... | -188 | -323 | -404 | -265 | -63 | 30 | 106 | 34 | 59 | 103 |
| 36 | Foreign purchases..... | 1,542 | 1,937 | 2,265 | 159 | 169 | 168 | 247 | 214 | 291 | 255 |
| 37 | Foreign sales..... | 1,730 | 2,259 | 2,669 | 423 | 232 | 138 | 141 | 180 | 232 | 152 |
| 38 | Bonds, net purchases, or sales (-)..... | -6,326 | -8,730 | -5,005 | -204 | -1,004 | -650 | -281 | -320 | -330 | -570 |
| 39 | Foreign purchases..... | 2,383 | 4,932 | 8,420 | 781 | 847 | 695 | 786 | 593 | 885 | 690 |
| 40 | Foreign sales..... | 8,708 | 13,662 | 13,424 | 985 | 1,851 | 1,345 | 1,066 | 913 | 1,215 | 1,260 |
| 41 | Net purchases, or sales (-) of stocks and bonds.. | -6,514 | -9,053 | -5,409 | -469 | -1,067 | -620 | -175 | -285 | -271 | -467 |
| 42 | Foreign countries..... | -4,323 | -7,155 | -3,852 | -393 | -228 | -613 | -24 | -308 | -293 | -474 |
| 43 | Europe..... | -53 | -843 | -1,099 | -267 | -20 | -24 | -33 | -260 | 108 | 98 |
| 44 | Canada..... | -3,202 | -5,245 | -2,402 | -241 | -255 | -573 | 45 | 9 | -175 | -447 |
| 45 | Latin America..... | -306 | * | -80 | 52 | -7 | 35 | -170 | -2 | -68 | -6 |
| 46 | Asia..... | -622 | -699 | -5 | 57 | 55 | 29 | 136 | -57 | 51 | -114 |
| 47 | Africa..... | 15 | 48 | 2 | 1 | -3 | 1 | -2 | * | 1 | -2 |
| 48 | Other countries..... | -155 | -416 | -267 | 5 | 1 | -81 | 1 | 2 | -210 | -3 |
| 49 | Nonmonetary international and regional organizations..... | -2,192 | -1,898 | -1,557 | -76 | -839 | -6 | -151 | 23 | 22 | 7 |

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.

3.26 SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

| Type, and area or country | 1976 | | 1977 | | | 1976 | | 1977 | | |
|--|---------------------------|-------|-------|-------|--------------------|----------------------|--------|--------|--------|--------------------|
| | Sept. | Dec. | Mar. | June | Sept. ^p | Sept. | Dec. | Mar. | June | Sept. ^p |
| | Liabilities to foreigners | | | | | Claims on foreigners | | | | |
| 1 Total..... | 6,427 | 6,597 | 6,582 | 6,421 | 7,119 | 13,160 | 14,154 | 14,951 | 16,144 | 14,866 |
| By type: | | | | | | | | | | |
| 2 Payable in dollars..... | 5,690 | 5,885 | 5,815 | 5,770 | 6,327 | 12,095 | 13,155 | 13,935 | 15,031 | 13,819 |
| 3 Payable in foreign currencies..... | 737 | 712 | 767 | 652 | 792 | 1,065 | 999 | 1,016 | 1,113 | 1,047 |
| 4 Deposits with banks abroad in reporter's name..... | | | | | | 592 | 442 | 431 | 448 | 414 |
| 5 Other..... | | | | | | 473 | 557 | 585 | 665 | 632 |
| By area or country: | | | | | | | | | | |
| 6 Foreign countries..... | 6,241 | 6,388 | 6,391 | 6,251 | 6,965 | 13,159 | 14,153 | 14,949 | 16,143 | 14,865 |
| 7 Europe..... | 2,387 | 2,228 | 2,126 | 2,208 | 2,314 | 5,158 | 5,282 | 5,232 | 5,820 | 5,009 |
| 8 Austria..... | 15 | 10 | 9 | 10 | 12 | 21 | 21 | 23 | 26 | 24 |
| 9 Belgium-Luxembourg..... | 183 | 166 | 168 | 138 | 119 | 195 | 162 | 170 | 218 | 230 |
| 10 Denmark..... | 13 | 7 | 15 | 14 | 16 | 26 | 56 | 48 | 40 | 44 |
| 11 Finland..... | 17 | 2 | 2 | 10 | 10 | 135 | 77 | 40 | 90 | 59 |
| 12 France..... | 185 | 200 | 163 | 157 | 170 | 418 | 438 | 436 | 413 | 435 |
| 13 Germany..... | 256 | 174 | 175 | 163 | 226 | 492 | 378 | 367 | 377 | 393 |
| 14 Greece..... | 28 | 48 | 80 | 73 | 78 | 56 | 51 | 90 | 86 | 53 |
| 15 Italy..... | 148 | 131 | 135 | 154 | 139 | 358 | 384 | 473 | 440 | 352 |
| 16 Netherlands..... | 141 | 141 | 168 | 205 | 176 | 142 | 166 | 172 | 182 | 161 |
| 17 Norway..... | 24 | 29 | 37 | 33 | 36 | 43 | 51 | 42 | 42 | 38 |
| 18 Portugal..... | 5 | 13 | 23 | 20 | 12 | 28 | 40 | 35 | 30 | 34 |
| 19 Spain..... | 36 | 40 | 52 | 68 | 74 | 336 | 369 | 325 | 322 | 309 |
| 20 Sweden..... | 35 | 34 | 36 | 36 | 41 | 62 | 90 | 93 | 92 | 91 |
| 21 Switzerland..... | 243 | 190 | 214 | 236 | 245 | 253 | 241 | 154 | 179 | 146 |
| 22 Turkey..... | 16 | 13 | 12 | 21 | 97 | 23 | 25 | 32 | 37 | 32 |
| 23 United Kingdom..... | 888 | 880 | 689 | 730 | 736 | 2,367 | 2,446 | 2,475 | 3,027 | 2,413 |
| 24 Yugoslavia..... | 113 | 123 | 113 | 110 | 92 | 30 | 26 | 30 | 28 | 20 |
| 25 Other Western Europe..... | 8 | 7 | 6 | 6 | 9 | 17 | 20 | 18 | 15 | 15 |
| 26 U.S.S.R..... | 19 | 9 | 15 | 16 | 11 | 81 | 156 | 105 | 76 | 64 |
| 27 Other Eastern Europe..... | 14 | 13 | 13 | 10 | 14 | 79 | 85 | 103 | 102 | 96 |
| 28 Canada..... | 341 | 400 | 427 | 448 | 454 | 2,187 | 2,458 | 2,426 | 2,563 | 2,477 |
| 29 Latin America..... | 1,028 | 1,037 | 1,118 | 1,017 | 1,025 | 2,828 | 3,575 | 4,397 | 4,925 | 4,489 |
| 30 Argentina..... | 48 | 44 | 42 | 50 | 50 | 39 | 44 | 46 | 51 | 53 |
| 31 Bahamas..... | 251 | 260 | 256 | 216 | 222 | 940 | 1,384 | 1,869 | 2,231 | 1,831 |
| 32 Brazil..... | 58 | 72 | 49 | 37 | 76 | 417 | 682 | 535 | 457 | 414 |
| 33 Chile..... | 16 | 17 | 16 | 24 | 13 | 26 | 34 | 35 | 28 | 40 |
| 34 Colombia..... | 11 | 13 | 18 | 22 | 23 | 66 | 59 | 75 | 72 | 85 |
| 35 Cuba..... | * | * | * | * | * | 1 | 1 | 1 | 1 | * |
| 36 Mexico..... | 74 | 99 | 118 | 117 | 102 | 352 | 332 | 317 | 301 | 304 |
| 37 Panama..... | 10 | 34 | 12 | 11 | 12 | 83 | 74 | 105 | 121 | 221 |
| 38 Peru..... | 32 | 25 | 24 | 21 | 13 | 35 | 42 | 32 | 28 | 30 |
| 39 Uruguay..... | 3 | 4 | 4 | 3 | 4 | 22 | 5 | 6 | 5 | 5 |
| 40 Venezuela..... | 222 | 219 | 260 | 208 | 225 | 212 | 190 | 210 | 240 | 256 |
| 41 Other Latin American republics..... | 104 | 141 | 148 | 141 | 122 | 182 | 276 | 237 | 237 | 257 |
| 42 Netherlands Antilles..... | 68 | 10 | 11 | 17 | 9 | 9 | 9 | 14 | 8 | 8 |
| 43 Other Latin America..... | 129 | 100 | 160 | 151 | 154 | 444 | 441 | 914 | 1,146 | 984 |
| 44 Asia..... | 1,978 | 2,040 | 2,057 | 1,890 | 2,492 | 2,401 | 2,276 | 2,316 | 2,315 | 2,390 |
| 45 China, People's Republic of (Mainland)..... | 1 | 1 | 3 | 2 | 1 | 5 | 3 | 7 | 7 | 12 |
| 46 China, Republic of (Taiwan)..... | 127 | 110 | 113 | 138 | 152 | 134 | 197 | 130 | 131 | 139 |
| 47 Hong Kong..... | 33 | 40 | 42 | 27 | 25 | 88 | 96 | 107 | 93 | 73 |
| 48 India..... | 11 | 23 | 39 | 41 | 44 | 53 | 55 | 35 | 51 | 42 |
| 49 Indonesia..... | 131 | 98 | 94 | 80 | 60 | 179 | 179 | 206 | 184 | 185 |
| 50 Israel..... | 32 | 37 | 37 | 45 | 58 | 48 | 41 | 51 | 70 | 46 |
| 51 Japan..... | 247 | 193 | 172 | 183 | 604 | 1,010 | 912 | 969 | 930 | 1,027 |
| 52 Korea..... | 85 | 76 | 96 | 95 | 81 | 142 | 117 | 130 | 158 | 153 |
| 53 Philippines..... | 28 | 53 | 59 | 73 | 78 | 93 | 86 | 86 | 90 | 111 |
| 54 Thailand..... | 23 | 24 | 19 | 11 | 17 | 23 | 22 | 27 | 22 | 27 |
| 55 Other Asia..... | 1,260 | 1,385 | 1,383 | 1,196 | 1,372 | 625 | 568 | 569 | 580 | 574 |
| 56 Africa..... | 438 | 606 | 591 | 589 | 568 | 407 | 393 | 429 | 370 | 346 |
| 57 Egypt..... | 25 | 27 | 29 | 33 | 45 | 36 | 28 | 70 | 24 | 22 |
| 58 Morocco..... | 44 | 45 | 30 | 72 | 105 | 10 | 11 | 12 | 11 | 10 |
| 59 South Africa..... | 66 | 54 | 33 | 27 | 29 | 78 | 87 | 80 | 69 | 75 |
| 60 Zaire..... | 24 | 36 | 39 | 39 | 48 | 28 | 21 | 19 | 17 | 19 |
| 61 Other Africa..... | 279 | 444 | 460 | 418 | 341 | 255 | 247 | 248 | 248 | 221 |
| 62 Other countries..... | 69 | 77 | 72 | 98 | 111 | 178 | 170 | 150 | 149 | 153 |
| 63 Australia..... | 51 | 59 | 53 | 78 | 93 | 112 | 105 | 114 | 110 | 113 |
| 64 All other..... | 18 | 19 | 19 | 20 | 18 | 67 | 65 | 36 | 40 | 41 |
| 65 Nonmonetary international and regional organizations..... | 186 | 208 | 192 | 170 | 154 | 1 | 1 | 2 | 1 | 1 |

¹ Includes Surinam until 1976.

NOTE.—Reported by exporters, importers, and industrial and com-

mercial concerns and other nonbanking institutions in the United States. Data exclude claims held through U.S. banks and intercompany accounts between U.S. companies and their affiliates.

3.27 SHORT-TERM CLAIMS ON FOREIGNERS Reported by Large Nonbanking Concerns in the United States

Millions of dollars, end of period

| Type and country | 1973 | 1974 | 1975 | 1976 | 1977 | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------|
| | | | | | July | Aug. | Sept. | Oct. | Nov. | Dec. ^p |
| 1 Total..... | 3,185 | 3,357 | 3,799 | 5,468 | 7,444 | 7,735 | 6,859 | 7,623 | 7,587 | 6,709 |
| By type: | | | | | | | | | | |
| 2 Payable in dollars..... | 2,641 | 2,660 | 3,042 | 4,788 | 6,689 | 6,999 | 6,163 | 6,900 | 6,671 | 5,778 |
| 3 Deposits..... | 2,604 | 2,591 | 2,710 | 4,415 | 6,246 | 6,475 | 5,721 | 6,396 | 6,196 | 5,346 |
| 4 Short-term investments ¹ | 37 | 69 | 332 | 373 | 443 | 524 | 442 | 504 | 475 | 432 |
| 5 Payable in foreign currencies..... | 544 | 697 | 757 | 680 | 754 | 737 | 695 | 722 | 917 | 931 |
| 6 Deposits..... | 431 | 429 | 511 | 373 | 396 | 394 | 358 | 374 | 482 | 521 |
| 7 Short-term investments ¹ | 113 | 268 | 246 | 302 | 358 | 343 | 337 | 348 | 435 | 410 |
| By country: | | | | | | | | | | |
| 8 United Kingdom..... | 1,128 | 1,350 | 1,306 | 1,837 | 2,170 | 2,194 | 1,781 | 1,858 | 2,097 | 1,977 |
| 9 Canada..... | 775 | 967 | 1,156 | 1,539 | 1,720 | 1,930 | 1,607 | 1,936 | 1,831 | 1,705 |
| 10 Bahamas..... | 597 | 391 | 546 | 1,264 | 2,157 | 2,220 | 1,765 | 2,361 | 2,117 | 1,755 |
| 11 Japan..... | 336 | 398 | 343 | 113 | 144 | 134 | 143 | 150 | 218 | 136 |
| 12 All other..... | 349 | 252 | 446 | 715 | 1,253 | 1,257 | 1,563 | 1,318 | 1,324 | 1,136 |

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.

3.28 LONG-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS Reported by Nonbanking Concerns in the United States

Millions of dollars, end of period

| Area and country | 1976 | | 1977 | | | 1976 | | 1977 | | |
|---------------------------------|---------------------------|-------|-------|-------|--------------------|----------------------|-------|-------|-------|--------------------|
| | Sept. | Dec. | Mar. | June | Sept. ^p | Sept. | Dec. | Mar. | June | Sept. ^p |
| | Liabilities to foreigners | | | | | Claims on foreigners | | | | |
| 1 Total..... | 3,791 | 3,567 | 3,504 | 3,338 | 3,366 | 5,004 | 4,922 | 4,891 | 4,824 | 4,586 |
| 2 Europe..... | 2,858 | 2,725 | 2,655 | 2,499 | 2,596 | 898 | 851 | 844 | 827 | 744 |
| 3 Germany..... | 406 | 396 | 391 | 370 | 417 | 73 | 72 | 84 | 76 | 76 |
| 4 Netherlands..... | 290 | 277 | 272 | 262 | 280 | 211 | 156 | 154 | 147 | 81 |
| 5 Switzerland..... | 327 | 260 | 178 | 177 | 224 | 54 | 57 | 53 | 43 | 42 |
| 6 United Kingdom..... | 1,470 | 1,420 | 1,388 | 1,276 | 1,275 | 243 | 238 | 204 | 219 | 215 |
| 7 Canada..... | 111 | 89 | 82 | 81 | 78 | 1,507 | 1,530 | 1,475 | 1,486 | 1,438 |
| 8 Latin America..... | 257 | 270 | 272 | 280 | 272 | 1,637 | 1,521 | 1,489 | 1,457 | 1,371 |
| 9 Bahamas..... | 157 | 163 | 163 | 167 | 159 | 37 | 36 | 34 | 34 | 36 |
| 10 Brazil..... | 5 | 5 | 5 | 7 | 7 | 172 | 133 | 125 | 125 | 134 |
| 11 Chile..... | 1 | 1 | 1 | 1 | 1 | 244 | 248 | 210 | 208 | 201 |
| 12 Mexico..... | 7 | 17 | 21 | 23 | 27 | 219 | 195 | 180 | 178 | 187 |
| 13 Asia..... | 498 | 423 | 432 | 408 | 358 | 739 | 775 | 817 | 830 | 805 |
| 14 Japan..... | 402 | 397 | 413 | 386 | 319 | 80 | 77 | 96 | 108 | 90 |
| 15 Africa..... | 2 | 2 | 2 | 3 | 3 | 165 | 187 | 199 | 158 | 165 |
| 16 All other ¹ | 64 | 58 | 59 | 67 | 59 | 58 | 58 | 67 | 67 | 63 |

¹ Includes nonmonetary international and regional organizations.

3.29 DISCOUNT RATES OF FOREIGN CENTRAL BANKS

Per cent per annum

| Country | Rate on Feb. 28, 1978 | | Country | Rate on Feb. 28, 1978 | | Country | Rate on Feb. 28, 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..... | 5.5 | June 1977 | Germany, Fed. Rep. of. | 3.0 | Dec. 1977 | Sweden..... | 7.5 | Feb. 1978 |
| Belgium..... | 6.5 | Feb. 1978 | Italy..... | 11.5 | Aug. 1977 | Switzerland..... | 1.0 | Feb. 1978 |
| Brazil..... | 28.0 | May 1976 | Japan..... | 4.25 | Sept. 1977 | United Kingdom..... | 6.5 | Jan. 1978 |
| Canada..... | 7.5 | May 1977 | Mexico..... | 4.5 | June 1942 | Venezuela..... | 5.0 | Oct. 1970 |
| Denmark..... | 9.0 | Mar. 1977 | Netherlands..... | 4.5 | Nov. 1977 | | | |

NOTE.—Rates shown are mainly those at which the central bank either discounts or makes advances against eligible commercial paper and/or government securities for commercial banks or brokers. For countries with

more than one rate applicable to such discounts or advances, the rate shown is the one at which it is understood the central bank transacts the largest proportion of its credit operations.

3.30 FOREIGN SHORT-TERM INTEREST RATES

Per cent per annum, averages of daily figures

| Country, or type | 1975 | 1976 | 1977 | 1977 | | | | 1978 | |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. |
| 1 Euro-dollars..... | 7.02 | 5.58 | 6.03 | 6.56 | 7.14 | 7.09 | 7.12 | 7.32 | 7.34 |
| 2 United Kingdom..... | 10.63 | 11.35 | 8.07 | 6.03 | 5.05 | 5.32 | 6.76 | 6.23 | 6.99 |
| 3 Canada..... | 8.00 | 9.39 | 7.47 | 7.31 | 7.23 | 7.34 | 7.20 | 7.08 | 7.18 |
| 4 Germany..... | 4.87 | 4.19 | 4.30 | 4.07 | 4.06 | 4.09 | 3.94 | 3.52 | 3.45 |
| 5 Switzerland..... | 3.01 | 1.45 | 2.56 | 2.37 | 2.23 | 2.32 | 2.20 | .92 | .20 |
| 6 Netherlands..... | 5.17 | 7.02 | 4.73 | 4.39 | 4.55 | 5.94 | 6.65 | 5.01 | 5.55 |
| 7 France..... | 7.91 | 8.65 | 9.20 | 8.38 | 8.41 | 9.28 | 9.88 | 9.25 | 10.78 |
| 8 Italy..... | 10.37 | 16.32 | 14.26 | 12.42 | 12.05 | 11.74 | 11.38 | 10.99 | (1) |
| 9 Belgium..... | 6.63 | 10.25 | 6.95 | 6.20 | 6.25 | 6.38 | 7.75 | 8.29 | 7.50 |
| 10 Japan..... | 11.64 | 7.70 | 6.22 | 5.32 | 5.25 | 5.37 | 5.75 | 5.33 | 5.25 |

¹ Unquoted.

NOTE.—Rates are for 3-month interbank loans except for—Canada, finance company paper; Belgium, time deposits of 20 million francs and

over; and Japan, loans and discounts that can be called after being held over a minimum of two month-ends.

3.31 FOREIGN EXCHANGE RATES

Cents per unit of foreign currency

| Country/currency | 1975 | 1976 | 1977 | 1977 | | | | 1978 | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | | | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. |
| 1 Australia/dollar..... | 130.77 | 122.15 | 110.82 | 110.37 | 111.90 | 112.70 | 113.36 | 113.82 | 113.56 |
| 2 Austria/shilling..... | 5.7467 | 5.5744 | 6.0494 | 6.0377 | 6.1567 | 5.2551 | 6.4734 | 6.5698 | 6.6893 |
| 3 Belgium/franc..... | 2.7253 | 2.5921 | 2.7911 | 2.7910 | 2.8229 | 2.8396 | 2.9608 | 3.0425 | 3.0930 |
| 4 Canada/dollar..... | 98.30 | 101.41 | 94.112 | 93.168 | 91.010 | 90.145 | 91.132 | 90.810 | 89.850 |
| 5 Denmark/kroner..... | 17.437 | 16.546 | 16.658 | 16.188 | 16.359 | 16.327 | 16.833 | 17.324 | 17.610 |
| 6 Finland/markka..... | 27.285 | 25.938 | 24.913 | 23.977 | 24.139 | 23.986 | 24.299 | 24.816 | 24.527 |
| 7 France/franc..... | 23.354 | 20.942 | 20.344 | 20.314 | 20.574 | 20.614 | 20.844 | 21.196 | 20.628 |
| 8 Germany/deutsche mark..... | 40.729 | 39.737 | 43.079 | 43.034 | 43.904 | 44.633 | 46.499 | 47.220 | 48.142 |
| 9 India/rupee..... | 11.926 | 11.148 | 11.406 | 11.450 | 11.605 | 11.576 | 11.712 | 12.195 | 12.331 |
| 10 Ireland/pound..... | 222.16 | 180.48 | 174.49 | 174.31 | 177.11 | 181.78 | 185.46 | 193.53 | 193.96 |
| 11 Italy/lira..... | .15328 | .12044 | .11328 | .11318 | .11353 | .11388 | .11416 | .11469 | .11619 |
| 12 Japan/yen..... | .33705 | .33741 | .37342 | .37486 | .39263 | .40872 | .41491 | .41481 | .41603 |
| 13 Malaysia/ringgit..... | 41.753 | 39.340 | 40.620 | 40.600 | 41.088 | 41.910 | 42.201 | 42.230 | 42.374 |
| 14 Mexico/peso..... | 8.0000 | 6.9161 | 4.4239 | 4.3776 | 4.4069 | 4.4096 | 4.4059 | 4.3963 | 4.3972 |
| 15 Netherlands/guilder..... | 39.632 | 37.846 | 40.752 | 40.604 | 41.048 | 41.366 | 42.955 | 44.084 | 44.880 |
| 16 New Zealand/dollar..... | 121.16 | 99.115 | 96.893 | 96.812 | 98.152 | 99.392 | 100.59 | 101.95 | 102.07 |
| 17 Norway/kroner..... | 19.180 | 18.327 | 18.789 | 18.226 | 18.232 | 18.328 | 19.056 | 19.401 | 19.025 |
| 18 Portugal/escudo..... | 3.9286 | 3.3159 | 2.6234 | 2.4606 | 2.4601 | 2.4375 | 2.4755 | 2.4840 | 2.4806 |
| 19 South Africa/rand..... | 136.47 | 114.85 | 114.99 | 115.00 | 115.04 | 115.04 | 115.04 | 115.02 | 115.05 |
| 20 Spain/peseta..... | 1.7424 | 1.4958 | 1.3287 | 1.1824 | 1.1902 | 1.2060 | 1.2237 | 1.2397 | 1.2394 |
| 21 Sri Lanka/rupee..... | 14.385 | 11.964 | 11.964 | 12.301 | 11.618 | 8.7721 | 6.2000 | 6.2167 | 6.4028 |
| 22 Sweden/krona..... | 24.141 | 22.957 | 22.383 | 20.602 | 20.846 | 20.848 | 21.044 | 21.413 | 21.554 |
| 23 Switzerland/franc..... | 38.743 | 40.013 | 41.714 | 42.115 | 43.909 | 45.507 | 48.168 | 50.353 | 52.422 |
| 24 United Kingdom/pound..... | 222.16 | 180.48 | 174.49 | 174.31 | 177.11 | 181.78 | 185.46 | 193.53 | 193.96 |
| MEMO: | | | | | | | | | |
| 25 United States/dollar ¹ | 82.20 | 89.68 | 89.10 | 89.52 | 88.38 | 87.29 | 85.52 | 84.05 | 83.74 |

¹ Index of weighted-average exchange value of U.S. dollar against currencies of other G-10 countries plus Switzerland. May 1970 parities = 100. Weights are 1972 global trade or each of the 10 countries.

NOTE.—Averages of certified noon buying rates in New York for cable transfers.

4.10 SALES, REVENUE, PROFITS, AND DIVIDENDS—Large Manufacturing Corporations

Millions of dollars

| Industry | 1976 | 1975 | | 1976 | | | | 1977 | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Total (170 corps.) | | | | | | | | | | |
| 1 Sales..... | 667,821 | 148,008 | 154,650 | 159,311 | 166,452 | 161,596 | 180,462 | 177,430 | 190,302 | 180,384 |
| 2 Total revenue..... | 676,596 | 149,841 | 157,203 | 161,461 | 168,958 | 164,631 | 181,546 | 179,496 | 192,996 | 182,488 |
| 3 Profits before taxes..... | 71,885 | 15,507 | 17,049 | 17,502 | 18,902 | 16,894 | 18,587 | 18,874 | 21,468 | 18,136 |
| 4 Profits after taxes..... | 34,707 | 7,102 | 7,657 | 8,621 | 9,532 | 8,442 | 8,113 | 9,056 | 10,472 | 9,327 |
| 5 MEMO: PAT unadj. ¹ | 36,016 | 7,054 | 8,471 | 8,636 | 9,490 | 8,550 | 9,340 | 9,107 | 10,553 | 8,656 |
| 6 Dividends..... | 14,491 | 3,076 | 3,214 | 3,191 | 3,449 | 3,480 | 4,371 | 3,840 | 4,269 | 3,985 |
| Nondurable goods industries (86 corps.):² | | | | | | | | | | |
| 7 Sales..... | 362,935 | 82,361 | 84,822 | 86,927 | 87,404 | 88,678 | 99,926 | 95,836 | 101,035 | 97,144 |
| 8 Total revenue..... | 368,184 | 83,595 | 86,351 | 88,179 | 88,864 | 90,967 | 100,174 | 96,948 | 102,807 | 98,232 |
| 9 Profits before taxes..... | 42,694 | 10,924 | 10,614 | 10,674 | 10,595 | 10,632 | 10,793 | 11,074 | 12,064 | 11,185 |
| 10 Profits after taxes..... | 18,571 | 4,441 | 4,357 | 4,809 | 4,833 | 4,871 | 4,058 | 4,837 | 5,160 | 5,134 |
| 11 MEMO: PAT unadj. ¹ | 19,468 | 4,439 | 4,808 | 4,829 | 4,809 | 4,962 | 4,868 | 4,880 | 5,224 | 5,234 |
| 12 Dividends..... | 7,910 | 1,803 | 1,826 | 1,879 | 1,947 | 1,990 | 2,094 | 2,185 | 2,227 | 2,268 |
| Durable goods industries (84 corps.):³ | | | | | | | | | | |
| 13 Sales..... | 304,886 | 65,647 | 69,828 | 72,384 | 79,048 | 72,918 | 80,536 | 81,594 | 89,267 | 83,240 |
| 14 Total revenue..... | 308,412 | 66,246 | 70,852 | 73,282 | 80,094 | 73,664 | 81,372 | 82,548 | 90,189 | 84,256 |
| 15 Profits before taxes..... | 29,191 | 4,583 | 6,435 | 6,828 | 8,307 | 6,262 | 7,794 | 7,800 | 9,404 | 6,951 |
| 16 Profits after taxes..... | 16,136 | 2,661 | 3,300 | 3,812 | 4,699 | 3,571 | 4,055 | 4,219 | 5,312 | 4,193 |
| 17 MEMO: PAT unadj. ¹ | 16,548 | 2,615 | 3,663 | 3,807 | 4,681 | 3,588 | 4,472 | 4,227 | 5,329 | 3,422 |
| 18 Dividends..... | 6,577 | 1,273 | 1,388 | 1,308 | 1,502 | 1,490 | 2,277 | 1,655 | 2,042 | 1,717 |
| Selected industries: | | | | | | | | | | |
| Food and kindred products (28 corps.): | | | | | | | | | | |
| 19 Sales..... | 62,568 | 14,600 | 14,942 | 14,762 | 15,057 | 16,048 | 16,701 | 15,903 | 16,776 | 16,947 |
| 20 Total revenue..... | 63,142 | 14,844 | 15,248 | 14,993 | 15,395 | 16,221 | 16,533 | 16,155 | 17,136 | 17,239 |
| 21 Profits before taxes..... | 5,750 | 1,385 | 1,384 | 1,471 | 1,507 | 1,462 | 1,448 | 1,448 | 1,560 | 1,526 |
| 22 Profits after taxes..... | 2,890 | 719 | 668 | 665 | 778 | 817 | 630 | 739 | 825 | 826 |
| 23 MEMO: PAT unadj. ¹ | 3,013 | 745 | 715 | 667 | 785 | 827 | 734 | 746 | 835 | 836 |
| 24 Dividends..... | 1,259 | 274 | 287 | 307 | 325 | 309 | 318 | 342 | 352 | 364 |
| Chemical and allied products (22 corps.): | | | | | | | | | | |
| 25 Sales..... | 64,125 | 14,660 | 15,128 | 15,756 | 16,081 | 15,878 | 16,410 | 17,103 | 17,347 | 17,586 |
| 26 Total revenue..... | 64,837 | 14,791 | 15,326 | 15,899 | 16,242 | 16,084 | 16,612 | 17,271 | 17,526 | 17,743 |
| 27 Profits before taxes..... | 8,197 | 1,858 | 1,955 | 2,179 | 2,117 | 2,008 | 1,893 | 2,112 | 2,290 | 2,062 |
| 28 Profits after taxes..... | 4,511 | 1,035 | 993 | 1,244 | 1,208 | 1,130 | 929 | 1,192 | 1,288 | 1,184 |
| 29 MEMO: PAT unadj. ¹ | 4,622 | 1,028 | 1,123 | 1,225 | 1,153 | 1,163 | 1,081 | 1,181 | 1,289 | 1,178 |
| 30 Dividends..... | 1,918 | 429 | 439 | 444 | 445 | 481 | 548 | 514 | 539 | 553 |
| Petroleum refining (15 corps.): | | | | | | | | | | |
| 31 Sales..... | 196,154 | 43,873 | 45,442 | 46,656 | 46,065 | 46,923 | 56,510 | 52,344 | 55,903 | 51,593 |
| 32 Total revenue..... | 199,688 | 44,633 | 46,331 | 47,407 | 46,888 | 48,744 | 56,649 | 52,891 | 57,096 | 52,130 |
| 33 Profits before taxes..... | 25,857 | 6,961 | 6,505 | 6,254 | 6,210 | 6,559 | 6,834 | 6,746 | 7,396 | 6,808 |
| 34 Profits after taxes..... | 9,555 | 2,300 | 2,268 | 2,481 | 2,383 | 2,606 | 2,085 | 2,498 | 2,655 | 2,684 |
| 35 MEMO: PAT unadj. ¹ | 10,168 | 2,268 | 2,533 | 2,512 | 2,404 | 2,635 | 2,617 | 2,546 | 2,708 | 2,756 |
| 36 Dividends..... | 4,089 | 949 | 949 | 971 | 1,017 | 1,036 | 1,065 | 1,163 | 1,160 | 1,166 |
| Primary metals and products (23 corps.): | | | | | | | | | | |
| 37 Sales..... | 54,044 | 12,274 | 11,429 | 12,733 | 14,441 | 13,751 | 13,119 | 13,773 | 15,573 | 14,454 |
| 38 Total revenue..... | 54,825 | 12,479 | 11,669 | 12,904 | 14,650 | 13,958 | 13,313 | 13,963 | 15,769 | 14,636 |
| 39 Profits before taxes..... | 2,834 | 487 | 708 | 633 | 924 | 701 | 576 | 460 | 100 | 239 |
| 40 Profits after taxes..... | 1,652 | 396 | 315 | 409 | 603 | 513 | 127 | 260 | 536 | 493 |
| 41 MEMO: PAT unadj. ¹ | 1,947 | 381 | 498 | 416 | 610 | 521 | 400 | 274 | 553 | 287 |
| 42 Dividends..... | 926 | 216 | 229 | 218 | 227 | 230 | 251 | 234 | 246 | 266 |
| Machinery (27 corps.): | | | | | | | | | | |
| 43 Sales..... | 87,274 | 19,786 | 21,041 | 20,455 | 21,627 | 21,133 | 24,059 | 22,727 | 24,380 | 24,317 |
| 44 Total revenue..... | 88,519 | 19,977 | 21,358 | 20,707 | 22,072 | 21,280 | 24,460 | 23,051 | 24,702 | 24,767 |
| 45 Profits before taxes..... | 11,320 | 2,233 | 2,640 | 2,469 | 2,781 | 2,700 | 3,370 | 2,900 | 3,318 | 3,264 |
| 46 Profits after taxes..... | 6,181 | 1,232 | 1,433 | 1,355 | 1,528 | 1,461 | 1,837 | 1,573 | 1,805 | 1,771 |
| 47 MEMO: PAT unadj. ¹ | 6,202 | 1,239 | 1,490 | 1,354 | 1,517 | 1,467 | 1,864 | 1,571 | 1,804 | 1,782 |
| 48 Dividends..... | 2,383 | 523 | 532 | 537 | 581 | 602 | 663 | 712 | 767 | 702 |
| Motor vehicles and equipment (9 corps.): | | | | | | | | | | |
| 49 Sales..... | 107,563 | 21,005 | 23,717 | 26,395 | 28,710 | 24,250 | 28,208 | 31,069 | 33,502 | 28,835 |
| 50 Total revenue..... | 108,394 | 21,083 | 24,040 | 26,702 | 28,942 | 24,500 | 28,250 | 31,350 | 33,716 | 29,104 |
| 51 Profits before taxes..... | 8,909 | 590 | 1,731 | 2,494 | 3,056 | 1,272 | 2,087 | 2,988 | 3,489 | 1,575 |
| 52 Profits after taxes..... | 4,870 | 328 | 819 | 1,331 | 1,668 | 705 | 1,166 | 1,599 | 1,914 | 892 |
| 53 MEMO: PAT unadj. ¹ | 4,918 | 280 | 881 | 1,337 | 1,658 | 704 | 1,219 | 1,603 | 1,926 | 898 |
| 54 Dividends..... | 2,062 | 274 | 277 | 285 | 422 | 372 | 983 | 392 | 698 | 413 |

¹ Profits after taxes unadjusted are as reported by the individual companies. These data are not adjusted to eliminate differences in accounting treatments of special charges, credits, and other nonoperating items.

² Includes 21 corporations in groups not shown separately.

³ Includes 25 corporations in groups not shown separately.

NOTE.—Data are obtained from published reports of companies and reports made to the Securities and Exchange Commission. Sales are net

of returns, allowances, and discounts, and exclude excise taxes paid directly by the company. Total revenue data include, in addition to sales, income from nonmanufacturing operations and nonoperating income. Profits are before dividend payments and have been adjusted to exclude special charges and credits to surplus reserves and extraordinary items not related primarily to the current reporting period. Income taxes (not shown) include Federal, State and local government, and foreign.

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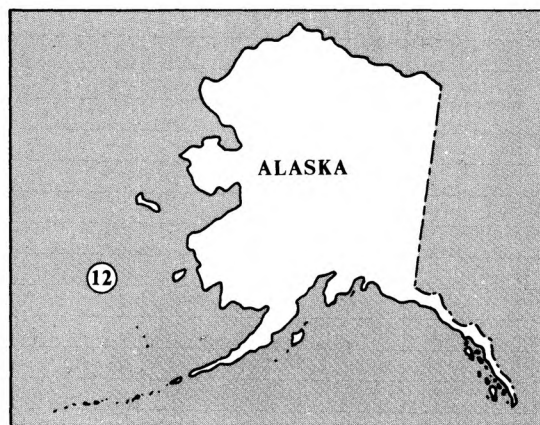
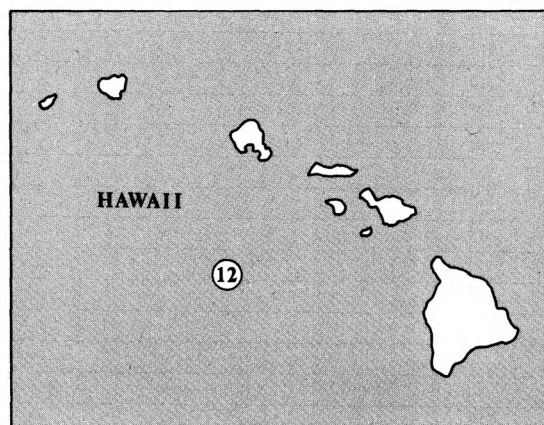
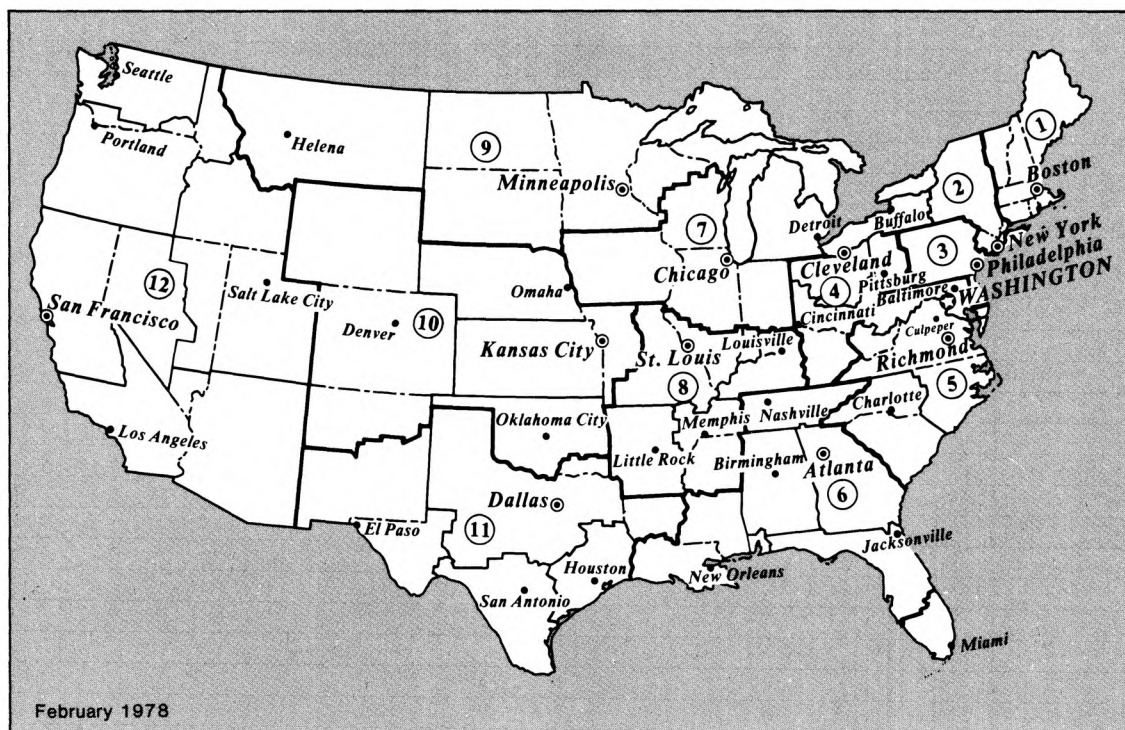
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The Federal Reserve System

Boundaries of Federal Reserve Districts and Their Branch Territories



LEGEND

- Boundaries of Federal Reserve Districts
- Boundaries of Federal Reserve Branch Territories
- ★ Board of Governors of the Federal Reserve System

- ⊙ Federal Reserve Bank Cities
- Federal Reserve Branch Cities
- Federal Reserve Bank Facility

Guide to Tabular Presentation and Statistical Releases

GUIDE TO TABULAR PRESENTATION

SYMBOLS AND ABBREVIATIONS

| | | | |
|--------|---|--------|---|
| p | Preliminary | SMSA's | Standard metropolitan statistical areas |
| r | Revised | REIT's | Real estate investment trusts |
| rp | Revised preliminary | * | Amounts insignificant in terms of the particular unit (e.g., less than 500,000 when the unit is millions) |
| e | Estimated | | |
| c | Corrected | | |
| n.e.c. | Not elsewhere classified | ..... | (1) Zero, (2) no figure to be expected, or |
| Rp's | Repurchase agreements | | (3) figure delayed or, (4) no change (when figures are expected in percentages). |
| IPC's | Individuals, partnerships, and corporations | | |

GENERAL INFORMATION

Minus signs are used to indicate (1) a decrease, (2) a negative figure, or (3) an outflow.

"U.S. Govt. securities" may include guaranteed issues of U.S. Govt. agencies (the flow of funds figures also include not fully guaranteed issues) as well as direct

obligations of the Treasury. "State and local govt." also includes municipalities, special districts, and other political subdivisions.

In some of the tables details do not add to totals because of rounding.

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